

BOTSWANA STOCK EXCHANGE ACT
(Cap. 56:08)

**BOTSWANA STOCK EXCHANGE
(LISTING OF GOVERNMENT SECURITIES) REGULATIONS, 2004**
(Published on 24th December, 2004)

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SCHEDULE

IN EXERCISE of the powers conferred on the Minister of Finance and Development Planning by section 88 of the Botswana Stock Exchange Act, and after consultation with the Registrar and the Committee of the Botswana Stock Exchange, the following Regulations are hereby made —

PART I — *Preliminary*

- Citation 1. These Regulations may be cited as the Botswana Stock Exchange (Listing of Government Securities) Regulations, 2004.
- Interpretation 2. In these Regulations, unless the context otherwise requires —
- “auction” means the sale of securities through open bidding;
- “beneficial owner of securities” means the end customer or owner of the securities, entitled to all the rights and benefits of a securities owner;
- “clearing” means the matching of an order of a buyer with a seller, prior to settlement;
- “deal in securities” means trading, clearing and settling trades of securities;
- “extract of ownership” means evidence of ownership of government securities provided by the holder of the register or sub-register of government securities;
- “fixed income instruments” means a debt instrument issued for a defined period that pays a fixed amount on a specified day;
- “global certificate” means a certificate signed by the issuer to certify the issuer’s liability for each fixed income instrument;
- “government securities” means fixed income instruments issued by government which are listed and traded in terms of these Regulations;
- “immobilization of securities” means the storage of securities in a depository, with trades effected through a book entry systems;
- “nominee owner” means a person named on the register or sub-register of government securities as holder of the securities on behalf of the securities owner;
- “owner of securities” means the end customer or owner of securities, entitled to all the rights and benefits of a securities owner;
- Cap. 55:01 “primary dealer” means an institution designated as primary dealer by the Bank of Botswana under section 56 of the Bank of Botswana Act;
- Cap. 55:01 “rules issued by the Bank of Botswana” means the rules issued by the Bank of Botswana under section 56 of the Bank of Botswana Act, providing for the procedure for trading in government securities;
- “settlement” means the exchange of securities for money;
- “special member” means a primary dealer appointed as a special member of the Exchange under regulation 8; and
- “trading” means agreeing to exchange securities for money.

PART II — *Listing of Government Securities*

- Application 3. These Regulations apply to —
- (a) any banking institution —
- Cap. 46:04 (i) performing banking business that incorporates the discount house function, in accordance with the Banking Act, and
- (ii) designated as a ‘primary dealer’ by the Bank of Botswana; and
- (b) any member of the Exchange dealing in government securities.

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| 4. The Minister may cause government securities to be listed on the Exchange. | Listing of government securities |
| 5. Government securities shall be exempt from such of the listing requirements of the Exchange as may be determined by the Registrar. | Exemption from listing requirements |

PART III — Dealing in Government Securities

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| 6. Each member and special member shall deal in government securities in accordance with the rules issued by the Bank of Botswana. | Bank of Botswana rules to apply to dealing |
| 7. (1) The Bank of Botswana shall submit to the Registrar and the Committee names of institutions designated as primary dealers.
(2) The Bank of Botswana shall promptly notify the Registrar and the Committee of any institution that has ceased to be a primary dealer. | Affirmation of status of primary dealers |
| 8. (1) A primary dealer may make an application to the Registrar, to be appointed as a special member of the Exchange.
(2) An application under subregulation (1) shall be in the form set out in the Schedule.
(3) The Registrar may, where he is satisfied that a primary dealer meets the requirements to be appointed a special member, and after consulting the Committee, appoint the primary dealer as a special member of the Exchange.
(4) Where the Registrar is not satisfied that the applicant meets the requirements to be appointed special member, he shall reject the application and notify the applicant, in writing, stating the reasons for the rejection.
(5) The Committee shall charge a special member such annual membership fee as it may determine. | Appointment of special member |
| 9. A special member may trade listed government securities with —
(a) other special members;
(b) members of the Exchange; and
(c) clients. | Right of a special member to trade government securities |
| 10. A special member shall be exempt from —
(a) such of the regulatory requirements of the Exchange as may be determined by the Registrar; and
(b) registration requirements of a stockbroker. | Exemptions of special member |
| 11. The Registrar may, on the advice of the Committee, cancel the appointment of a special member who —
(a) has ceased to be a primary dealer; or
(b) contravenes these Regulations. | Cancellation of appointment of special member |

PART IV — Auction, Registration and Listing of Government Securities

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| 12. (1) The Bank of Botswana shall conduct the auction of government securities.
(2) The Bank of Botswana shall regulate its own procedure at an auction held in accordance with subregulation (1).
(3) The Bank of Botswana shall provide the Exchange with a global certificate of registration for government securities auctioned in terms of subregulation (1) immediately after the auction of the government securities. | Auction and listing of securities |
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(4) The Exchange shall, upon receipt of a global certificate of registration, cause the government securities to which the global certificate applies, to be listed.

(5) The issuer of government securities shall pay to the Exchange, for each issue, a listing fee of 0.0125% of the nominal extending value of the security issued.

Immobilization
of government
securities

13. The Bank of Botswana shall immobilize government securities, and transfer of ownership shall be by way of book entry only.

Register of
government
securities

14. (1) The Bank of Botswana shall establish and maintain a register of government securities.

(2) A member of the Exchange or a special member may establish and maintain a sub-register of government securities.

(3) A register or sub register of government securities maintained under subregulation (1) or (2) shall have a system —

- (a) for the recovery of information in the event of a catastrophic damage to equipment, premises or file to ensure that the register and operations can be restored promptly without delay or damage to the integrity and confidentiality of the information in the system;
- (b) of accounting for storage of supplementary documentation;
- (c) that ensures the processing of information received from persons authorized to provide the information;
- (d) through which all files of all correspondence or inquiries between authorized persons and the Bank of Botswana shall be recorded and maintained; and
- (e) through which a securities' holder list is maintained and into which information of all redeemable government securities and the holders thereof is recorded.

Extract of
ownership of
security

15. (1) The owner of government securities may, in writing, request that the holder of the register or sub-register of government securities make available and deliver to a beneficial owner or nominee owner an extract of the ownership of the government securities.

(2) The holder of the register or sub-register of the government securities, from whom an extract is requested under subregulation (1), shall deliver the extract of the ownership of the government securities requested to the beneficial owner or nominee owner, as the case may be.

Provision of
trading
information

16. (1) The holder of a register and sub-register of government securities shall provide the Exchange with daily information on the buying and selling of government securities, which information shall include —

- (a) the trade volumes of government securities;
- (b) the price; and
- (c) the transaction type for each transaction.

(2) Daily information provided under subregulation (1) shall be reported to the Exchange not later than 1700 hours.

Issuer data file

17. (1) The Bank of Botswana shall establish and maintain an issuer data file.

- (2) An issuer data file maintained under subregulation (1) shall contain —
 - (a) the official name of the issuer;
 - (b) the international securities identification number assigned by the Exchange for each issue; and
 - (d) the coupon rate, maturity date and interest payment dates.

PART VI — *Miscellaneous*

18. (1) A special member may deal in other fixed income instruments, other than government securities, as may be listed by the Exchange. Dealing in other fixed income instruments by special member

(2) The Exchange member's rules shall apply to a special member who deals in fixed income instruments, other than government securities, in accordance with subregulation (1).

19. The Registrar, on the advice of the Exchange and the Bank of Botswana, shall appoint an ad hoc arbitration panel to adjudicate disputes arising out of dealing in government securities. Dispute settlement

20. The Botswana Stock Exchange (Listing of Government Securities) Regulations, 2003, are hereby revoked. Revocation of SI No. 64 of 2003

SCHEDULE

APPLICATION FOR APPOINTMENT AS SPECIAL MEMBER
(*regulation 8 (2)*)

Applicant's full name (name of firm)

Address

We, the Applicant, hereby apply to the Registrar of the Stock Exchange to consider and approve our appointment as a special member of the Botswana Stock Exchange.

We undertake to sign a membership agreement with the Botswana Stock Exchange.

We attach to this application documentation of our appointment by the Bank of Botswana as a primary dealer.

Full name of representative

Signature of representative Date

For Official Use Only:

Applicant approved/not approved

Signature Date

MADE this 21st day of December, 2004.

B. GAOLATHE,
*Minister of Finance and
Development Planning.*