

THE BOTSWANA STOCK EXCHANGE



**Members' Rules**

Issued by The Secretary:

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**THE BOTSWANA STOCK EXCHANGE**

**MEMBERS' RULES**

**TABLE OF CONTENTS**

**PART**

**1. GENERAL**

|      |  |     |
|------|--|-----|
| 1.01 | Name, Objects, Principal Office and Powers of the Committee. | 1.1 |
| 1.02 | Application  | 1.2 |
| 1.03 | Interpretation of Rules                                      | 1.2 |
| 1.04 | Definitions  | 1.2 |
| 1.05 | Prohibition of False Markets                                 | 1.3 |
| 1.06 | Hours of Business  | 1.3 |
| 1.07 | Suspension of Business                                       | 1.3 |
| 1.08 | Register of Members  | 1.3 |
| 1.09 | Call-Over  | 1.4 |
| 1.10 | Meetings of Members  | 1.4 |
| 1.11 | General Meetings   | 1.4 |
| 1.12 | Appointment of Auditors to the Exchange                      | 1.5 |

**2. THE COMMITTEE**

|      |                                      |      |
|------|--------------------------------------|------|
| 2.01 | Constitution                         | 2.6  |
| 2.02 | Members and Quorum                   | 2.6  |
| 2.03 | General and Signing Powers           | 2.6  |
| 2.04 | Financial                            | 2.6  |
| 2.05 | Accounts                             | 2.7  |
| 2.06 | Limit of Liability                   | 2.7  |
| 2.07 | Indemnity                            | 2.7  |
| 2.08 | Election                             | 2.8  |
| 2.09 | Nomination and Eligibility           | 2.8  |
| 2.10 | Balloting                            | 2.8  |
| 2.11 | Occasional Vacancy                   | 2.8  |
| 2.12 | Disqualification or Removal          | 2.8  |
| 2.13 | Expulsion from Committee             | 2.9  |
| 2.14 | First Meeting - Election of Officers | 2.9  |
| 2.15 | Duties :                             | 2.9  |
|      | (i) Chairman                         |      |
|      | (ii) Vice-Chairman                   |      |
|      | (iii) Treasurer                      |      |
| 2.16 | Regulation of Meetings               | 2.9  |
| 2.17 | Resignation en bloc                  | 2.10 |
| 2.18 | Leave                                | 2.10 |
| 2.19 | Resignation                          | 2.10 |
| 2.20 | Investment and Borrowing Powers      | 2.10 |

|           |   |      |
|-----------|---|------|
| 2.21      | Alterations to the Rules  | 2.10 |
| 2.22      | Declaration of Interest   | 2.11 |
| 2.23      | Communications to be signed                                     | 2.11 |
| 2.24      | Discipline  | 2.11 |
| 2.25      | Restrictions on Voting  | 2.11 |
| 2.26      | Powers to Impose Penalties                                      | 2.12 |
| 2.27      | Appeals against Penalties                                       | 2.12 |
| 2.28      | Procedure for Hearings  | 2.12 |
| 2.29      | Powers to obtain Evidence                                       | 2.12 |
| 2.30      | Members' Responsibilities for employees and Associate Members   | 2.13 |
| 2.31      | Publication of Default or Suspension                            | 2.13 |
| 2.32      | Employment of defaulters and Others requiring Committee Consent | 2.13 |
| <br>      |   |      |
| <b>3.</b> | <b>MEMBERS AND MEMBERSHIP</b>                                   |      |
| 3.01      | Admission of Candidates   | 3.14 |
| 3.02      | Membership Requirements   | 3.14 |
| 3.03      | Proprietary Rights:   | 3.14 |
|           | (i) General   |      |
|           | (ii) Interest   |      |
|           | (iii) Register  |      |
|           | (iv) Cessation of Membership                                    |      |
|           | (v) Members whose registration is cancelled                     |      |
| 3.04      | Membership not Transferable                                     | 3.15 |
| 3.05      | Member Qualifications:  | 3.15 |
|           | (i) Age and Employment  |      |
|           | (ii) Undertakings during Membership                             |      |
|           | (iii) Institutions  |      |
| 3.06      | Institutional Membership  | 3.17 |
| 3.07      | Application Procedure   | 3.17 |
| 3.08      | Information concerning Candidates                               | 3.17 |
| 3.09      | Voting on Applications  | 3.17 |
| 3.10      | Rejected Applications   | 3.17 |
| 3.11      | Partnerships  | 3.18 |
| 3.12      | Branch Offices  | 3.18 |
| 3.13      | Declaration on Contracts  | 3.18 |
| 3.14      | Disclosure of Dealings  | 3.18 |
| 3.15      | Broking Members' Books and Records                              | 3.18 |
| 3.16      | Auditor's Certificate   | 3.19 |
| 3.17      | Investigation by Auditors                                       | 3.20 |
| 3.18      | Resignations  | 3.20 |
| 3.19      | Notifications required by Secretary                             | 3.20 |
| 3.20      | Security Fund   | 3.21 |
| 3.21      | Professional Indemnity Cover                                    | 3.21 |
| 3.22      | Types of Membership:  | 3.21 |
|           | (i) Broking Members   |      |

|           |   |      |
|-----------|---|------|
|           | (ii) Associate Members                          |      |
|           | (iii) Non-Broking Members                       |      |
| 3.23      | Change of Membership Status                     | 3.21 |
| <b>4.</b> | <b>NON-MEMBER INSTITUTIONS</b>                  |      |
| 4.01      | Members of Approved Stock Exchanges             | 4.22 |
| 4.02      | General   | 4.22 |
| <b>5.</b> | <b>AUTHORISED DEALERS</b>                       |      |
| 5.01      | Qualification                                   | 5.23 |
| 5.02      | Election  | 5.23 |
| 5.03      | Fees - Authorised Dealers                       | 5.23 |
| 5.04      | Dismissal and Substitution                      | 5.23 |
| 5.05      | Member's Responsibility                         | 5.23 |
| 5.06      | Dealers of:                                     | 5.23 |
|           | (i) Defaulters                                  |      |
|           | (ii) Deceased Members                           |      |
| 5.07      | Permitted Number of Dealers                     | 5.24 |
| 5.08      | Member's Power of Attorney                      | 5.24 |
| 5.09      | Limitation on Activities of Dealers             | 5.24 |
| 5.10      | Transactions between Dealers                    | 5.24 |
| 5.11      | Unauthorised Clerks                             | 5.25 |
| <b>6.</b> | <b>COMMISSIONS</b>                              |      |
| 6.01      | General Minimum Commission and Charges          | 6.26 |
| 6.02      | Continuation Orders                             | 6.26 |
| 6.03      | Book-Over - Two Bargains                        | 6.26 |
| 6.04      | Penalty for Undercharging                       | 6.26 |
| 6.05      | Options   | 6.26 |
| 6.06      | Bargains with other Exchanges                   | 6.27 |
| 6.07      | Prohibition on Special Privileges               | 6.27 |
| 6.08      | Rendering of Brokers Notes                      | 6.27 |
| 6.09      | Commissions on External Bargains                | 6.27 |
| <b>7.</b> | <b>TRADING</b>                                  |      |
| 7.01      | Bargains solely between Members                 | 7.28 |
| 7.02      | Power to Halt Trading in any Security           | 7.28 |
| 7.03      | Bids and Offers Binding. Settlement of Disputes | 7.28 |
| 7.04      | Number of Shares Bid or Offered                 | 7.28 |
| 7.05      | Ban on Factitious Sales                         | 7.28 |
| 7.06      | Priority of Client's Orders                     | 7.28 |
| 7.07      | Book-Over Procedure                             | 7.29 |
| 7.08      | Special Bargains                                | 7.29 |
| 7.09      | Ban on Taking Legal Action                      | 7.29 |
| 7.10      | Trading on Holidays:                            | 7.29 |
|           | (i) No Recognition by Committee                 |      |

|            |  |       |
|------------|--|-------|
|            | (ii) Options Falling Due                           |       |
| 7.11       | Advice Notes                                       | 7.30  |
| 7.12       | Deliveries:  | 7.30  |
|            | (i) Genuineness and Regularity                     |       |
|            | (ii) Certified Transfer Deeds                      |       |
|            | (iii) Good Delivery                                |       |
|            | (iv) Mutilated Scrip                               |       |
|            | (v) Scrip of Companies with Alterations to Capital |       |
| 7.13       | No specific Certificates                           | 7.30  |
| 7.14       | Dividends and Rights:                              | 7.30  |
|            | (i) Advantage Passes to Buyer                      |       |
|            | (ii) Accrued Interest to Seller                    |       |
|            | (iii) Committee to Control Procedures              |       |
| 7.15       | Rights on 'Calls' and 'Time' Bargains              | 7.31  |
| 7.16       | Unclaimed Subscription Rights                      | 7.31  |
| 7.17       | Adjustment to Orders on Security Quoted ex Rights  | 7.31  |
| 7.18       | Settlement Procedures                              | 7.31  |
| 7.19       | Bear Sales   | 7.32  |
| 7.20       | Claim Arising from Negligence                      | 7.32  |
| 7.21       | Procedure on Death of Member                       | 7.32  |
| <b>8.</b>  | <b>OFFICIAL LIST</b>                               |       |
| 8.01       | Committee's Authority and Powers                   | 8.34  |
| 8.02       | Contents of Official List                          | 8.34  |
| 8.03       | Basic Listing Requirements                         | 8.34  |
| 8.04       | Application for Listing                            | 8.34  |
| 8.05       | Transfer and Registration Requirements             | 8.35  |
| 8.06       | Proxies and Annual Meetings                        | 8.35  |
| 8.07       | Annual Review by Committee                         | 8.35  |
| 8.08       | Information and Circulars to Shareholders          | 8.35  |
| 8.09       | Application for Listing of Additional Securities   | 8.36  |
| 8.10       | Receipt for Money Received from Issues             | 8.36  |
| 8.11       | Removal from Official List                         | 8.36  |
| 8.12       | Publication of Committee Action                    | 8.36  |
| 8.13       | Listing Fees and Other Charges                     | 8.37  |
| <b>9.</b>  | <b>PERMITTED DEALINGS</b>                          |       |
| 9.01       | Dealings on the Exchange                           | 9.38  |
| 9.02       | Dealings outside the Exchange                      | 9.38  |
| 9.03       | Dealings in Temporary Documents of Title           | 9.38  |
| <b>10.</b> | <b>RESPONSIBILITIES AND OBLIGATIONS OF MEMBERS</b> |       |
| 10.01      | Relations with Clients                             | 10.39 |
| 10.02      | Nominee Accounts                                   | 10.39 |
| 10.03      | Record of Orders                                   | 10.39 |
| 10.04      | Declaration of Interest                            | 10.39 |

|              |  |       |
|--------------|--|-------|
| 10.05        | Confirmation of Bargains   | 10.39 |
| 10.06        | No Registration before Payment   | 10.40 |
| 10.07        | Defaulting Clients - Members' Rights                                   | 10.40 |
| 10.08        | Pledge Agreements  | 10.40 |
| 10.09        | Prohibition on Trading against Client's Account                        | 10.41 |
| 10.10        | Proxies on Nominee Scrip   | 10.41 |
| 10.11        | Safe Custody Scrip   | 10.41 |
| 10.12        | Advertising  | 10.41 |
| 10.13        | Ban on Dealing   | 10.41 |
| 10.14        | Disputes between Members   | 10.42 |
| 10.15        | Member not to act to evade Rules                                       | 10.42 |
| 10.16        | Ban on Misleading Names  | 10.42 |
| 10.17        | Ban on Concealed Dealings  | 10.42 |
| 10.18        | Ban on Dealing for Expelled Persons or Employees of Other Firms        | 10.43 |
| 10.19        | Payment of Fees  | 10.43 |
| <b>11.</b>   | <b>DEFAULTERS AND INSOLVENCY</b>                                       |       |
| 11.01        | Declaration of a Defaulter   | 11.44 |
| 11.02        | Responsibilities of a Defaulter to Exchange and of Members to Exchange | 11.44 |
| 11.03        | Appointment and Powers of Investigation Sub-Committee                  | 11.44 |
| 11.04        | Disclosure of Clients' Names   | 11.45 |
| 11.05        | Claims on Defaulter  | 11.45 |
| 11.06        | Assignment of Claims   | 11.46 |
| 11.07        | Price Fixing of Open Transactions                                      | 11.46 |
| 11.08        | Dishonoured Cheques  | 11.46 |
| 11.09        | Loans of Securities  | 11.46 |
| 11.10        | Legal Enforcement of Claims  | 11.46 |
| 11.11        | Management of Defaulter's Estate                                       | 11.46 |
| 11.12        | Re-Admission of Defaulter  | 11.46 |
| APPENDIX 'A' | Schedule of Fees Payable to the Exchange by Members                    | A.44  |
| APPENDIX 'B' | Schedule of Minimum Commissions  | B.49  |
| APPENDIX 'C' | Listing and Other Fees   | C.51  |
| APPENDIX 'D' | Form of Reference by a Non-Member                                      | D.53  |
| APPENDIX 'E' | Application Letter - Non-Member Institutions                           | E.56  |
| APPENDIX 'F' | Rules of the Security Fund   | F.57  |
| APPENDIX 'G' | Letter and Form of Application for Membership                          | G.59  |

### **PART 1 - GENERAL**

#### **1.01 NAME, OBJECTS, PRINCIPAL OFFICE AND POWERS OF COMMITTEE**

The name of the Exchange shall be THE BOTSWANA STOCK EXCHANGE, hereinafter referred to as "the Exchange".

The principal object of the Exchange shall be to operate a Stock Exchange in Botswana with due regard to the public interest, and to maintain fair and efficient dealing in securities for the protection of investors and to regulate the affairs of members.

The principal office of the Exchange shall be situated in Gaborone or at such other place as the Committee may determine.

Without prejudice to the provisions of Section 15 of the Act and the powers of the Exchange as a corporate body and without prejudice to the generality of its power of full management and control of the affairs of the Exchange, the Committee shall have power:-

- (1) generally, to expend the funds of the Exchange, in its discretion, to the best advantage of its members and the Exchange generally;
- (2) to purchase, take on lease, exchange, hire or otherwise acquire any moveable or immovable property or any rights or privileges necessary or convenient to the purposes of the Exchange;
- (3) to sell, improve, manage, lease, mortgage, dispose of, turn to account or otherwise deal with any part of the property, moveable or immovable, or rights of the Exchange;
- (4) to construct, alter, repair and maintain any buildings required for the purposes of the Exchange;
- (5) to invest the funds of the Exchange not immediately required, upon such security or securities, if any, and on such terms and in such manner as may be deemed expedient;
- (6) to guarantee or become liable for the payment of money by suretyship or otherwise or for the performance of any obligations by indemnity or otherwise and generally to transact all kinds of guarantee business;
- (7) to enter into such contracts and do such acts and things as it thinks expedient for the purposes of the Exchange;
- (8) to provide for persons in the employ of the Exchange, or their dependents, by means of insurance with an insurer, a pension or provident fund or otherwise, pecuniary benefits upon leave, retirement, death or termination of service or in the event of distress, sickness or injury and to insure members or staff against injury or death;
- (9) to institute, conduct, defend, compound or abandon any legal proceedings by or against the Exchange or its officers, or otherwise concerning the affairs of the Exchange, and also to compound and allow time for payment or satisfaction of any debts due, and of any claims or demands by or against the Exchange;
- (10) to draw, make, execute, issue, accept, endorse, negotiate, discount and otherwise deal in cheques, bills of exchange, promissory notes, letters of credit, coupons, drafts, warrants and other negotiable or transferable instruments and securities, and to receive money or valuables on deposit or for safe custody;
- (11) to carry out, fulfil or undertake all or any of the objects of the Exchange by the use of such powers, expressly or implied, granted herein and to do all such things as are incidental or conducive to the successful attainment of such

objects.

## 1.02 APPLICATIONS

The Rules and usage of the Exchange shall apply to and be binding upon members of the Exchange and all persons claiming under the Rules and usage or where claim is derived from a member but to no other persons. The Exchange does not recognise in its dealings any other parties than its own members: every bargain, therefore, whether for account of the member effecting it, or for the account of a client (principal) must be fulfilled according to the Rules and usage of the Exchange. In addition a member or member firm shall disclose on every letter, circular or other business communication that he is a member of the Botswana Stock Exchange.

Wherever the Exchange is specified as having powers or rights these may be exercised on behalf of the Exchange by the committee or by those designated in writing by the Committee.

## 1.03 INTERPRETATION OF RULES

The interpretation of the Rules and the usage of the Exchange shall rest with the Committee, whose decision shall be final.

## 1.04 DEFINITIONS

- (i) 'Arbitrage' shall mean the business of buying and selling securities in one market with the intention of immediately reversing such transactions in another market in order to profit from price differences between such markets if such business is not casual but contains the element of continuity.
- (ii) 'Authorised Dealers' shall have the meaning attributed to it in Section 5.
- (iii) 'Broker' or 'broking member' shall mean a member who carries on the business of a stock-broker.
- (iv) 'Certified transfer deed' shall mean a transfer deed signed by the transferor, unaccompanied by a share certificate and bearing a certification duly signed and dated by or on behalf of the company whose shares are represented in the transfer deed that the relative share certificate has been lodged with the company.
- (v) 'Committee' shall mean the executive authority managing the affairs of the Exchange.
- (vi) 'Contract price' or 'transaction price' shall mean the price per share at which the contract or transaction was concluded.
- (vii) 'Contract value' shall mean the consideration due to be paid by the purchasing to the selling broker in respect of a transaction in securities.
- (viii) 'Listed Security' means any security which is related in the official list.
- (ix) 'Security' means any fully paid up shares, stock, debenture, debenture stock or loan stock, other than a bearer security, that may be dealt in on the Exchange and includes any right or option thereon to acquire such a security, whether fully paid up or not.
- (x) For the purpose of option transactions the following terms shall mean:-
  - (a) **Call Option.** The purchased right to buy an agreed number of securities at a specified price within a specified period.
  - (b) **Put Option.** The purchased right to sell an agreed number of



- securities at a specified price within a specified period.
- (c) **Put And Call Option.** The purchased right to buy or sell an agreed number of securities at a specified price within a specified period. The option can be exercised one way only: i.e., the securities may be either bought or sold.
  - (d) **Striking Price.** The price at which the security under option will change hands should the option be exercised.

#### **1.05 PROHIBITION ON FALSE MARKETS**

No member shall use or knowingly participate in the use of any manipulative or deceptive method of trading in connection with the purchase or sale of any security which creates or may create a false or misleading appearance of trading activity or an artificial price for the said security. Any member contravening this rule shall be liable to suspension in terms of Rule 2.26.

#### **1.06 HOURS OF BUSINESS**

The Exchange will be open for business daily at such times as the Committee shall decide. The Exchange shall be closed for business on Saturdays, Sundays, any day proclaimed by the Government as a public holiday, and on such other days as shall be specially advised by the Committee.

#### **1.07 SUSPENSION OF BUSINESS**

Subject to the consent of the Registrar, the Committee may suspend the operation of the Exchange at any time and for any period. In the event of the Exchange being suspended for any reason the Committee shall have power to determine the conditions upon which all Exchange transactions open at that time shall be closed.

#### **1.08 REGISTER OF MEMBERS**

The Exchange shall keep a register of members in which is set out the names of all persons who are members or have been members of the Exchange within ten years, their class of membership and the address of each such person while a member.

#### **1.09 CALL-OVER AND OFFICIAL RECORD OF TRANSACTIONS**

- (a) Call-over shall be held daily whenever the Exchange is open for business in terms of Rule 1.06;
- (b) A list of prices of securities at Call-over shall be reported daily to the Secretary and recorded by him. Such prices shall be regarded as the official prices for that day;
- (c) Transactions effected for settlement other than in Botswana shall be at the price and in the currency of the country in which such settlement is to be effected. No record of such prices shall be made by the Exchange nor shall they be published in the National Press;
- (d) No list or record of dealing shall be published or sold by a member without the sanction of the Committee.

#### **1.10 MEETINGS OF MEMBERS**

Once in every year within six (6) months of the end of the financial year there shall be held an Annual General Meeting of members to which the accounts of the Exchange,

duly audited, shall be submitted for consideration. The Auditors' Report shall, unless all members present agree to the contrary, be read aloud.

An Extraordinary General Meeting may be called by the Committee at any time. A requisition signed by seven (7) or more members shall bind the Committee to call such a meeting forthwith.

All general Meetings shall be presided over by the Chairman or in his absence by the Vice-Chairman of the Exchange. Should neither be present, the members present shall elect a Chairman from their number for the meeting.

### **1.11 GENERAL MEETING**

Twenty-one (21) clear days notice in writing of any General Meeting of members of the Exchange shall be given to persons entitled to attend such meetings, provided that the accidental omission to give or the non-receipt of notice of any meeting shall not invalidate the proceedings at that meeting.

The only persons entitled to attend a meeting of members shall be those entitled to vote thereat, the Secretary of the Exchange, the Auditors and those Committee members who may have been approved or appointed by the Minister. Any other person may be admitted only on the invitation of the Chairman of the meeting.

Every member of the Exchange shall be entitled to one vote in person provided that at the time of the meeting his subscription is not in arrears or that his membership has not been suspended. In the event of an equality of votes the Chairman of the meeting shall have a casting vote.

A quorum for any General Meeting of members shall be 25% and not less than three of those entitled to attend and vote thereat. If no quorum is present within fifteen (15) minutes of the time of the commencement of the meeting, it shall stand adjourned to the same day, time and place in the following week when a quorum shall be those attending the meeting and in the case of a requisitioned meeting the meeting shall be dissolved.

### **1.12 APPOINTMENT OF AUDITORS TO THE EXCHANGE**

At the Annual General Meeting the Appointment of Auditors for the ensuing year and the remuneration for the past year shall be made and the registrar shall be informed of such appointment within fourteen (14) days of the meeting.

A retiring auditor shall be eligible for re-appointment and shall be re-appointed unless a member of the Committee shall have given the Exchange twenty-eight (28) days notice of an alternative nomination.

If a vacancy in the office of auditors occurs between two Annual General Meetings the Committee shall take such steps as are necessary to fill the vacancy.

The auditor shall receive all notices and any other communications relating to any general meeting of the Exchange and will be entitled to speak on any part of the

business of the meeting which concerns him as auditor. The auditor shall have right of access at all times to the books of account, vouchers and securities of the Exchange and to any information and explanations he may require.

## **PART 2 - THE COMMITTEE**

### **2.01 CONSTITUTION**

The executive authority managing the affairs of the Exchange shall be the Committee of the Botswana Stock Exchange, hereinafter referred to as the Committee. The Committee shall consist of the members of the Exchange (save for the persons approved or appointed in terms of the Act). Every member of the Committee ceasing to be a member of the Exchange shall ipso facto be deemed to have vacated office as a member of the Committee.

### **2.02 MEMBERS AND QUORUM**

The Committee shall consist of not less than two (2) nor more than six (6) elected members of whom two (2) shall constitute a quorum for the transaction of business at any meeting of the Committee.

### **2.03 GENERAL AND SIGNING POWERS**

- (i) Subject to the provisions of the Act, in all matters considered by the Committee, its decision whether expressed by a Resolution or otherwise shall be final and must be carried out forthwith by every member concerned, provided that where a Resolution is required by the rules to be confirmed, such Resolution shall not be effective until confirmed.
- (ii) Without prejudice to the generality of the power of the general management of the affairs of the Exchange in terms hereof, the Committee shall regulate the transaction of business on the Exchange, the negotiation and conclusion of contracts and for and on behalf of the Exchange do or perform all or any act, matter or thing which the Exchange may be empowered to do or perform by the Act and any regulations made thereunder.
- (iii) Deeds, transfers, contracts, obligations, leases and other instruments may be signed on behalf of the Exchange by any two of the Chairman of the Committee, the Vice-Chairman of the Committee and any other Committee member that may from time to time be designated by the Committee for this purpose or by any one such person together with the Secretary of the Exchange or his authorised representative.
- (iv) The Committee may adjudicate on any transaction in securities involving a member of the Exchange, even although such securities may not have received an official listing.

### **2.04 FINANCIAL**

- (i) The financial year of the Exchange shall end on the 30th June in each year.
- (ii) The banking business of the Exchange shall be transacted with such banks or other firms or corporations as may from time to time be designated by the Committee.

### **2.05 ACCOUNTS**

The Committee shall ensure that proper books of account are kept of the financial affairs of the Exchange and that these books of account shall be kept at the principal office of the Exchange. Such books will be preserved by the Secretary for a period of six (6) years from the date of the last entry therein and shall at all reasonable times be

open for inspection by any member of the Committee.

Within five (5) months of the end of every financial year the Committee will ensure that an annual report, audited Accounts consisting of a Balance Sheet and a Revenue and Expenditure Account and any subsidiary statements and accounts as may be necessary or required by law shall be prepared and signed by the Chairman and two members of the Committee.

The Secretary will lodge a signed copy of these documents together with the Annual Report of the Committee with the Registrar within not more than five (5) months of the end of the financial year. Copies will also be circulated to every member of the Exchange.

#### **2.06 LIMIT OF LIABILITY**

No member of the Committee or officer of the Exchange shall be liable for any act of omission of any other member of the Committee or officer or employee or agent of the Exchange for any loss, damage or expense happening to the Exchange by reason of his having joined in any receipt of money not received by him personally or incurred through the act or omission of any banker, agent, employee or other person, through the deficiency of any security in or upon which any of the moneys of the Exchange shall be invested or for any loss or damage arising from the liquidation, judicial management, assignment or insolvency of any person with whom any of the moneys, securities or effects of the Exchange shall be deposited or for any defect of title to any property acquired by the Exchange or for any loss occasioned by any error of judgment or oversight in the execution of the duties of his office or any other cause whatsoever unless arising by reason of his own wrongful and unlawful act or omission or negligence.

#### **2.07 INDEMNITY**

Every member of the Committee or officer of the Exchange and his heirs, executors, administrators and assigns, shall at all times be indemnified out of the funds of the Exchange from and against all costs, charges and expenses whatsoever that such Committee members or officer sustains or incurs in or about or in relation to any action, suit or proceeding that is brought, commenced or prosecuted against him for or in respect of any act, omission, deed, matter or thing whatsoever made, done or permitted by him in or about the execution of his duties or the affairs of the Exchange unless such costs, charges and expenses are occasioned by his own wrongful and unlawful acts or omissions or his negligence.

#### **2.08 ELECTION**

The Committee shall consist of two (2) members appointed by the Minister and not less than two (2) members and not more than six (6) members elected annually by the members of the Exchange on a day to be fixed by the Committee. If no new Committee members are elected the Committee members then in office shall continue in office until successors are duly elected. Retiring Committee members shall be eligible for re-election if otherwise qualified. No more than two (2) elected members shall be from any one partnership.

The Secretary shall inform the Registrar of the composition of and any change in the Committee within fourteen (14) days of such appointment or change.

## **2.09 NOMINATION AND ELIGIBILITY**

Three (3) weeks notice in writing shall be given to all members of the Exchange entitled to vote, calling for nominations for the Committee. Such nominations must be submitted to the Secretary by not later than seven (7) days before the declaration of the election is to be made. A list of persons so nominated shall be placed on the notice boards of the Exchange, as they are received together with a list of the names of the existing committee members who are willing to serve again.

## **2.10 BALLOTING**

Should the number of persons seeking election or re-election to the Committee exceed six (6), a ballot shall be held. Every ballot shall be held at such place as the Chairman may appoint.

In the event of two (2) or more candidates receiving an equal number of votes and such number is sufficient to qualify one or more but not all of such candidates then the appointment from those of equal votes shall be determined by lot.

## **2.11 OCCASIONAL VACANCY**

Any occasional vacancy in the elected membership of the Committee may be filled for the remainder of the term of office by the Committee provided the remaining elected Committee members are not less than two (2).

## **2.12 DISQUALIFICATION OR REMOVAL**

- (i) The members of the Exchange may, at an Extraordinary General Meeting called for the purpose, remove any elected Committee member provided at least two-thirds of the votes cast are in favour of such a resolution. The members may, by a majority vote, elect a member to replace him on the Committee.
- (ii) The office of an elected Committee member shall ipso facto be vacated in the event of one or more of the following occurrences:-
  - (a) Upon termination of membership of the Exchange.
  - (b) Upon his being adjudged by the Committee as being a person who is unfit or unsuitable to remain a member of the Committee, or in the event of his being suspended from practice.
  - (c) Upon receipt of a notice of resignation from office, subject to the provisions of Rule 2.19.
  - (d) If he should absent himself without leave from three (3) consecutive ordinary meetings of the Committee.

## **2.13 EXPULSION FROM COMMITTEE**

The Committee may by a Resolution passed and confirmed in accordance with the procedure set out below expel any of its own elected members from the Committee.

The resolution must be passed by not less than two-thirds of those Committee members who are present at a meeting of which specific notice has been given, and

subsequently confirmed by a majority of such members who are present at a subsequent meeting of which specific notice has been given. No member may vote at the subsequent meeting if he were not present at and voted on the Resolution considered at the first specific meeting. In an emergency the confirmation of such a Resolution may be considered at the same meeting as it is passed provided two-thirds of those present agree to do so.

#### **2.14 FIRST MEETING - ELECTION OF OFFICERS**

The Committee shall at its first meeting after its election to a new term of office elect from amongst its elected members a Chairman, and a Vice-Chairman to hold office until the corresponding meeting in the next succeeding year. The Chairman and Vice-Chairman shall bear the title of Chairman of the Botswana Stock Exchange and Vice-Chairman of the Botswana Stock Exchange respectively.

If any of these posts shall become vacant the Committee shall take steps to fill them as soon as possible.

#### **2.15 DUTIES OF OFFICERS**

- (i) CHAIRMAN
  - (ii) VICE-CHAIRMAN
- (i) The Chairman of the Committee shall preside at all meetings of the Committee and of the members of the Exchange at which he is present and shall be ex-officio a member of all sub-Committees created by the Committee.
- (ii) The Vice-Chairman of the Committee shall assist the Chairman and during the absence or incapacity of the chairman shall have the powers and be charged with the duties of his office.

#### **2.16 REGULATION OF MEETINGS**

The Committee may meet for the dispatch of business, adjourn and otherwise regulate their meetings and meetings of members as it thinks fit. Each member of the Committee shall have one vote except the Chairman of the meeting who shall have in the event of an equality of votes an additional or casting vote. At every meeting the Chairman shall preside or in his absence the Vice-Chairman and if both are absent then those members of the Committee present shall appoint an elected Committee member as Chairman for that meeting.

The Chairman or the Vice-Chairman or any two Committee members may, and the Secretary on their requisition shall, at any time summon a meeting of the Committee.

#### **2.17 RESIGNATION EN BLOC**

If the elected members of the Committee resign in a body then such Committee shall forthwith give notice of the election of a new Committee in terms of Rule 2.09.

The names of the elected candidates shall be posted on the notice boards of the Exchange and all members notified immediately.

Persons so elected shall hold office as members of the Committee until the next annual election.

**2.18 LEAVE**

The Committee may grant leave of absence to any of its members and may, if it so wishes, co-opt a member of the Exchange to fill the vacancy during the absence of the elected Committee member.

**2.19 RESIGNATION**

Any member of the Committee may resign from office upon giving notice in writing to the Committee of his intention to do so. Such resignations shall come into force thirty (30) days thereafter.

**2.20 INVESTMENT AND BORROWING POWERS**

All income of the Exchange arising from whatever source shall in the first instance be applied towards the costs of maintaining the institution and thereafter any surplus shall be invested by the Treasurer under authority from the Committee in such manner as it in its discretion thinks fit. Such investments shall be added to and form part of the General Reserves of the Exchange.

The Committee may raise or borrow money for the purposes of the Exchange in such amounts in such form and upon such terms and conditions as it may deem expedient.

**2.21 ALTERATIONS TO THE RULES**

Any member of the Committee may propose in writing any alteration or addition to or removal from the Rules. Such proposal shall be left with the Secretary who will circulate it to each member of the Committee and shall post it on the notice boards for fourteen (14) days, after which it shall be considered by the Committee.

After adoption by the Committee the Secretary shall circulate the proposed amendment to members and send one copy to the Registrar. If no objections are received within fourteen (14) days the amendment will be deemed to be approved.

In the event of an objection being received in writing signed by not less than 25% of the members there shall be held a ballot and if at such ballot a majority of votes be recorded against the amendment then it will be deemed to be rejected.

Two copies of an approved amendment signed by the Chairman, or in his absence, the Vice-Chairman, and the Secretary shall be delivered to the Registrar for approval in terms of the Act.

**2.22 DECLARATION OF INTEREST**

If at any Committee meeting a Committee member is aware that any matter which affects:-

- (a) himself or his spouse or child; or
- (b) any person who is a debtor, creditor, partner, employee or agent of the Committee member; or
- (c) any person who is a debtor under a mortgage bond of any body corporate or unincorporated of which the Committee member is a director or officer or under which he holds any office or position other than that of auditor; or



(d) any company of which he is a director; is to be discussed or is under discussion, that Committee member shall forthwith declare to the Committee meeting his interest in that matter and shall not vote on any question before the Committee which relates to that matter: provided that nothing in this Rule contained shall be taken to prevent Committee members from voting upon matters which affect them generally.

### **2.23 COMMUNICATIONS TO BE SIGNED**

All communications to the Committee shall be made in writing and the Committee shall not be obliged to consider any communication which is unsigned.

### **2.24 DISCIPLINE**

- (i) All decisions by the Committee in regard to penalties or disqualifications arising from the infringement or non-compliance with the Rules and upon all matters connected with the administration, business and affairs of the Exchange and the business dealings and professional conduct of its members shall be binding upon all members.
- (ii) The Committee may by a Resolution passed by not less than three-fourths of those present at a meeting of the Committee dispense with the strict enforcement of any of the Rules. In the event of the minimum quorum being present, the decision must be unanimous.

### **2.25 RESTRICTIONS ON VOTING**

- (i) When a member of the Committee is party to or is concerned in any disciplinary matter under consideration of the Committee he shall not act in Committee on that particular case.
- (ii) When members of the Committee are absent or do not vote at the meeting at which a penalty or penalties have been imposed in terms of Rule 2.26 they shall not attend or vote at the subsequent hearing provided for in terms of Rule 2.28.

### **2.26 POWERS TO IMPOSE PENALTIES**

If any member shall be adjudged by the Committee to have contravened any Rule, usage or any provision of the Act, or be guilty of any conduct, proceeding or method of business which the Committee in its absolute discretion deems unbecoming a member or inconsistent with just and equitable principles of trade, or detrimental to the interests of the Exchange or the public, the Committee may impose any one or more of the following penalties:-

- (i) a reprimand;
- (ii) suspension of membership for such period or periods and upon such conditions as the Committee may determine

In the event of any member being suspended, the Secretary shall inform the Registrar in writing of the action of the Committee.

If the Committee consider that the registration of a member should be cancelled, it will recommend accordingly to the Registrar in terms of the Act.

### **2.27 APPEALS AGAINST PENALTIES**

Except when the Committee suspends a member with immediate effect where in the opinion of the Committee the delay necessary for a hearing would be prejudicial to the interest of the Exchange or the public, no penalty imposed on a member in terms of these Rules shall take effect without the member first being given thirty (30) days in which to make a written request for a hearing in accordance with Rule 2.28.

## **2.28 PROCEDURE FOR HEARINGS**

Whenever a hearing is to be held such hearing shall be before the Committee or such sub-Committee or person appointed by the Committee for such purpose.

The Secretary shall give seven (7) days written notice of the hearing to the member requesting the hearing at which he and any witnesses he may call shall be heard. Such member or witness shall appear in person and shall not be entitled to representation, legal or otherwise.

A copy of the decision shall be given to the member who requested the hearing and a copy thereof may be used by the Committee in any way it may decide.

## **2.29 POWERS TO OBTAIN EVIDENCE**

- (i) Members shall attend the Committee when required and shall give such information as may be in their possession relative to any matter under investigation, including such accounts and information as to their firm's finances as the Committee may consider necessary.
- (ii) The Committee may itself appoint an Accountant to report upon any matters relating to a firm's finances as it considers necessary, the cost of which shall be paid in the manner determined by the Committee.
- (iii) In the event of any document called for by the Committee not being in the possession or control of a member such member or his authorised dealer shall, if possible, obtain such document or a copy thereof and produce the same to the Committee.
- (iv) If called upon to do so a member shall authorise the Secretary to obtain any information, document or copy thereof and shall sign such documents that the Committee may consider necessary for that purpose.
- (v) The Committee shall treat all information obtained under this rule as confidential.

## **2.30 MEMBERS' RESPONSIBILITIES FOR EMPLOYEES AND ASSOCIATE MEMBERS**

Any member may be held by the Committee to be fully responsible for the acts or omissions or negligence of employees and associate members of a member and if such act or omission or negligence be found to be one which if done by the member would subject him to any of the penalties laid down in Rule 2.26, then such member and any partner or partners of the member may be penalised as if such act or omission or negligence had been done or omitted by him directly.

## **2.31 PUBLICATION OF DEFAULT OR SUSPENSION**

The Committee may, in its absolute discretion, and in such manner as it thinks fit, notify or cause to be notified to the public that any member of the Exchange has been

declared a defaulter, or has been suspended or has ceased to be a member and the name of such member. No action or other proceeding shall under any circumstances be maintainable by the person referred to in such notification against any person publishing or circulating the same and this rule shall operate as leave to any person to publish and circulate such notification and be pleadable accordingly.

**2.32 EMPLOYMENT OF DEFAULTERS AND OTHER REQUIRING COMMITTEE CONSENT**

No member shall without the prior written consent of the Committee take into or continue in his employment in any capacity any person whose registration as a Stockbroker has been cancelled, or any person refused admission either as a member or an authorised dealer or any person who is an un-rehabilitated insolvent or has been a defaulter or has been convicted of theft, fraud, forgery or uttering a forged document, extortion or perjury or any crime involving dishonesty. The consent of the Committee may be given for a limited period and may be withdrawn at any time on giving notice of one (1) calendar month.

### **PART 3 - MEMBERS AND MEMBERSHIP**

#### **3.01 ADMISSION OF CANDIDATES**

No candidate shall be considered for admission to membership of the Exchange unless he satisfies the Committee that he is of good character and of high business integrity.

He shall satisfy the Committee that his competence and conduct are of a standard sufficiently high for the protection of the public.

The admission of a candidate to membership of the Exchange shall be subject to his registration in terms of the Act within thirty (30) days of the approval by the Committee of his application.

#### **3.02 MEMBERSHIP REQUIREMENTS**

Every candidate whose application for membership is approved by the Committee shall, within thirty (30) days of his admission to the Exchange, acquire a minimum of four (4) proprietary rights and have them inscribed in his name. If the candidate is unable during this period to obtain the proprietary rights in the open market at a reasonable price the Committee shall have the power to issue such rights at a value to be fixed by the Committee.

Every member of the Exchange shall continue to hold a minimum of four (4) proprietary rights at all times and should he fail to do so he shall ipso facto immediately cease to be a member.

#### **3.03 PROPRIETARY RIGHTS**

- (i) General
- (ii) Interest
- (iii) Register
- (iv) Cessation of Membership
- (v) Members whose registration is cancelled

(i) Part of the capital of the Exchange shall be provided by the issue of Inscribed Proprietary Rights of a nominal value to be agreed by the Committee. No member shall, for his own benefit, be the registered holder of more than twelve (12) such rights.

Premiums on the issue of proprietary rights shall accrue to the Exchange.

(ii) Holders of Proprietary Rights shall be paid such interest as may be approved by members at the Annual General Meeting which shall not exceed the balance available from interest or dividends on the invested funds. They shall not be entitled to any further participation in the profits or assets of the Exchange, except upon sale of their Proprietary Rights to the Exchange at the price fixed by the Committee or upon dissolution or winding up.

(iii) The register of Proprietary Rights shall be kept by the Secretary. The Exchange shall not be bound to take notice of any trust and shall not record any interest in any proprietary right other than absolute beneficial ownership of the member. The Exchange may deem and treat the registered holder as the

absolute beneficial owner for all purposes and shall not be affected by any notice to the contrary.

- (iv) Upon termination of membership for any reason whatsoever, instructions shall be deemed, *ipso facto*, to have been given to the Secretary to offer for sale to other members such Proprietary Rights as are registered in the name of the member.
- (v) The Exchange may sell any proprietary rights registered in the name of a member whose registration has been cancelled and the proceeds of such sale shall be held by the Exchange and be dealt with at the sole discretion of the Committee. Notice in writing of such proposed sale shall be sent to all members.

To give effect to a sale of proprietary rights under this rule the Committee shall *ipso facto* be constituted the agent of the member for the purpose of disposal and transfer of the proprietary rights and shall have power to instruct the Secretary to make the necessary entries in the register of members recording the transfer from the name of the member to that of the Purchaser without the consent, written or otherwise, of such member.

### **3.04 MEMBERSHIP NOT TRANSFERABLE**

Membership of the Exchange is not transferable or transmissible and shall constitute a personal licence from the Exchange to the member to exercise, subject to these rules and the Act, the right and privilege of trading with other members.

### **3.05 MEMBERS' QUALIFICATIONS**

- (i) Age and employment
- (ii) Undertaking during Membership
- (iii) Company Membership
- (i) On admission each member shall be a natural person ordinarily resident in Botswana, of a least twenty-five (25) years of age and shall own in Botswana negotiable assets which exceed his liabilities by not less than fifty (50) thousand Pula.
- (ii) Throughout his term of membership each member:
  - (a) shall be ordinarily resident in Botswana
  - (b) shall have as his principal business that of a stockbroker, shall be active in such business to an extent acceptable to the Exchange and devote a substantial portion of his time thereto,
  - (c) shall not be engaged in any business, occupation, profession or other activity which has been disapproved by the Exchange,
  - (d) shall not, without the prior written approval of the Exchange, change the name under which he carries on business, liquidate the assets of the business or cease to carry on business,
  - (e) shall not without the written approval of the Registrar hold an interest in any other concern whose business, either directly or indirectly includes that of dealing in securities, acting as a commercial bank, an issuing house, merchant bank, discount house, financial institution or insurance company except as a holder of less than 5% of securities which are listed on the Exchange,
  - (f) shall not either by a shareholding in a management company or by a

- contractual relationship with a management company or in any other way hold an interest in the operations of a unit trust or mutual fund other than as a holder of units,
- (g) shall pay such annual subscriptions as shall be laid down by the Committee from time to time,
  - (h) shall maintain in Botswana negotiable assets which exceed his liabilities by at least fifty thousand Pula (P50,000) provided that if he carries on business in partnership with any other member such partnership has negotiable assets in Botswana which exceed its liabilities by at least fifty thousand pula (P50,000) multiplied by the number of partners,
  - (i) from the date of his admission as a member shall be deemed to be conversant with, shall be bound and shall abide by the Rules and usage of the Exchange, the Act and any regulations prescribed under the Act.
- (iii) (1) (a) if an applicant -
- (i) is a company incorporated in terms of any enactment in Botswana; and
  - (ii) owns assets in Botswana which exceed its liabilities by not less than one hundred and fifty thousand pula (P150,000); and
  - (iii) has as its sole object the business of stockbroking; and
  - (iv) has complied with such requirements for registration as may be prescribed; and
- (b) the Committee is satisfied that the applicant is suitable for registration;
- the Committee shall recommend in writing to the Registrar that the applicant be registered.
- (2) For the purposes of subparagraph (iii) of paragraph (a) of subsection (1), any company applying for registration as a stockbroker shall submit a copy of its memorandum and articles of association to the Committee and the Registrar.
- (3) If the Committee is not satisfied that an applicant -
- (a) meets the requirements set out in section (iii) (a) of subsection;
- or
- (b) is suitable for registration;
  - (c) employs at least one registered stockbroker;
- the Committee shall forthwith notify the Registrar and the applicant in writing that it is unable, for the reasons set out in that notification, to recommend that the applicant be registered.

### **3.06 INSTITUTIONAL MEMBERSHIP**

Institutions shall be a member of the Exchange if they comply with 3.05 and will be obliged to acquire Proprietary Rights as determined by the Committee.

### **3.07 APPLICATION PROCEDURE**

- (i) Application for membership shall be made to the Secretary in the form of a letter and application set out in Appendix E and shall be signed by the applicant and also by a proposer and seconder.

- (ii) The applicant will attend a preliminary meeting of the Committee and shall answer such questions as may be deemed necessary.
- (iii) Every approved application for admission to membership shall be posted on the notice boards of the Exchange for not less than one (1) month and all members notified thereof. During this period members may make representations thereon to the Committee.
- (iv) The Committee will thereafter deal with the application in terms of Rule 3.09.

### **3.08 INFORMATION CONCERNING CANDIDATES**

The Committee require that the proposer and seconder of an application shall know the applicant personally and be familiar with details of his past and present circumstances and may be called on by the Committee to provide such information as it may require. In the event of it transpiring that a wilful or negligent mis-statement has been made on a material point by a sponsor the Committee may reject the application and suspend the sponsor concerned.

A member may impart any information on a candidate whether favourable or otherwise provided it is in writing and such communication shall be considered as strictly confidential.

If at any time it transpires that an application has been accepted for membership under a mistake or wrong information or the like, the Committee may impose such penalty set out in Rule 2.26 as it sees fit and any membership granted may be suspended.

### **3.09 VOTING ON APPLICATIONS**

The Committee shall vote on such application and no applicant shall be admitted unless he receives the votes of not less than two-thirds of the members of the Committee present. All members of the Committee present are obliged to vote on such an application and no member may abstain.

### **3.10 REJECTED APPLICATIONS**

If any applicant for admission as a member be rejected he shall not make a fresh application to the Secretary within one (1) year from the date of his rejection.

### **3.11 PARTNERSHIPS**

- (i) All partnerships between members as stockbrokers shall be notified to the Secretary. A new, or an alteration in the composition of or the dissolution of an existing partnership shall be communicated to the Secretary and no partnership will be considered as altered or dissolved until such communication be made. A list of all partnerships shall be recorded by the Secretary.
- (ii) On any such partnership being entered into, a copy of the Deed of Partnership shall be submitted to the Committee. The Committee may at any time call for such further information as it may deem fit.
- (iii) The failure of a firm dissolves the partnership in the records of the Exchange and should the members of such firm desire to renew the partnership, notice thereof must be given to the Committee in the usual way.
- (iv) No member shall be allowed to enter into partnership to transact Exchange

business with a non-member.

### **3.12 BRANCH OFFICES**

A member may establish one or more Branch Offices in Botswana provided:-

- (a) the prior written consent of the Committee has been obtained. At least twenty-eight (28) days notice shall be given to the Committee of the intention to establish a Branch Office;
- (b) the Branch Office is wholly under the control of a member and operates in the member's name;
- (c) the business is conducted in accordance with the Rules and usage of the Exchange;
- (d) the Committee may at any time revoke its consent and the member thereupon will close the Branch Office.

### **3.13 DECLARATION ON CONTRACTS**

All brokers notes shall have the word 'Subject to the provisions of the Botswana Stock Exchange Act and the regulations and rules made thereunder and the usage of the Botswana Stock Exchange' printed or written on them.

### **3.14 DISCLOSURE OF DEALINGS**

Within three months of the end of each financial year stockbroking firms shall submit through the Secretary of the Exchange to the Registrar a schedule reflecting all purchases and sales of listed Botswana securities made on its own account for that year, excluding arbitrage transactions.

### **3.15 BROKING MEMBER'S BOOKS AND RECORDS**

A broking member shall issue receipts for securities deposited with him for sale and shall keep books, accounts, scrip registers, receipts and records which contain such entries as are necessary to show the nature and particulars of all dealings and transactions entered into by the member in his business as a stockbroker and he shall cause such books, accounts, scrip registers, receipts and records to be audited at the end of each financial year by an auditor in public practice. Such books, accounts, scrip registers and records shall be preserved in a safe place for a period of at least six (6) years as from the date of the last entry therein.

The Committee may in writing require any member to alter, supplement or replace any system of accounting or record keeping or method of handling securities, borrowing moneys or generally conducting business.

### **3.16 AUDITORS' CERTIFICATE**

Every firm whether trading as a person, partnership or company shall cause his books, accounts and records to be audited each financial year by a Chartered Accountant who has no direct or indirect financial interest in the business. A copy of these accounts will be lodged annually by 30th September with the Exchange.

Not later than the 30th September each year and in respect of the previous financial year ending on the 31st March each member and member firm shall ensure that a certificate in triplicate signed by the Auditor shall have been received by the



Secretary of the Exchange.

The Secretary shall forward one copy to the Registrar and another to the Board of the Security Fund in terms of the Act.

1. The auditor shall state whether, in his opinion, the balance sheet and profit and loss account of the stockbroker are properly drawn up so as to give a true and fair view of the state of the stockbroker's affairs at the date of his balance sheet and of his profit or loss for the financial year ended on that date.
2. The auditor shall include in his report statements which, in his opinion, are necessary if:-
  - (a) proper books, accounts, scrip registers and records have not been kept by such broker during the period to which the audit relates or they have not been properly kept;
  - (b) he has not obtained all the information and explanations he has required;
  - (c) the securities deposited with such broker on behalf of any other person, including securities held in safe custody, are not all in the broker's possession unless the auditor has received an independent written verification from the person in whose possession or custody they are, stating that they are free from any lien;
  - (d)
    - A. he has not received a certificate from the stockbroker certifying that he owns in Botswana assets exceeding his liabilities by at least P50,000, or in the case of a company P150,000; or
    - B. in the case of a partnership he has not received a certificate or certificates certifying that the partners own assets in Botswana which exceed their liabilities by at least P50,000 multiplied by the number of partners;
  - (e) the stockbroker has not complied with such other financial provisions as may be prescribed in this Act or the Rules.

### **3.17 INVESTIGATION BY AUDITOR**

The Committee is empowered in respect of any member to call for a report to be submitted by an auditor on any matter into which the Committee deems it advisable to enquire.

If the Committee shall require either during or as a result of such an investigation that the member cease trading, such member shall hand over to it all books and accounting records, including all scrip registers, safe custody ledgers, cheque books and all cash and securities held by and in possession of the member including cash and securities held on behalf of clients.

The Committee shall during a period of prohibited trading have power to control such assets as it may in its discretion deem fit.

### **3.18 RESIGNATIONS**

Members wishing to resign must notify their intention of doing so in writing to the Secretary who will post such notice on the notice board of the Exchange for at least four (4) weeks before the Committee will consider the acceptance of such resignation.

In addition, the Secretary will inform all members in writing of the intended resignation simultaneously with the posting of the notice.

The Committee may accept such resignation either unconditionally or on such conditions as they think fit, or may refuse to accept such resignation until they are satisfied that all outstanding deals with such member have been settled. No application for resignation shall be withdrawn without the consent of the Committee.

On the Committee accepting such resignation the member may request the Registrar in writing to cancel his registration.

### **3.19 NOTIFICATIONS REQUIRED BY SECRETARY**

- (i) Each member and member firm shall register an address with the Secretary at which all notices, advice notes, scrip and other documents may be delivered.
- (ii) Names and addresses of external correspondents.
- (iii) Members are responsible for advising the Secretary promptly of:-
  - (a) any change of address,
  - (b) any change of correspondents,
  - (c) the death of a partner or winding up or dissolution of any firm,
  - (d) any proposed change in or amendment to any document relating to the partnership agreement of a firm or its partners which has been filed with the Exchange or which the Exchange requires to be filed with it.

### **3.20 SECURITY FUND**

On election a new member shall pay to the Exchange for credit to the Security Fund the sum of P5,000 (Five Thousand Pula).

The rules of the Security Fund are set out in Appendix D hereto.

### **3.21 PROFESSIONAL INDEMNITY COVER**

Every broking member, partnership or company shall maintain a policy of not less than P500,000 for policies of insurance against losses caused by the negligent and dishonest acts of its staff and by handling stolen and forged documents of title to securities. Such policies shall be subject to the approval of the Registrar. With the agreement of the Committee a member or partnership may agree to bear the first part of any loss up to a maximum of P50,000 (Fifty thousand Pula) and a company P150,000 (One Hundred and fifty Thousand Pula).

### **3.22 TYPES OF MEMBERSHIP**

Broking Members - individuals  
- companies

### **3.23 CHANGE OF MEMBERSHIP STATUS**

When a broking member desires to change his status, he shall notify the Secretary in writing. Subject to the consent of the Committee being obtained to the change in status such notification shall be circularised to all members, and he must furnish the Secretary with an Auditor's certificate stating:-

- (a) that all his obligations and commitments arising out of his Exchange business

- have been fully discharged and that all safe custody scrip in his possession has either been returned to the beneficial owners or handed over to an authorised depositary;
- (b) that a form approved by the Committee has been sent to all his clients advising them of this change of status.

When the Committee approves a change of membership status, such change will not become effective until the member's registration has been cancelled.

**PART 4 - NON-MEMBER INSTITUTIONS**

**4.01 MEMBERS OF APPROVED STOCK EXCHANGES**

Members and member organisations of and in good standing with Stock Exchanges approved for this purpose by the Committee, shall be non-member institutions.

**4.02 GENERAL**

All dealings and transactions by a member for a non-member institution shall be made in the name of the non-member institution and not his customer and the non-member institution shall be fully responsible therefore.

## **PART 5 - AUTHORISED DEALERS AND UNAUTHORISED CLERKS**

### **5.01 QUALIFICATION**

Under no circumstances shall any person be admitted as an authorised dealer, herein referred to as a dealer, while under the age of twenty-one (21). He shall be an employee of a member and he shall meet such qualifications as to experience, formal education and knowledge of trading rules as may be required by the Committee.

No person who is ineligible for admission as a broking member other than for the causes specified in this rule or financial standing shall be admitted as a dealer.

### **5.02 ELECTION**

A member desirous of obtaining the admission of a dealer or of employing another member as a dealer shall make application to the Committee on the prescribed form.

Applications for the admission of dealers shall be processed in the manner prescribed for the admission of broking members in Rules 3.07 and 3.10, except that the period specified in Rule 3.07 (iii) shall be reduced to seven (7) days.

No dealer shall be permitted to strike a bargain until his employer has received notice of his admission from the Secretary.

### **5.03 FEES - AUTHORISED DEALERS**

A member shall pay to the Exchange such fees for each dealer employed by him as the Exchange shall from time to time prescribe, as set out in Appendix A.

### **5.04 DISMISSAL AND SUBSTITUTION**

A member who ceases to employ a dealer or is desirous of withdrawing from a dealer the permission to transact business on his account shall give notice in writing to the Secretary who shall circulate members and post such notice on the notice boards. Any such member may simultaneously apply for the admission of a new dealer in place of the former and the Committee at their discretion may admit the new dealer subject to compliance with Rule 5.01 and 5.02.

The Committee, in its discretion, may order the withdrawal from the Exchange of any dealer in the employ of any member.

### **5.05 MEMBER'S RESPONSIBILITY**

Every dealer shall be the agent of the member on whose application he was admitted and such member shall be fully responsible for all trades, contracts, dealings and other acts or omissions of the dealer as if they were those of such member.

### **5.06 DEALERS OF:-**

- (i) Defaulters
- (ii) Deceased Members

- (i) Dealers of defaulters are excluded from the Exchange.
- (ii) Dealers of deceased broking members may, by permission of the Chairman or

the vice-Chairman or two (2) members of the Committee continue to be authorised for the sole purpose of closing unsettled accounts.

**5.07 PERMITTED NUMBER OF DEALERS**

Each member shall be entitled to have one dealer for each complete multiple of four (4) proprietary rights held by him.

In the case of a firm, the proprietary rights held by its members who are partners of the firm shall be aggregated for this rule.

No member or firm shall be entitled to have more than four (4) dealers at any one time.

A member who is employed as a dealer shall count as a dealer in terms of this rule.

**5.08 MEMBER'S POWER OF ATTORNEY**

No member shall give a power of attorney other than to a person who is a member or an authorised dealer to carry on or supervise his Exchange business unless the person whom it is proposed to appoint as a substitute shall have been approved by the Committee. Any power of attorney so granted or any substitution thereunder shall be registered with the Secretary and a copy thereof delivered to him. Nothing in this rule shall absolve the member granting the power of attorney from responsibilities for the acts or omissions of his attorney or substitute.

**5.09 LIMITATION ON ACTIVITIES OF DEALERS**

No dealer or other employee of a member shall be permitted to handle a discretionary account of a customer, nor shall he be permitted to make a bargain in his own name.

A member employed as a dealer shall not, after the termination of his employment as a dealer, enter into any bargain in his own name until he has obtained the written permission of the Committee.

No dealer or other employee shall participate either directly or indirectly in underwriting or acquire an option or options on securities of a listed company or securities by reason of being a vendor of property or other assets sold or to be sold to a listed company directly or indirectly.

**5.10 TRANSACTIONS BETWEEN DEALERS**

If any member or authorised dealer shall do a bargain either for cash or on time with an authorised dealer for account of such dealer he shall be liable to expulsion or suspension.

No member or employee shall execute or be instrumental in the execution of a bargain for a person who he knows is an employee of another broking member.

**5.11 UNAUTHORISED CLERKS**

Any member may appoint an employee as an unauthorised clerk and shall notify the Secretary of such appointment for posting on the notice boards of the Exchange. Such unauthorised clerk will be permitted to enter the premises of the Exchange

during call-over, but under no circumstances shall he be permitted at any time to strike a bargain.

## **PART 6 - COMMISSIONS**

### **6.01 GENERAL MINIMUM COMMISSION AND CHARGES**

A broker shall charge his client commission in respect of every bargain made on his behalf and in respect of every service for which a charge is prescribed. The commission must be charged at not less than the rates laid down in Appendix B to these Rules and no reduction shall be allowed except as is authorised in these Rules. If commission is charged at a rate exceeding the minimum rates such action shall be brought to the notice of the client and recorded on the broker's note. Members must at all times be prepared to justify their commissions and charges to the Committee.

No Rules of the Exchange shall restrict dealings or the sharing of commission between members.

A broker shall make such other additional charges as are set out in Appendix B to these Rules.

### **6.02 CONTINUATION ORDERS**

In a transaction executed pursuant to orders placed on one day by one client for one account and for an individual security other than stocks of Governments, Municipalities and Statutory Corporations, a member is permitted to aggregate for a period of three calendar months from the date of the first bargain the consideration of the first and any subsequent bargains and may charge commission at such lower rates as apply in accordance with the scales set out in Appendix B.

### **6.03 BOOK-OVER - TWO BARGAINS**

Book-overs shall be regarded as two bargains and the regular commission shall be charged on each bargain.

A request by a client for a special rebate of commission to be charged may not be acceded to without the prior consent of two independent members of the Committee obtained through the Secretary.

### **6.04 PENALTY FOR UNDERCHARGING**

Any member found to have charged less than the scale of commissions or other charges laid down by the Exchange shall be liable to a penalty imposed in terms of Rule 2.26.

### **6.05 OPTIONS**

The commission to be charged by members on the purchase or sale of a put or call option on listed securities shall be the normal commission which would be charged on the purchase or sale of the security provided however that:-

- (a) the minimum charge on any single option shall be as set out in Appendix B;
- (b) no commission shall be charged on the receipt or delivery of securities pursuant to the exercise of a put or call option.

### **6.06 BARGAINS WITH OTHER EXCHANGES**

The Exchange may provide for special commission rates on bargains made for a member or member firm of other specified Stock Exchanges, which are not covered



by the provisions of Rule 4.01.

**6.07 PROHIBITION ON SPECIAL PRIVILEGES**

A member shall not provide any special privilege to any client who is not a member of the Exchange.

**6.08 RENDERING OF BROKER'S NOTES**

A member shall render to his client a Broker's Note in respect of every bargain done for such client's account stating the price at which the bargain was done and the commission charged in respect thereof. A Broker's Note in respect of a transaction in a security other than a security listed on a recognised Stock Exchange will be endorsed "Unlisted Security".

In respect of bargains for members of other specified Stock Exchanges a member may render a net contract note stating that commission at the applicable rate and all other charges are allowed for in the price. The provision of Rule 6.01 covering charges in excess of the laid down minimum scales shall not apply to net contract notes rendered to members of outside Exchanges.

**6.09 COMMISSIONS ON EXTERNAL BARGAINS**

The rate of commission on transactions effected in currencies other than the Botswana Pula are chargeable as follows:-

- (a) where the transaction is to be settled by the client in Botswana Pula the rate of commission is to be calculated on the Botswana equivalent of the foreign currency price after allowance for any premium paid or received having been included;
- (b) where the transaction is to be settled by the client otherwise than in Botswana Pula the rate of commission is to be calculated on the Botswana equivalent of the foreign currency price ruling on the day of the bargain.

**6.10 ANTI-DISCRIMINATION RULE**

A member shall not be allowed to refuse a transaction for reasons of a minimum value in brokerage fee.

## PART 7 - TRADING

### 7.01 BARGAINS SOLELY BETWEEN MEMBERS

The Exchange does not recognise in its dealings any other parties than its own members. Every transaction therefore must be in accordance with the Rules and usage of the Exchange and no member shall bring any action at law either against the Committee or any member thereof for the purpose of altering or rescinding any decision of the Committee.

### 7.02 POWER TO HALT TRADING IN ANY SECURITY

Any two of the Chairman or the Vice-Chairman or a member of the Committee shall have the authority to interrupt or halt trading in any security at any time and for any period.

Any action taken in terms of this rule shall be circularised immediately to all members. A resumption of trading shall be similarly circularised.

### 7.03 BIDS AND OFFERS BINDING. SETTLEMENT OF DISPUTES.

All bids and offers made and accepted in accordance with the usage or practice of the Exchange shall be binding and all contracts thereby effected and arising therefrom shall be subject to the exercise by the Committee of the powers in respect thereto vested in it.

Disputes arising on bids or offers, if not settled by agreement between the parties concerned, may be referred to the Committee for a decision in terms of Rule 2.03, provided that no such dispute will be considered unless it is submitted to the Committee within ten (10) days of the date upon which the transaction out of which the dispute arose should have been settled.

### 7.04 NUMBER OF SHARES BID OR OFFERED

Any offer to buy or sell shares without stating the number of shares shall be binding for such number as the Exchange may from time to time specify. Until altered the number shall be one hundred (100) shares or units of stock.

### 7.05 BAN ON FICTITIOUS SALES

No fictitious sale or contract shall be made and each member shall transact his business openly and fairly and in accordance with just and equitable principles.

### 7.06 PRIORITY OF CLIENTS' ORDERS

Orders for the account of clients shall have priority over all other orders executed by members of the Exchange.

### 7.07 BOOK-OVER PROCEDURE

A member having orders to buy and to sell the same securities may book-over the bargains through another broker provided that:

- (i) he shall first test the market by making a double price which in the prevailing market conditions is fair and equitable to both buyer and seller. If any member bids to purchase the securities at a price higher or offers to sell securities at a price lower than the proposed book-over price, the book-over shall be concluded only in respect of the securities not so bought or sold:
  - (ii) the other broker is satisfied that the price is fair and equitable.
- Both parties shall be prepared at all times to justify the price and other terms of the bargain and the genuineness thereof with the Committee.

#### **7.08 SPECIAL BARGAINS**

A special bargain is a transaction in securities which is beyond the capacity of the market at the prevailing price. Transactions in special bargains may be put through at such price as is agreed to by both the purchasing and the selling client. Details of special bargains shall be marked and reported to the Secretary of the Exchange.

In order to establish that a special bargain is beyond the capacity of the market at the prevailing price, the following procedure will be carried out at the daily call and at no other time. On the stock in question being called the buying and selling brokers who wish to conclude the bargain, or the broker acting on behalf of both the buyer and the seller who wishes to "book-over" the bargain shall declare the details of the number of shares and the price. Only if the market as a whole agrees that the bargain falls within the definition of a "special bargain" and that the price is reasonable shall the transaction go through. It is thereafter the responsibility of the broker or brokers concerned to ensure that the bargain is marked as a special bargain and inform the Secretary in writing of all the details.

In the event of the market being able at the call either to bid a higher price or offer at a lower price the same quantity of shares involved in the special bargain the proposed transaction shall not go through. The broker or brokers concerned shall have the opportunity of consulting with their clients before being bound to accept the bid or offer made by the market.

#### **7.09 BAN ON TAKING LEGAL ACTION**

No member shall attempt to enforce by law a claim arising out of an Exchange transaction against a member without the consent of the Committee.

#### **7.10 TRADING ON HOLIDAYS**

- (i) No recognition by Committee
- (ii) Options falling due
- (i) The Committee shall not be bound to recognise or take cognisance of transactions which have been entered into on Saturdays, Sundays or on Exchange holidays.
- (ii) All options or time bargains expiring or falling due on one of these days shall be deemed to mature on the first business day thereafter.

#### **7.11 ADVICE NOTES**

Advice notes and acceptances shall be signed by a member, a dealer or any person under a power of attorney granted by such member provided the power of attorney has been lodged with the Secretary of the Exchange.

## 7.12 DELIVERIES

- (i) Genuineness and Regularity
  - (ii) Certified Transfer Deeds
  - (iii) Good Delivery
  - (iv) Mutilated Scrip
  - (v) Scrip of Companies with Alterations to Capital
- (i) The seller of securities shall be responsible for their genuineness and of all documents necessary for the transfer thereof.
  - (ii) **Certified transfer deeds shall not be good delivery.**
  - (iii) Subject to the above provisions no scrip certificate shall be deemed good delivery unless accompanied by the requisite transfer form signed by the registered holder and such signature certified correct by a broking member, or an authorised representative of a recognised financial institution.
  - (iv) No scrip shall be good delivery where the certificate is mutilated or damaged or a material part of the wording is obliterated. If alterations have been made then such alterations shall be initialled by the person signing the transfer deed.
  - (v) **Unless stated in a circular to shareholders approved by the Botswana Stock Exchange Committee** scrip of companies the capital of which has been increased or decreased shall be good delivery although the alteration of capital has not been noted thereon. When however such scrip is sold in or from the place where the company has an office at which such alteration can be made, the seller shall be bound to have this done before effecting delivery.
  - (vi) **All scrip sold by stockbrokers must be delivered at 12 o'clock noon on a rolling t+5 day basis at the offices of the Botswana Stock Exchange together with the transfer form signed by the transferor. Delivery may be by the broker or their agent.**
  - (vii) **Failure to deliver scrip in terms of (vi) above shall be dealt with by the Secretary of the Botswana Stock Exchange, at their sole discretion, as he/she sees fit. Remedies available to the buying broker that the Secretary can impose include, but are not restricted to, the following:**
    - **Reversing or setting aside the transaction**
    - **Imposing a "notional buy-in price". This would not require the selling broker to purchase the securities equivalent to the undelivered securities but rather require the selling broker to pay the difference between the "notional buy-in price". and the traded price as a penalty to the buying broker who would then pass the proceeds onto their client**
    - **Requiring the selling broker who failed to deliver the securities to purchase an equivalent number of the undelivered securities within a period of a week of the date the notified by the Secretary.**

- **The securities would then be delivered to the buying broker at the offices of the Botswana Stock Exchange on a rolling t+5 day basis. Escalating the failed delivery of securities to the Chairman of The Botswana Stock Exchange or the Investigations Committee of the Botswana Stock exchange**

### **7.13 NO SPECIFIC CERTIFICATES**

All transactions shall be subject to the conditions that no client may claim or demand stock or share certificates from his broker which can be related to or identified with any specific transaction with any particular selling broker, nor may a client of a selling broker insist that the stock or share certificates he delivers to his broker shall be delivered to a specific broker in settlement of a particular transaction.

### **7.14 DIVIDENDS AND RIGHTS**

- (i) Advantage passes to Buyer
  - (ii) Accrued Interest to Seller
  - (iii) Committee to Control Procedures
- (i) In all sales all intermediate advantage shall pass with the security and shall belong to the purchaser unless otherwise declared at the time of sale.
- (ii) All interest accrued to the date of sale on bonds issued by the Government, Municipalities and Statutory Bodies shall go to the seller unless otherwise arranged at the time of the transaction.
- (iii) Subject always to the above the Committee shall from time to time prescribe such formulae as it in its discretion may deem fit to control govern and determine the procedure for dealing with and the record date for one or more of the benefits rights dividends interest or other incidental accruals which flow from the ownership of securities.

### **7.15 RIGHTS ON 'CALLS' AND 'TIME' BARGAINS**

Any member taking up 'calls' or 'time' bargains shall be entitled to all new securities dividends and other rights that may have accrued on the old securities since the date of the transaction provided that within reasonable time he specially claims the same in writing from the seller.

### **7.16 UNCLAIMED SUBSCRIPTION RIGHTS**

If subscription rights attaching to securities be not claimed by the persons entitled thereto at least 24 hours before the expiration of the time within which trading in respect of such rights may take place on the Exchange, a member holding such rights may, in his discretion, sell the whole or any part thereof and shall thereafter upon receipt of a valid claim account therefore to the person or persons entitled thereto but in no case shall a member be liable for any loss arising through failure to sell or exercise any unclaimed rights.

**7.17 ADJUSTMENT TO ORDERS ON SECURITY QUOTED EX RIGHTS**

1. When security is quoted ex-dividend, ex-rights, ex-subscription privileges or ex-interest the following classes of orders shall be reduced by the value of the payment right or privilege on the day the security sells ex:
  - (a) Limited buying orders.
  - (b) Limited stop orders to sell.
2. The following classes of orders shall not be reduced:
  - (a) Limited stop orders to buy.
  - (b) Limited selling orders.

**7.18 SETTLEMENT PROCEDURES**

All purchases and sales between members shall be settled in cash against delivery of the scrip in negotiable order. Any member who fails to meet his obligations in terms of this Rule shall be declared a defaulter in terms of Rule 11.01.

All members shall in terms of the Act settle purchases and sales made for clients in cash except where:

- (a) the client has arranged with a banking institution for delivery to be made on his behalf against payment, OR
- (b) The client has placed an order which involves a sale and a purchase utilising all or part of the proceeds of such sale and it is arranged with the client that deliveries shall be made free of counter value. Notwithstanding any such arrangement a switch shall be deemed for the purpose of these Rules to be two separate transactions.

**7.19 BEAR SALES**

No member shall execute a bear sale without obtaining such cash cover as he may determine which shall not be less than the value of the securities sold and notification in writing from the client that the sale is a bear sale. No member shall be obliged to transact a bear sale on behalf of a client.

In all cases where it is intended to enter into a bear sale the member concerned will inform the market and the Secretary and the advice note confirming the bargain shall be endorsed accordingly.

No member shall on his own behalf or on behalf of any other person effect a bear sale at a price:

- (a) below the sales price of the listed securities last recorded by the Exchange; or
- (b) equalling the cash sales' price of the listed securities last recorded by the Exchange, unless that cash sales' price exceeds the most recent different cash sales' price of the listed securities recorded by the Exchange.

If any client sells securities without disclosing that the sale is a bear sale and is unable to effect delivery, the member shall buy in the shares. In addition the member shall inform the Secretary of the client's name and the details of the transaction.

The committee may take such action as they may think fit.

**7.20 CLAIM ARISING FROM NEGLIGENCE**

The Committee may, in the exercise of its discretion, refuse to take cognisance of any claim by a member which, in its opinion, results in part from the negligence of the complainant or has not been prosecuted with due diligence or cannot be recognised without the imposition of undue hardship upon any other person.

**7.21 PROCEDURE ON DEATH OF MEMBER**

1. On the death of a member who is the sole owner of a broking business the Committee may nominate a person to deal with all open transactions according to the terms of such transactions.
2. The Committee may in such cases as it deems desirable grant permission to the estate of such deceased member to carry on for a limited period and under suitable direction the broking business for the sole purpose of winding up the deceased member's estate to the best advantage.
3. Such permission is subject to such conditions as the Committee or the Master of the High Court may require at any time and shall not extend beyond six (6) months without the written consent of the Committee.
4. In the event of there being any dispute or difficulty in the closing of transactions open at the time of death the Committee shall adjudicate and its decision shall be final.

## **PART 8 - OFFICIAL LIST**

### **8.01 COMMITTEE'S AUTHORITY AND POWERS**

A list of securities (hereinafter referred to as 'the Official List') shall be published under the authority of the Committee in which shall be listed such securities as the Committee shall from time to time order.

The Committee shall have the power at any time to remove from the Official List any security if it is satisfied that:-

- (a) there has been a failure to comply with any of the terms and conditions of listing, or
- (b) there has been a failure to comply with any of the Exchange requirements, or
- (c) such action is necessary in the public interest.

Any action taken in terms of this rule shall be circularised immediately to all members together with the date of such removal. A reinstatement of a security shall be similarly circularised.

### **8.02 CONTENTS OF OFFICIAL LIST**

The Official List shall, unless the Committee order otherwise, contain a record in such form as the Committee shall determine of bargains marked by members.

No list or record of dealings shall be published or sold by a member without the sanction of the Committee.

### **8.03 BASIC LISTING REQUIREMENTS**

1. The grant of a listing shall be subject to the Rules which now or hereafter may be in force.
2. No securities that are not fully paid up shall be granted a listing unless they are securities bearing a fixed rate of interest and either the date or dates upon which any amount payable by the holders thereof together with the amount payable on each date is determined and has been approved by the Committee.
3. Save in circumstances which the Committee deem to be exceptional the Committee shall only grant a listing in respect of shares which at all times have voting rights in proportion to the nominal value of the shares. Provided that the Committee may grant a listing to Preference Shares (other than participating preference shares) where the right to vote is suspended unless the preference dividend is in arrear for more than a stated period.
4. The Committee will not grant a listing to a company where prior to such listing there has been a preferential allocation of shares to public officers employed by the Botswana Government or a local authority or employees of any newspaper, magazine or other journal.

### **8.04 APPLICATION FOR LISTING**

Applications for listings must be made to the Secretary of the Exchange by the Company, Government, Municipality, Local Authority or Statutory Corporation



concerned and in the case of a company must be submitted through a sponsoring broker who shall be a broking member or firm, and who shall charge a fee to be agreed upon between him and the company.

Applications shall be subject to these Rules and applicants shall comply with all the requirements of the Committee and shall supply such information and documents as the Committee may require.

The Committee shall have power to grant, defer or refuse applications for listings.

#### **8.05 TRANSFER AND REGISTRATION REQUIREMENTS**

Every Botswana company whose securities are listed on the Exchange is required to maintain a transfer office either in Gaborone or Francistown. The transfer agent or registrar shall be acceptable to the Exchange and shall comply with such requirements of the Committee as shall from time to time be in force.

#### **8.06 PROXIES AND ANNUAL MEETINGS**

1. Every listed company the shareholders of which are entitled to vote at a meeting shall issue forms of proxy for all meetings of such shareholders.
2. Every listed company shall notify the Exchange at least three (3) weeks in advance of the date on which its annual meeting will be held in each calendar year which shall be within six (6) months of the end of its financial year and shall forward to its shareholders and file with the Exchange and annual report and accounts at least three (3) weeks in advance of the annual meeting. The Committee may permit postponement of an annual meeting in circumstances it considers proper.

#### **8.07 ANNUAL REVIEW BY COMMITTEE**

1. The Committee shall review all listings at least once a year. For the purpose of this review all listed companies shall furnish the Committee with such information and documents as the Committee may require. Once a year there shall be forwarded to the Registrar a certificate signed by the Chairman of the Exchange confirming that all listings have been reviewed.
2. The Official List may be divided into sub-sections with the object of indicating the nature of the business carried on by the companies in each sub-section and the Committee shall decide in which sub-section each listed company will be placed.

#### **8.08 INFORMATION AND CIRCULARS TO SHAREHOLDERS**

1. All listed companies shall comply with the requirements of the Committee in force from time to time in relation to circulars, press notices, prospectuses, offers for sale, advertisements, increases and reductions of capital, notices or meetings, dividends, purchase or sale of assets and all other matters.
2. If called upon to do so by the Committee any listed company will issue a circular to registered holders giving such information on the company's affairs which the Committee consider should be made known to the public. All such

circulars shall be subject to the prior approval of the Committee.

**8.09 APPLICATION FOR LISTING OF ADDITIONAL SECURITIES**

A company shall apply for a listing of any additional issue of the same class of security as that already listed as soon as allotment has been made. Such application shall comply with the requirements of the Exchange and in respect of such application the security referred to shall not be listed or dealt in until such time as the application is approved.

Application for the listing of an issue of a different class of security to that already listed shall comply with the requirements of the Exchange and the applicant shall provide such information and documents as the Committee may require.

The securities referred to in this rule shall not be good delivery on the Exchange until a listing has been granted.

**8.10 RECEIPT FOR MONEY RECEIVED FROM ISSUES**

A company desirous of obtaining a listing for its securities or a listed company wishing to increase the number of its securities so listed shall issue to the Secretary of the Exchange a report in a form acceptable to the Exchange and signed by its auditors for all money paid to it as a result of:-

1. an offer to the general public of any class of security, or
2. the exercise of any option granted by the company, or
3. the offer of new capital to its existing shareholders.

The Exchange will not grant a listing for any such securities nor shall they be good delivery on the Exchange until this rule is complied with.

**8.11 REMOVAL FROM OFFICIAL LIST**

Securities shall be removed from the Official List following:-

- (a) the company being placed in liquidation, or under judicial management, whether provisional or final, or
- (b) receipt of written application from the Chairman or Secretary of the company to de-list its securities, or
- (c) on expiration, conversion or redemption of options, redeemable preference shares, debentures, notes, loans or other securities of a similar nature.

The Secretary shall inform all members of the removal and the date thereof.

**8.12 PUBLICATION OF COMMITTEE ACTION**

When the Committee has removed any securities from the official List or has halted trading in any securities the Committee may publish such fact in a newspaper or in any other manner and may similarly publish the reasons for such removal or suspension.

**8.13 LISTING FEES AND OTHER CHARGES**

The listing fees and other charges levied by the Exchange shall be in accordance with the details set out in Appendix C.

## **PART 9 - PERMITTED DEALINGS**

### **9.01 DEALINGS ON THE EXCHANGE**

Dealings are permitted on the Exchange in securities of any company or body corporate which:-

1. has been granted a listing and which is not subject to a Committee decision to suspend dealings or cancel the listing;
2. is listed or quoted by any Stock Exchange outside Botswana which has been recognised or in respect of which permission to deal has been granted in terms of the Act.

### **9.02 DEALINGS OUTSIDE THE EXCHANGE**

Dealings are permitted outside the Exchange in the following securities:-

1. Sub-units of unlisted unit trusts if negotiated by brokers with unit trust managements. Dealings between members in unlisted sub-units are not allowed.
2. Unlisted securities during the hours the Exchange is open. As between members settlement of bargains in unlisted securities shall be ex-dividend, ex-rights or ex-subscription privileges as the case may be in the same manner as if such securities were listed.

### **9.03 DEALINGS IN TEMPORARY DOCUMENTS OF TITLE**

The Committee may in its discretion and prior to the granting of a listing, grant permission to deal in renounceable letters of allotment, letters of acceptance, letters of application or other similar documents issued or about to be issued or options or other rights issued or to be issued in conjunction with such letters or similar documents.

Except as above provided dealings are not permitted in any securities of a company which has made application to the Exchange for a listing until the date from which the listing has been granted.

## **PART 10 - RESPONSIBILITIES AND OBLIGATIONS OF MEMBERS**

### **10.01 RELATIONS WITH CLIENTS**

Every member shall use due diligence:-

- (a) to learn the essential facts relative to every client and to every order or account accepted; and
- (b) to ensure that the acceptance of any order for any account is within the bounds of good business practice; and
- (c) to ensure that recommendations made for any account are appropriate for the client and in keeping with his investment objectives.

Every member shall at all times act as the agent of his client.

### **10.02 NOMINEE ACCOUNTS**

Members may maintain accounts for clients identified by number, nominee name or other symbol, provided they maintain sufficient information in writing to establish the beneficial owner of the account. This information shall be available at all times upon request of the Secretary of the Exchange.

### **10.03 RECORD OF ORDERS**

1. A record shall be kept by each member of each order received for the purchase or sale of listed or unlisted securities.
2. Records of orders executed shall be retained for six (6) years and shall show the date, the price paid or received, the broker from or to or through whom the security was bought or sold.
3. No record need be retained of any order received for the purchase or sale of listed or unlisted securities which remains unexecuted for a period in excess of forty-five (45) days.

### **10.04 DECLARATION OF INTEREST**

- (i) In every case where a member or member firm acts as a principal in the buying or selling of shares to or from a client it shall disclose the fact and, in addition, endorse the confirmation of such a bargain accordingly. Such a bargain shall only be executed with the prior consent of the client.
- (ii) If a member books over shares where he is a principal either as the seller or purchaser of all or any of the shares concerned he shall declare his interest to the other member with whom he proposes to deal and endorse his advice note accordingly.
- (iii) In every case where a member or member firm prepares a report on a listed company or issues a circular on a listed company and such member or any partner of such member firm is a beneficial owner of ordinary shares in that company the fact shall be disclosed in such report or circular.

### **10.05 CONFIRMATION OF BARGAINS**

A member shall within 24 (twenty-four) hours send his client a written confirmation of any bargain executed on his behalf as his agent setting out:

- (a) The quantity and description of the security;
- (b) The price at which the transaction was effected;
- (c) The market in which the transaction was effected if such market is other than Botswana;
- (d) The consideration;
- (e) The commission charged in terms of Rule 6.09 and Appendix B;
- (f) Any other charges individually which are due either in terms of the Rules or the Act or regulations made in terms of the Act or by any Government statute;
- (g) The date of the transaction;
- (h) Whether the member was acting as a principal;
- (i) The full trading name of the member or firm;
- (j) The name of all partners.

#### **10.06 NO REGISTRATION BEFORE PAYMENT**

No security shall be registered in the name of a client or his nominee prior to the receipt of payment.

#### **10.07 DEFAULTING CLIENTS - MEMBERS RIGHTS**

1. A member is entitled to payment for securities purchased on behalf of a client on delivery of the securities either to such client or banking institution or non-member institution provided notification in writing has been given to this effect.

If a member does not receive payment for such securities in terms of the above, he shall within fifteen (15) days thereafter sell the securities for the account of the client and shall also sell for his account sufficient additional securities either held on the client's behalf or due to be delivered to him as may be necessary to cover any shortfall on his account.

If a member is aware of circumstances which in his view make the case exceptional he will refer the matter in writing to the Secretary who will obtain the ruling of the Committee.

2. If a member sells securities on behalf of a client and in the event of the securities not being delivered in negotiable order, the member, if he shall deem it necessary for his protection shall with the concurrence of the Committee first obtained, have the right to buy any or all of the securities of which such clients account may be short, and sell sufficient additional securities held for or on account of such client as may be necessary to cover any shortfall on his account.

#### **10.08 PLEDGE AGREEMENTS**

An agreement between a member and a client authorising the pledging of shares, bonds or other securities does not permit the member to pledge more of such shares, bonds or other securities than is necessary to cover the indebtedness of the client.

#### **10.09 PROHIBITION OF TRADING AGAINST CLIENT'S ACCOUNT**

No member shall directly or indirectly make a practice of taking the side of the market opposite to the side taken by his client.

#### **10.10 PROXIES ON NOMINEE SCRIP**

1. No member shall give a proxy to vote in respect of securities registered in his name or the name of his nominee except as required or permitted under (2) below unless such member is the beneficial owner of such shares.
2. A member shall give a proxy in respect of securities registered in his name or the name of his nominee at the direction of the beneficial owner.

#### **10.11 SAFE CUSTODY SCRIP**

No member may hold securities on behalf of a client unless he has received the permission in writing of the Committee. Such permission shall be valid for a maximum of twelve (12) months and may be withdrawn without notice at any time. No such permission shall be granted unless the member satisfies the Committee that he has complied with its requirements on safe custody.

Securities fully paid for and not subject to any loan or charge in favour of the member shall be so segregated and distinguished that they can at all times be identified as the client's property.

A receipt will be issued to the client in respect of any securities deposited, signed by or on behalf of the member containing details of the share certificates and the purpose for which they have been deposited.

Under no circumstances may use be made of such securities which shall at all times be kept available for the client on demand.

#### **10.12 ADVERTISING**

- (i) Circulars to persons other than clients
  - (ii) Misleading Circulars
  - (iii) Office Signs
  - (iv) Unlisted Securities
- (i) A member may not advertise for Exchange business or for this purpose issue circulars or business communications to persons other than his own clients, except that with the prior written permission of the Committee he may issue on behalf of a client a circular to holders of a security of a company offering to acquire their securities.
  - (ii) No circular shall contain any statement or forecast which is known to be misleading.
  - (iii) A member or member firm shall display on the outside of the premises occupied by them the name of the firm and the statement that the member or members concerned are members of the Botswana Stock Exchange.
  - (iv) A member or firm may not, without the prior written consent of the Committee, allow its name to appear as brokers in any document relating to securities in respect of which no application for listing has been made or such

application has been refused or deferred or listing of which has been suspended or cancelled.

**10.13 BAN ON DEALING**

A member shall not knowingly without the prior written consent of the Committee transact business for a client who has been reported to the Secretary as having failed to fulfil his obligations to another firm or member. A member shall be entitled to make all such enquiries that are reasonable to ascertain whether or not such client has at any time failed to fulfil his obligations to a member or a firm.

**10.14 DISPUTES BETWEEN MEMBERS**

All disputes between members not affecting the general interests of the Exchange which arise out of Exchange transactions or are connected with Exchange business and including partnership disputes shall be referred to arbitration of a member of the Exchange; and the Committee will not adjudicate such disputes unless arbitrators cannot be found or are unable to come to a decision.

The decision of the Committee shall be final as to whether a dispute affects the general interest of the Exchange and how it shall be dealt with.

A member shall not attempt to enforce by law any claim against a member arising out of or connected with Exchange business including partnership disputes without the consent of the Committee.

**10.15 MEMBER NOT TO ACT TO EVADE RULES**

A broker may not act as a principal for the purpose of evading the rules or adopt any other procedure for a like purpose.

**10.16 BAN ON MISLEADING NAMES**

The Committee may prohibit a member or firm from carrying on business under a name which they consider misleading.

**10.17 BAN ON CONCEALED DEALINGS**

A member should not knowingly either directly or indirectly buy or sell a security on behalf of an employee or partner of a member firm without the written consent (copy of which shall be filed with the Secretary) of the partner or, in the case of an employee, of the employer.

**10.18 BAN ON DEALING FOR EXPELLED PERSONS OR EMPLOYEES OF OTHER FIRMS**

A member shall not without the permission of the Committee carry on business for or with a person whose registration has been cancelled or who, after ceasing to be a member from any cause, becomes insolvent or who has assigned his estate.

A member shall not deal for a dealer of another firm without first obtaining the consent of that member or dealer's firm.



**10.19 PAYMENT OF FEES**

Each member shall punctually pay such assessments, fees and charges as shall be fixed by the Committee which shall become due and payable to the Exchange at such time or times and in such manner as the Committee shall direct.

Such assessments, fees and charges shall be those laid down in Appendix 'A'.

## **PART 11 - DEFAULTERS AND INSOLVENCY**

### **11.01 DECLARATION OF A DEFAULTER**

- (a) A member who fails to meet his obligations shall be publicly declared a defaulter by direction of the Chairman, Vice-Chairman or any two members or the Committee.
- (b) The Committee may order a member who fails to meet his obligations to a member or non-member arising out of an Exchange transaction or who fails to pay an amount due by him to the Exchange to be declared a defaulter. The Secretary shall inform the Registrar without delay of any declaration of a defaulter.
- (c) A declaration shall be telephoned by the Secretary immediately to all broking members or firms.
- (d) The Committee shall by resolution suspend the defaulter forthwith. Such resolution may be taken by the Chairman or Vice-Chairman acting with one other member of the Committee and shall be confirmed by the full Committee at its next meeting.
- (e) Immediately upon a member being declared a defaulter:-
  - (i) he shall hand over to the Committee all books and accounting records of his firm including all scrip registers, safe custody ledgers and cheque books, and all cash, securities and other assets relating to his stockbroking business including cash and securities held on behalf of clients in safe custody;
  - (ii) he or the Committee on his behalf shall cause his books and accounting records to be audited forthwith in respect of the period ending on the date on which such member was declared a defaulter, by the auditor approved by the Committee;
  - (iii) if in the opinion of the auditor such member's assets exceed his liabilities, such member shall take immediate steps for the winding-up of his stock exchange business under the supervision of the Committee as expeditiously as possible and the Committee shall be entitled to take such steps on his behalf;
  - (iv) if in the opinion of the auditor the assets of such member are insufficient to meet his liabilities in full the Committee shall take immediate steps to apply to a Court of competent jurisdiction for such member's estate to be declared insolvent.

### **11.02 RESPONSIBILITIES OF DEFAULTERS TO EXCHANGE AND OF MEMBERS TO EXCHANGE**

Any member shall as soon as he finds himself unable to meet his obligations notify the Secretary by telephone and in writing to that effect and he will thereupon be declared a defaulter. Failure so to notify the Secretary shall make him ineligible for re-admission.

If any member gives private intimation to his member creditors of his inability to meet his obligations such member creditors shall not make any compromise or

arrangement but shall immediately communicate with the Chairman, Vice-Chairman or two members of the Committee in order that the member in default may be immediately so declared.

No compromise or arrangement entered into between a defaulter and his member creditors shall be binding or of effect against either party.

**11.03 APPOINTMENT AND POWERS OF INVESTIGATING SUB-COMMITTEE:**

In all cases of default the Committee shall meet and appoint a Sub-Committee of not less than two (2) members of the Committee. Such Sub-Committee shall have the following powers: To obtain from the defaulter his original books of account and a statement of the sums owing to and by him in connection with Exchange transactions; to call meetings of member creditors; to summon the defaulter before such meeting; to enter into a strict examination of every account; to report to the Committee any matter which may appear irregular; and to manage and deal with the Exchange estate in conformity with the Rules, and usage of the Exchange.

The Sub-Committee shall cause a notice to be placed on the notice boards calling on all members interested in the estate to file their claims by a certain fixed date.

**11.04 DISCLOSURE OF CLIENTS' NAMES**

No defaulter shall be re-admitted who shall not, if required by the Committee, disclose the name of any client indebted to him or shall not have delivered to the Sub-Committee appointed to administer his Exchange estate, his original books of account and a statement of the sums owing to and by him in the Exchange at the time of his default.

**11.05 CLAIMS ON DEFAULTER**

All claims from members on the Exchange estate shall be supported by advice notes from the defaulter or advice notes from the claimant. All such advice notes shall be signed by a person authorised to sign in terms of these rules.

No loan without reasonable security shall be admitted as a claim against the Exchange estate. Should any member receive payment of his unsecured loan on the day of the default he shall refund the amount so received for the benefit of the defaulter's Exchange estate.

The Committee may accept such evidence as they deem sufficient as proof of claims arising in whatever way against the Exchange estate.

Any amounts due by the defaulter to the Exchange shall be a first charge against the Exchange estate of the defaulter.

**11.06 ASSIGNMENT OF CLAIMS**

A member, being a creditor upon a defaulter's Exchange estate, shall not sell, cede, assign or pledge his claim on such estate to a non-member without the concurrence in writing of the Committee.

**11.07 PRICE FIXING OF OPEN TRANSACTIONS**

In every case of default the Sub-Committee shall publicly fix the prices current in the market immediately before the declaration, at which prices all members having accounts open with the defaulter shall close their transactions, the difference arising from the defaulter's transactions being paid to or claimed from the estate.

Transactions in unquoted securities and unexpired options shall be similarly closed at a price determined by the Sub-Committee having regard to prices at which the last business was done on any other stock exchange or off the floor of the Exchange.

The Exchange shall not be responsible for any losses incurred as a result of price fluctuations after the date of default.

**11.08 DISHONoured CHEQUES**

Claims in respect of dishonoured cheques may, provided they otherwise comply with these rules, be admitted in a defaulter's Exchange estate if such cheques are dishonoured on the day of default or within a reasonable time thereafter.

**11.09 LOANS OF SECURITIES**

Securities lent to or borrowed by a defaulter and loans of money made upon security or securities shall be treated as Exchange transactions and prices fixed in accordance.

**11.10 LEGAL ENFORCEMENT OF CLAIMS**

A member shall not attempt to enforce by law a claim arising out of an Exchange transaction against a defaulter or the client of a defaulter without the prior written consent of the Committee.

**11.11 MANAGEMENT OF DEFAULTER'S ESTATE**

The Sub-Committee shall collect and pay the assets of the Exchange estate of the defaulter into such bank account and in such names as the Committee shall direct. The net proceeds of the collections after payment thereof of all legal and other expenses (including any amounts owing to the Exchange) shall be distributed as soon as possible amongst the member creditors on the admitted claims but without interest.

Any surplus remaining after all member creditors have been paid in full shall be returned to the defaulter.

**11.12 RE-ADMISSION OF DEFAULTER**

The Committee may re-admit any defaulter.

The question of such re-admission shall be considered in two distinct classes:-

- (i) Cases of failure arising from the default of clients or from other circumstances where no bad faith or breach of the Rules and usage of the Exchange has been practised, and
- (ii) Cases marked by indiscretion and by the failure to exercise reasonable caution on the part of the defaulter.

**APPENDIX 'A'**

**SCHEDULE OF FEES PAYABLE TO THE EXCHANGE BY MEMBERS**

**RULE 10.19**

ANNUAL SUBSCRIPTIONS

|     |                      |        |
|-----|----------------------|--------|
| (a) | Broking Members      | P1,000 |
| (b) | Authorised Dealers   | P 250  |
| (c) | Members Institutions | P2,500 |

Handling Commission

Monthly payments to the Exchange of 1% of brokerage and commissions received.

**APPENDIX 'B'****SCHEDULE OF MINIMUM COMMISSIONS****RULE 6.01****1. STOCKS OF GOVERNMENTS, MUNICIPALITIES AND STATUTORY CORPORATIONS, DEBENTURES (INCLUDING DEBENTURE STOCK OR BONDS), LOAN STOCKS, SECURED, UNSECURED AND CONVERTIBLE STOCKS**

|                                      |       |
|--------------------------------------|-------|
| Bargains up to P 499 999.99          | 0.25% |
| Bargains from P 500 000.00 and above | 0.10% |

**2. ORDINARY and PREFERENCE SHARES (including all forms of Equity/Debt Linked Units).**

|        | <b>Consideration</b> |         | <b>Rate</b> |
|--------|----------------------|---------|-------------|
|        | <b>Pula</b>          |         | <b>%</b>    |
| Nil    | -                    | 50,000  | 2.0         |
| 50,001 | -                    | 100,000 | 1.5         |
| Over   | -                    | 100,000 | 1.0         |

**3. MINIMUM CHARGE**

No minimum charge.

The minimum charge on any option shall be P50.

**4. BASIC CHARGE/HANDLING FEE**

P15 in respect of any one firm buy order placed at one time in one security. P10 in respect of a sell order placed at one time in one security. No basic charge will be made for a deal of under P50.

**5. SAFE CUSTODY CHARGES**

In respect of scrip held on behalf of a client, one charge per annum of P200 per security held.

A broker shall have a discretionary right to waive this charge, for good and sufficient reason, subject to a suitable explanation, acceptable to them, being made to the Committee if called for.

**6. VALUATION FEE**

In respect of valuations carried out for estate duty or other purposes:

P25 per item with a minimum of P5. Where there are more than 20 items, P2 per item will be charged for each item over 20.

## APPENDIX 'C'

### RULE 8.13

#### LISTING FEES

The listing fees of the Exchange shall be as set out below:

The following scale of fees are payable in respect of each security included in the official list of the Botswana Stock Exchange:

#### 5.1 ORIGINAL LISTING FEES

- (1) Where the Committee has, in terms of paragraph (c) of subsection (1) of section 16 of the Act, granted an application made by an issuer for securities issued by him to be included in the official list, the issuer shall, within a period fixed by the Committee, pay to the Exchange:
  - (a) In the case of an issuer who is the Government or a city, town or district or statutory body, an original listing fee of P1,000 in respect of each class of security concerned;
  - (b) in the case of an issuer whose securities are quoted on a recognised external stock exchange, an original listing fee of P1,000 or such other amount not exceeding P5,000 as the Committee may fix in respect of each class of security so quoted;
  - (c) in the case of an issuer other than an issuer referred to in paragraph (a) or (b) above in respect of each class of security concerned, in respect of the market capitalization of each class, an amount of 0.025%:  
Provided that the total amount payable in terms of this paragraph shall-
    - (i) not be less than P10,000;
    - (ii) not exceed P50,000;
    - (iii) shall be prorated to the 30 June next;
    - (iv) be calculated to the nearest Pula.
- (2) In paragraph (b) of subsection (1)-
  - (a) "recognised external stock exchange" means a stock exchange which is-
    - (a) outside Botswana; and
    - (b) recognised for the purposes of that paragraph by the Registrar by notice in the Gazette.

#### 5.2. ADDITIONAL LISTING FEE

Where the Committee has, in terms of paragraph (c) of subsection (1) of Section 16 of the Act, granted an application made by an issuer for securities issued by him to be included in the official list, which securities belong to a class of security issued by him in respect of which such an application has previously been granted, the issuer shall, within a period fixed by the Committee, pay to the Exchange an additional listing fee in accordance with the scale of fees, but in any event not less than P2,000.

#### 5.3 ANNUAL SUSTAINING AND ANNUAL REVIEW FEES

An issuer of listed securities shall, not later than the 30th June in each year, pay to the



Exchange-

- (a) in respect of each class of security concerned, in respect of the market capitalization of each class, an amount of 0.025%:

Provided that the total amount payable in terms of this paragraph shall-

- (i) not be less than P10,000;
  - (ii) not exceed P50,000;
  - (iii) be calculated to the nearest Pula,
- in respect of each class of listed security issued by him; and
- (b) an annual review fee of P1,000.

**Provided** that no annual sustaining fee or annual review fee shall be payable in respect of any listed security which was included in the official list during the year in respect of which an annual sustaining fee or annual review fee would otherwise have been payable.

#### 5.4 NON-PAYMENT OF FEES

Securities may be removed from the list unless fees and charges, due and unpaid, are paid within one (1) month after written notice of non-payment has been given under authority of the Committee.

**APPENDIX 'D'**

**SECURITY FUND RULES**

**(PART 12, SECTIONS 73 TO 88, Of THE BOTSWANA STOCK EXCHANGE ACT)**

**Notice of Loss (Section 78 (4) of the Act).**

**1. Notice of loss in terms of Section 78 of the Act shall be given to**

- (a) As soon as possible after the occurrence of any loss and in any event not later than 30 days after such occurrence or after the loser has become aware of the loss, if later than such occurrence, or within such greater period as the Board in its absolute discretion may allow,
- (b) By delivering to the offices of the Board a written claim setting out:-
- i) the full name and address of the loser;
  - ii) the name of the registered stock broker or broking member of the former Exchange whose dishonesty, insolvency, default or death or the dishonesty of whose employee or associated member or other agent has caused or contributed to the loss suffered;
  - iii) the full circumstances in which the loss was suffered, with details of any material dishonesty, insolvency, default or death, including the date or dates when it or they occurred;
  - iv) the amount of the loss and how it is made up; and
  - v) what, if any, steps the loser has taken to exhaust any legal remedies available to him in respect of the loss and what have been the results of any such steps.

**2. Form of Application for Security Fund Certificate (Section 80 (1) of the Act).**

An application for a Security Fund certificate shall be in the form set out in Appendix I, giving as nearly as may be all the information therein indicated.

**3. Contributions to the Security Fund (Section 80 (2) of the Act).**

Each new member of the Exchange shall contribute to the Fund Pula 5,000 as determined by the Committee when he makes application for the issue to him for the first time of a security fund certificate.

**4. Form of Security Fund Certificate (Section 80 (2) of the Act).**

A security fund certificate issued in terms of Section 80 (2) of the Act shall be in the following form:-

**BOTSWANA STOCK EXCHANGE  
SECURITY FUND CERTIFICATE**

It is hereby certified that \_\_\_\_\_ a registered stockbroker of \_\_\_\_\_ has complied with all the requirements of the Botswana Stock Exchange Act necessary to entitle him to the issue of this certificate to him in terms of Section 80 (2) of the Act for the period 1st October, \_\_ to 30th September, \_\_

Dated at                    this    day of 19

SECRETARIES TO THE BOARD OF TRUSTEES  
OF THE BOTSWANA STOCK EXCHANGE  
SECURITY FUND.

**5. Audit Certificates (Section 80 (4) of the Act).**

Every registered stockbroker required by the Act to submit an audit certificate to the Board shall do so:-

- (a) By 30th September in each year in respect of such registered stockbroker's last preceding financial year.
- (b) By submitting a certificate in the following form:-

**BOTSWANA STOCK EXCHANGE  
AUDIT CERTIFICATE**

I, \_\_\_\_\_, an auditor registered as a public accountant, hereby certify that I have made the annual report on \_\_\_\_\_ a registered stockbroker, in terms of Section 45 of the Botswana Stock Exchange Act, in respect of his financial year ended on \_\_\_\_\_ and that, according to the best of my knowledge and belief, he has complied with all the requirements of the Act and especially of Sections 44 - 46 inclusive thereof, subject only to the following reservations or qualifications (if any):  
\_\_\_\_\_

DATED this                    day of                    ,19

(NAME)  
PUBLIC ACCOUNTANT

**6. Borrowings by the Board (Section 86 of the Act).**

The aggregate sum owing at any one time in respect of any loan or loans raised by the Board by borrowing in terms of Section 86 of the Act shall not exceed three-quarters of the total value of the Fund, as certified by the Exchange auditor in an annual certificate as at the last preceding 31st March or in some special certificate as at some other date, whichever is the later.

**APPENDIX 'E'**

**LETTER FROM APPLICANT FOR REGISTRATION**

To: THE SECRETARY OF THE BOTSWANA STOCK EXCHANGE

Dear Sir

I/we hereby apply for registration as a stockbroker in terms of Botswana Stock Exchange Act.

I/we acknowledge that upon registration I/we shall be subject to the provisions of the Act, the regulations and the rules and usages of the Botswana Stock Exchange.

I/we have read the Act, regulations and rules and am/are conversant with them. I/we understand that I/we shall be examined on my/our knowledge of these documents and on Exchange procedures.

The following documents are submitted -

- (a) Form of Application B.S.E.2.
- (b) A statement by the partnership with whom I/we propose to work.

Yours faithfully,

**APPENDIX 'F'**

**BOTSWANA STOCK EXCHANGE**

**APPLICATION FOR SECURITY FUND CERTIFICATE**

1. (a) Full Name and Address of Applicant \_\_\_\_\_  
\_\_\_\_\_  
(b) Name of Partnership or Member Firm if applicable \_\_\_\_\_  
\_\_\_\_\_
2. Where previously practising as a registered stockbroker \_\_\_\_\_
3. (a) Whether intending to commence practice as a registered stockbroker \_\_\_\_\_  
\_\_\_\_\_  
(b) If so, on what date \_\_\_\_\_
4. (a) Whether already practising as a registered stockbroker and in possession of a  
valid Security Fund Certificate \_\_\_\_\_  
(b) If so, on what date such Security Fund Certificate ceases to be valid \_\_\_\_\_  
\_\_\_\_\_
5. (a) The amount of the contribution accompanying the application \_\_\_\_\_  
\_\_\_\_\_  
(b) The form in which such contribution is remitted \_\_\_\_\_  
\_\_\_\_\_
6. (a) The name of the public accountant who has issued any audit certificate relied  
upon in the application \_\_\_\_\_  
\_\_\_\_\_  
(b) The date on which any such audit certificate was submitted to the Board \_\_\_\_\_  
\_\_\_\_\_

Signature of Applicant

Date: \_\_\_\_\_

**APPENDIX 'G'**

**APPLICATION FOR REGISTRATION**

(To be completed in duplicate - delete areas inapplicable)

To: The Secretary  
Botswana Stock Exchange.  
Company Name: .....

A. Applicant: Surname: .....(Mr./Mrs./Miss.)  
(in block letters)

Christian Names: .....  
(in block letters)

Postal address: .....

Residential address: .....

Location of business: .....

Telephone No.: Business .....

Residential .....

Professional qualifications: .....

.....  
.....

Directorships:      Name of company      Nature of business

.....  
.....  
.....  
.....

Shareholdings:      Name of company      Quoted or unquoted      Nominal value

.....

.....

.....

.....

Name of present employer: .....

Nature of employment: .....

.....

Date of birth: .....

Nationality: (present) .....

(former, if any) .....

B. Name of partnership or corporate body (if any) of which applicant will be a member or representative: .....

.....

.....

Full names of other members of partnership or corporate body-

(1) .....

(2) .....

(3) .....

(4) .....

(5) .....

Postal address of partnership or corporate body: .....

.....

.....

.....

Location of practice: .....



Telephone No.: .....

C. Questions to be answered by applicant:

Have you ever been adjudged or otherwise declared insolvent or bankrupt?

If so, give date on which you were rehabilitated or discharged or granted your discharge: .....

.....  
.....

Have you ever made an assignment to or arrangement or composition with, your creditors? If so, give particulars: .....

.....  
.....  
.....

Are there any unsatisfied judgments outstanding against you? If so, give particulars:

.....  
.....  
.....

Have you any interest, direct or indirect in any banking institution, insurer, management company or mutual funds or trust company? If so, give particulars:

.....  
.....  
.....

Have you ever been convicted of any offence involving fraud or dishonesty? If so, state the court by which you were convicted, the date of the conviction and full particulars of the offence: .....

.....  
.....

D. Statement of applicant's personal history and employment since leaving school:

.....  
.....  
.....

E. Declaration by applicant:

I hereby declare that-

- (a) the information given in sections A and B is correct;
- (b) the answers given to the questions in section C are true;
- (c) the statement given in section D is, to the best of my knowledge and belief, a true and accurate record;
- (d) I am a resident of Botswana;
- (e) I have attained the age of twenty-five years, in proof whereof I submit the attached: .....

.....  
.....

- (f) I own, in Botswana, assets which exceed my liabilities by not less than fifty/one hundred and fifty thousand Pula in proof whereof I submit the attached:

.....  
.....

- (g) I intend to obtain a policy or policies of insurance referred to in section 46 of the Act and to that end have arranged insurance cover to the value of P ..... in proof whereof I submit the attached:

.....  
.....  
.....

- (h) I submit the attached statement by the partnership or corporate body-
  - (i) with which I have undergone a period of training prior to the date of this application;
  - (ii) for which I propose to work or of which I propose to become a member or representative, as the case may be, to the effect that partnership or corporate body is prepared to employ me or accept me as a member.

(Note - Delete those words in subparagraph (ii) which are not applicable.)

I have read the Act and regulations and rules and am conversant with them. I understand that I shall be examined on my knowledge of them and exchange procedures; and I acknowledge that upon registration I shall be bound by them and by the usage of the Botswana Stock Exchange.

Date: ..... Signature of applicant .....

F. Declaration by proposer-

I, ....., do hereby declare that-

- (1) I have read the foregoing application and, to the best of my knowledge and belief, the statements made therein are correct;
- (2) I have known the applicant in a personal and/or business capacity for ..... years;
- (3) from my personal knowledge of the applicant's past and present circumstances, I am satisfied as to his fitness to be registered as a stockbroker;
- (4) I am conversant with the provisions of section 33 (1) (i) of the Act governing the making, negligently or wilfully, of a material mis-statement of fact relating to the applicant.

Accordingly, I propose, in terms of section 28 (1) (b) of the Act, that the applicant be recommended for registration.

Date ..... Signature of applicant .....

G. Declaration by seconder-

I, ....., do hereby declare that-

- (1) I have read the foregoing application and, to the best of my knowledge and belief, the statements made therein are correct;
- (2) I have known the applicant in a personal and/or business capacity for ..... years;
- (3) From my personal knowledge of the applicant's past and present circumstances, I am satisfied as to his fitness to be registered as a stockbroker;
- (4) I am conversant with the provisions of section 33(1)(i) of the Act governing the making, negligently or wilfully, of a material mis-statement of fact relating to the applicant.

Accordingly, I second, in terms of section 28 (1) (b) of the Act, the proposal that the applicant be recommended for registration.

Date ..... Signature .....

H. Committee's recommendation -

The Committee has considered the foregoing application and being satisfied that the applicant is suitable for registration, recommends to the Registrar that the applicant be registered.

Date .....

Signature .....

Chairman  
Botswana Stock Exchange