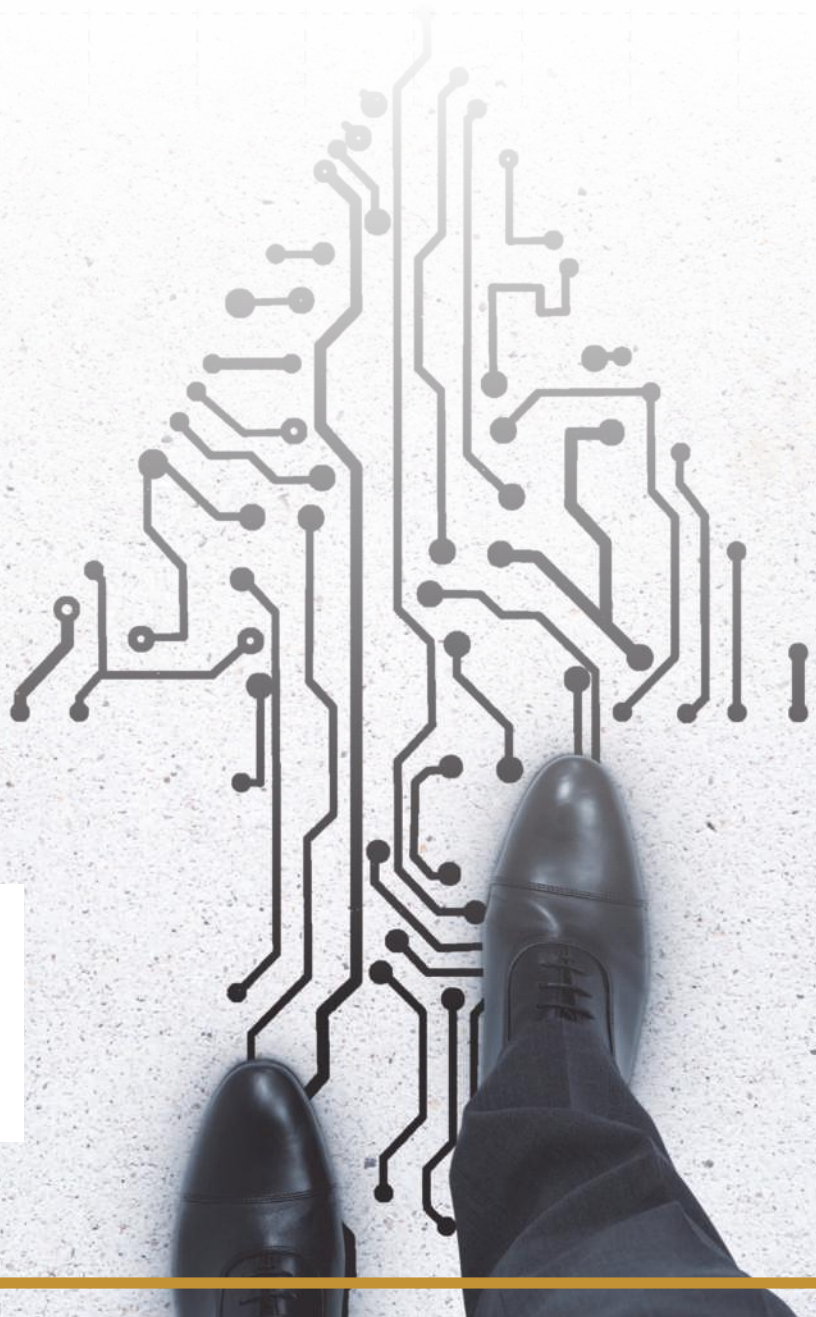
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NEWS

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SHIFTING GEARS:

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FOREWORD



It Is My Pleasure To Welcome You To The 18th Edition Of The BSE News!

The new 5-year strategic period treads on the heels of the successful execution of the prior strategy, albeit with considerable challenges and shortcomings as was to be expected. The 2017-2021 strategic plan came into effect against the backdrop of declining domestic economic performance, increasing regulatory requirements both domestically and internationally, and a shift in capital flow in favour of developed markets. Additionally, the years 2020 and 2021 were characterised by the extensive impact of the COVID-19 pandemic. This backdrop has played an influential part in determining the extent of the completion and achievement of the previous 5-year strategic plan, the pace of achieving the set annual initiatives and the cost of implementing the strategic plan.

The pandemic tested the operational resilience of the global market system like nothing to a considerable extent. Crisis management, business continuity, disaster recovery and supply chain management are just some of the elements that have been stress tested throughout the crisis. The silver lining is that in just a short time, COVID-19 has single-handedly triggered years of change in the way companies in all sectors and regions operate. Among several things, digital transformation has taken a quantum leap at both personal and organisational levels, and its accelerated mutation has helped improve business interaction, service delivery and operational excellence. In the new strategy, several of our initiatives will leverage the backbone of the digital infrastructure we have laid to take the business forward.

As we shift gears to 2026, we saw it fit to introspect and reposition our purpose to speak clearly to our core value drivers, being the issuers, investors and other stakeholders. This repositioning of our mission statement: **"To drive sustainable economic growth by providing a gateway for raising capital and accessing investment opportunities for the benefit of issuers, investors and stakeholders**", will guide and inform our strategic activities for the next five years. Similarly, we have re-evaluated the cornerstones of our corporate culture, our values, which are the most fundamental ingredients in directing performance and ensuring alignment of purpose.

This time around, we have infused certain elements that we believe are core to the transformation of the business. Among others, we seek to engage boldly, act like owners, embed the commercial focus, win together, think and do the right thing. These values represent our redefined identity, stature, culture and embody our aspirations to become a listed entity in the short-medium term. They illuminate our vision of becoming a world-class securities exchange delivering innovative products and services.

In the past five years, we transitioned from a statutory body into a company limited by shares through demutualisation, which has unlocked significant governance potential. It is ideal that we use this transition to complement progress in our ecosystem and direct our stakeholders to comply with the highest standards, especially in so far as governance is concerned. On that note, we have developed and adopted a corporate governance framework in line with the Companies Act, Botswana Accountancy Oversight Authority (BAOA) Guidelines, NBFIRA Draft Corporate Governance Guidelines and King IV Code of Corporate Governance (King IV). The corporate governance framework will be gradually implemented over five years as the Group transitions into its 2022-2026 corporate strategy. Already the issuers are making impressive strides as 52% of the listed companies have adopted King IV, while 48% are still reporting on King III. In addition, many of them produce integrated reports.

As we pursue innovation in all aspects of our operations, the BSE is pleased with the headway in implementing a new Central Securities Depository (CSD) system with new services and capabilities that will enhance efficiency. We are also in the epilogue of launching a revamped world-class Automated Trading System (ATS) which will enable electronic bond trading and facilitate access to government bonds on the stock exchange for all investors. These initiatives, combined with the operationalisation of the revamped website and a mobile app, will power the bourse to evolve into a technologically progressive and modernised institution.

Looking ahead, we expect to introduce a Stock Market Simulator that will allow novice investors to practice their stock trading and portfolio management skills without investing real money. We hope that this initiative will promote retail investor participation and advance financial literacy.

Other exciting prospects for the new strategic period include the positive outlook in new listings, robust SMME support initiatives, market integration both at the SADC and African Exchanges level, the launching of new investment products such as Commercial Paper, Depository Receipts, Sustainable Bonds and the listing of new Exchange Traded Funds. At the centre of this is education – education that is appropriately packaged, that is easy to assimilate, that is far and wide-reaching and stimulates action. We will use this era to contribute to and benefit from the Government's Reset Agenda – which we believe is noble and if executed will elevate Botswana into a high-income economy.

We believe this period will be very crucial in how the BSE will support the implementation of National Development Plan 11 (NDP) projects and the Economic Recovery and Transformation Plan (ERTP). The Government is committed to accountability and implementation more than ever before, and we are excited at the prospects of positioning the capital market to finance infrastructure projects under the Public-Private Partnership framework. We deliberately feature a discussion piece on this matter and many other opportunities arising from several national strategic initiatives and reforms that, if we leverage with intent, will yield some much-needed progress for the prosperity of the economy.

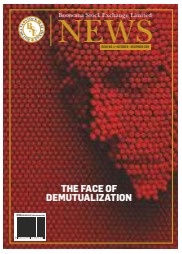
"Your Partner in Wealth Creation"

Thapelo Tsheole
Chief Executive Officer

















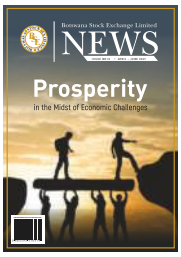


















HIGHLIGHTS FROM THE PREVIOUS EDITION

- MARKET PERFORMANCE FOR THE PERIOD 1 JANUARY TO 31 AUGUST 2021.
- ONE-ON-ONE WITH THAPELO TSHEOLE.
- UNDERSTANDING BOTSWANA DEPOSITORY RECEIPTS – PART 1 OF 2.
- CREDIT INFORMATION BILL – A GAME
- CHANGER FOR THE FINANCIAL SERVICES SECTOR.
- WHY THE IMF EXPECTS BOTSWANA'S GROWTH TO TOP AFRICA.
- UNDERSTANDING BOTSWANA DEPOSITORY RECEIPTS -PART 2 OF 2.
- LEVERAGING AFCFTA FOR CAPITAL MARKETS DEVELOPMENT IN AFRICA.



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Contributors in this edition:
Bakang Tiro, World Federation of Exchanges

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BSE DONATES SCHOOL STATIONERY TO KARENG & METSIMANTSHO PRIMARY SCHOOLS





KNOW YOUR STOCK MARKET TERMS

Custodian:
An entity that holds the documentary evidence of the title to property that belongs to an investor, such as share certificates, for safekeeping.

Depository:
An organisation that holds investors' securities in electronic form and provides services related to various transitions in such securities.

Market Maker:
A market maker brings continuous liquidity to the trading market of a particular stock by standing ready to buy or sell shares any time markets are open at any publicly quoted price.

Rights Issue:
A rights issue entitles existing shareholders to take up additional shares in the company, usually bellow market price without paying any brokerage.

Stock Buyback:
A stock buyback occurs when a company repurchases its own shares from the marketplace. Companies may decide on a stock buyback if they feel their shares are undervalued or if they have excess cash on their balance sheets.

Speculation:
Speculation is the process of selecting investments with higher risk in order to profit from an anticipated price movement.

Treasury Bills (T-Bills);
T-Bill is a short-term money market instrument issued by the Central government. T-bills are typically issued at a discount to face value.

Underwriter:
An underwriter serves as an intermediary between an issuer of a security and an investor. In this capacity, an underwriter buys an issue of securities from a company and resells it to investor. The underwriter bears the risk of selling the securities to the public and guarantees the proceeds of the sale, essentially taking ownership of the securities. If the underwriter can't sell the securities at the asking price, they may have to sell them for less that they paid, or retain the securities themselves.

Source: Stock Investor's Diary

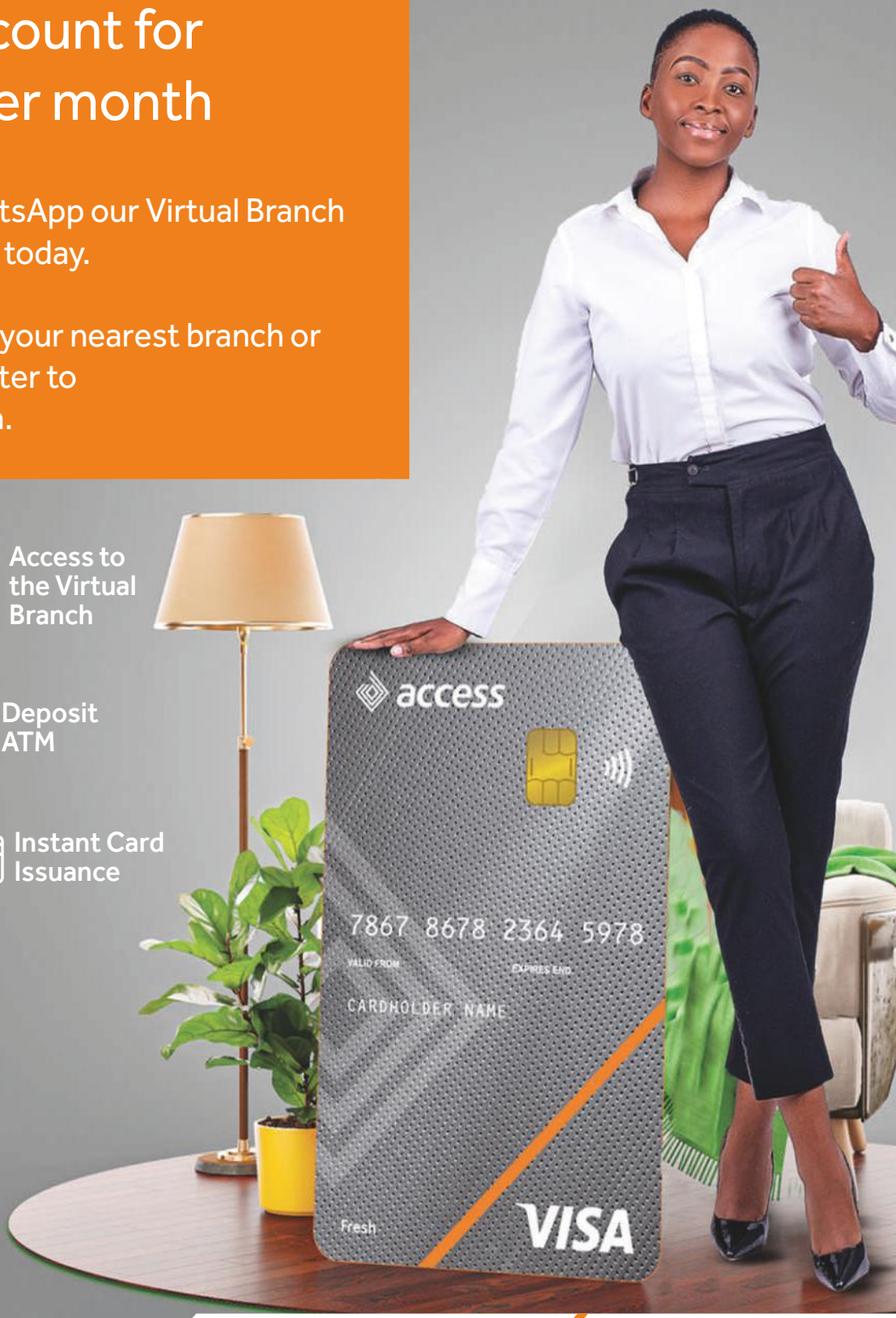
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February Opening Bell Ceremony 2022

As a curtain-raiser for the 2022 calendar period, the BSE set the tone by hosting the February 2022 edition of the Opening Bell Ceremony on 10th February 2022 with Rand Merchant Bank Botswana (under First National Bank Botswana Limited) as they launched their anticipated ***'Where to Invest in Africa 2021 Report'*** at the BSE offices.



Official Bell Ringing (Left to Right) - RMB Africa Economist Mr. Daniel Kavishe, BSE CEO, Mr. Thapelo Tsheole and RMB Botswana Director, Ms. Olebile Makhupe.

This report is a detailed document that highlights the top investment destinations across various sectors on the continent that aids in attracting Foreign Direct Investment. It positions Egypt as Africa's top investment destination, with Morocco following and South Africa in third place. Based on their operating environments, other high-scoring countries have moved up the rankings – notably Rwanda and Botswana, now in fourth and fifth position respectively.

Officiating and launching this report was RMB Africa Economist Daniel Kavishe, who unpacked the content and highlighted the salient changes and metrics used to compile the information. Further, the BSE CEO, Mr. Thapelo Tsheole, who was delivering the Welcome Remarks, indicated how the Exchange, in their role, was contributing towards attracting Foreign Direct Investment in Botswana through establishing strategic partnerships under the BSE Internationalisation Strategy. "The BSE has formulated and undertaken an aggressive Internationalisation Strategy to increase our presence in the international business community and complement some of our existing market development initiatives.

Some of the significant strides include strategic partnerships with leading financial markets and business reporting media giants such as Bloomberg and CNBC Africa. Both Campaigns successfully conducted in 2021 - were able to draw attention to our market and the value proposition that we provide to prospective issuers and investors. Moreover, the CNBC Africa Media Campaign allowed the BSE to invite listed entities to partake and leverage their vast network to showcase their respective brands to a larger demographic", said Tsheole.

In her closing remarks, Ms. Baile Corrigan, RMB Head FXPH, emphasised the importance of fostering synergies between pivotal stakeholders in creating a conducive environment that will position Botswana as the preferred investment destination in the region. She further urged all prospective international clients looking to do business in Botswana to reach out to RMB and access their variety of corporate investment services to satisfy their business needs.



"The BSE has formulated and undertaken an aggressive Internationalisation Strategy to increase our presence in the international business community and complement some of our existing market development initiatives."

March Opening Bell Ceremony 2022

On 8th March 2022, the BSE joined the international community and other global securities exchanges in commemorating International Women's Day under the theme, ***'Gender Equality Today for A Sustainable Tomorrow'***.

In honour of the special day, the BSE invited Gender & Development Consultant, Ms. Elsie Magdaline Alexander, who is one (1) of the most active and influential figures in championing issues of gender balance – not only in Botswana but across the region as well.

In her thirty years of service, Ms. Alexander has worked with several notable institutions such as UNICEF and SADC in conducting research and reporting on issues surrounding the empowerment of women and girls around the world. Speaking to the theme, Ms. Alexander said, ***"This theme comes during a period when the global community is still recovering from the COVID-19 pandemic that has negatively affected the business landscape and threatened the existence of humankind as we know it. This theme aims to recognise and celebrate the contribution of women and girls around the world, who are leading the charge on climate change adaptation, mitigation, and response, to create a more sustainable future for all. Hence, the focus is on the importance of challenging biases and misconceptions to create a more inclusive and gender-equal world."*** In attendance were advocates for gender equality, including capital market experts, entrepreneurs, members of the media and members of the public.

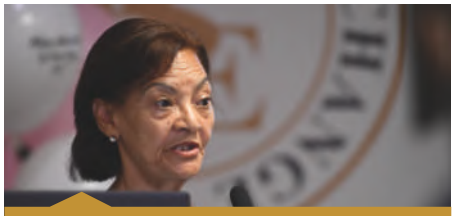
As part of the Agenda, the BSE Head of Product Development, Mr. Kopano Bolokwe, delivered the Welcome Remarks and the BSE Head of Clearing & Settlement delivered the Vote of Thanks. The Master of Ceremony was the BSE Head of Legal Services & Board Secretary, Ms. Gorata Tlhale Dibotelo.



Promotional Flyer – Invitation to the BSE March 2022 Opening Bell Ceremony


BSE Head of Legal Services & Board Secretary and Master of Ceremonies, Ms. Gorata Tlhale Dibotelo leading proceedings.


BSE Head of Product Development, Mr. Kopano Bolokwe, delivering the Welcome Remarks and Market Updates.


Guest of Honour - Development and Gender Consultant, Ms. Elsie Magdaline Alexander delivering the Official Remarks.


(Left to Right) BSE Head of Product Development, Mr. Kopano Bolokwe, Guest of Honour - Development & Gender Consultant, Ms. Elsie Magdaline Alexander and BSE Head of Clearing & Settlement, Mrs. Masego Pheto-Lentswe.


Official Bell Ringing - (Left to Right) BSE Head of Finance & Administration, Ms. Mpho Mogasha, Guest of Honour - Development & Gender Consultant, Ms. Elsie Magdaline Alexander and BSE Head of Clearing & Settlement, Mrs. Masego Pheto-Lentswe.


BSE Head of Clearing & Settlement, Mrs. Masego Pheto-Lentswe delivering the Vote of Thanks.


Token of Appreciation - BSE Head of Clearing & Settlement, Mrs. Masego Pheto-Lentswe, presenting our Guest of Honour with a bouquet of flowers.


Happy International Women's Day 2022!


Group Picture - BSE Management & Staff (Lady Representation)

WORLD FEDERATION OF EXCHANGES

EXCHANGES AND CCPS WORLDWIDE ‘RING THE BELL FOR GENDER EQUALITY 2022’



The World Federation of Exchanges is pleased to announce that a record 121 exchanges and clearing houses (CCPs) were involved in the events started on Tuesday 1 March for two weeks for the annual ***Ring the Bell for Gender Equality*** *initiative.*

This marks the eighth consecutive year of the initiative where exchanges and CCPs globally ring opening or closing bells to celebrate International Women’s Day 2022 (Tuesday 8 March 2022), promote gender equality, highlight the benefits of a diverse and inclusive workplace, and recognize the contribution of women in building a better future for all.

At this time, the industry commends the **World Federation of Exchange 2022 Women Leaders**, a distinguished global cohort, who are selected from every corner of the world each year as role models.

Nandini Sukumar, CEO of the WFE said: *“Exchanges and CCPs celebrate the role of women in the workplace and look forward to even greater progress in the years ahead. By ringing the bell, public markets are giving voice and visibility to women everywhere.”*



Source: world-exchanges.org

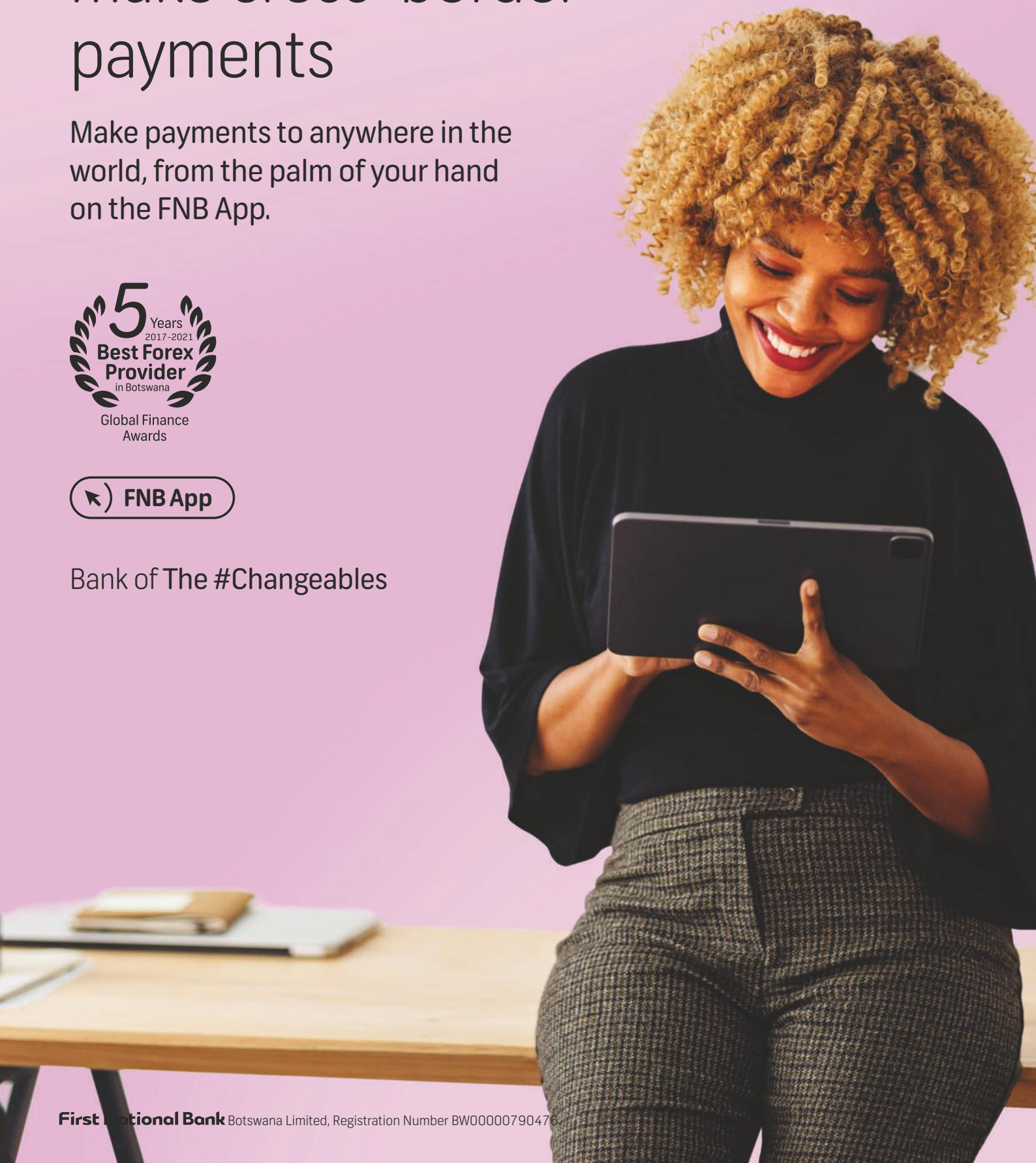
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MARKET PERFORMANCE FOR THE PERIOD 1 JANUARY TO 31 MARCH 2022

1. EQUITY MARKET PERFOMANCE

1.1. Analysis of Equity Indices

During Quarter 1 of 2022, the Domestic Company Index (DCI) appreciated by 3.3% in comparison to a depreciation of 5.1% during the same period in 2021 and the Domestic Company Total Return Index (DCTRI) appreciated by 4.3% in comparison to a decrease of 4.4% in the corresponding 2021 period.

The Foreign Company Index (FCI) registered a marginal decrease of 0.0% on a year-to-date basis in 2022 in comparison to an appreciation of 0.2% over the same period in 2021.

A synopsis of the overall performance of the market is presented in Figure 1.

Figure 1: Equity Market Performance Statistics

	1 Jan – 31 Mar 2021 (Q1'21)	1 Jan – 31 Mar 2022 (Q1'22)
INDEX PERFORMANCE		
DCI	**6,528.4**	**7,242.6**
% Change	**(5.1)**	**3.3**
DCTRI	**1,591.4**	**1,929.3**
% Change	**(4.4)**	**4.3**
FCI	**1,550.9**	**1,548.9**
% Change	**0.2**	**(0.0)**
LIQUIDITY		
Turnover (P' Million)	**113.7**	**407.8**
Average Daily Turnover (P' Million)	**1.8**	**6.6**
No. of Shares Traded (Million)	**87.5**	**177.6**
MARKET CAPITALIZATION		
Domestic Companies (P' Million)	**33,820.3**	**38,452.2**
Foreign Companies (P' Million)	**356,140.9**	**349,890.7**
Total (P' Million)	**389,961.2**	**388,342.9**
MARKET INDICATORS		
P/E Ratio (times)	**12.3**	**12.3**
Dividend Yield (%)	**4.3**	**4.9**
Price/Book Value (times)	**1.5**	**4.3**

1.2. Comparative Analysis of Equity Turnover

Trading activity during the review period in 2022 increased by 258.7% from the corresponding period in 2021. The significant increase in turnover was a result of the bourse recording the highest turnover in a single day of P186.8 Million which occurred on 23rd March 2022. This single day turnover in trading joins a series of significant trade milestones in recent years including: P1.1 Billion (2021), P149.8 Million (2019), P458.6 Million (2018), P484.6 Million (2017) and P494.3 Million (2016).

As at the end of March 2022, a total equity turnover of P407.8 Million was recorded from traded volumes of 177.6 Million shares.

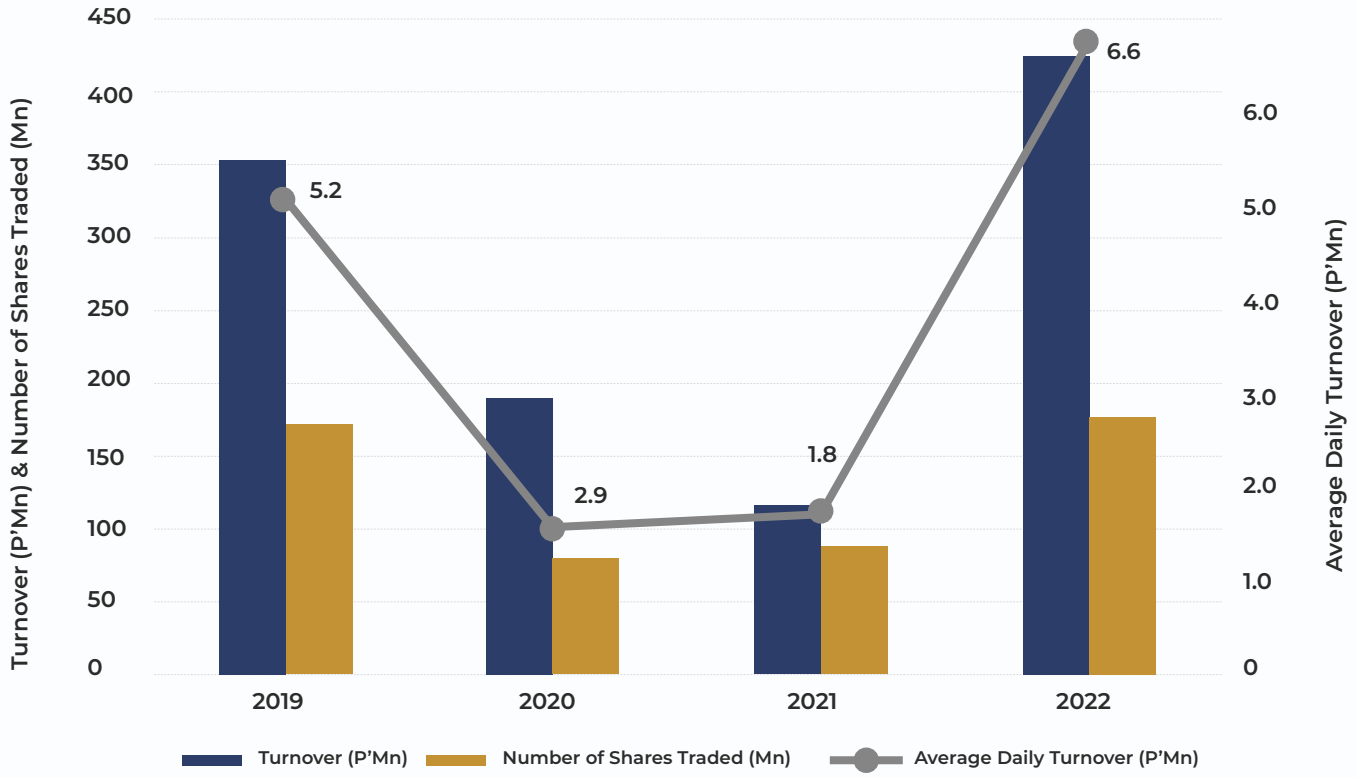
As shown in Figure 2 & Figure 3, during the corresponding period in 2021 a total equity turnover of P113.7 Million and a total volume of 87.5 Million shares traded were recorded.

Figure 2: Liquidity: 2019-2022

Liquidity Note	2019	2020	2021	2022
Equity Turnover (P' Million)	320.0	185.0	113.7	407.8
Average Daily Turnover (P' Million)	5.2	2.9	1.8	6.6
No. of Shares Traded (Million)	156.1	81.8	87.5	177.6

Note: Year to 31 March

Figure 3: Trend in Liquidity, Equities: Year-to-31 March



Source: BSE

1.3. Companies Ranked by Turnover

The top 3 traded companies during the period under review were Letshego (P254.6 Million), Chobe (P49.3 Million) and Sefalana (P46.5 Million) The total turnover from these 3 companies accounted for 85.9% of total equity turnover, with the leading counter Letshego accounting for 62.4% of total equity turnover.

Letshego's considerable contribution to total equity turnover results from a significantly high trade of P183.0 on 23rd March 2022 that contributed to the P186.8 Million turnover which is the highest single day turnover in 2022 thus far.

In comparison to the same period in 2021, the top 3 traded companies accounted for 61.2% of total equity turnover with the leading counter Letshego accounting for 35.3% (P40.2 Million) of total equity turnover

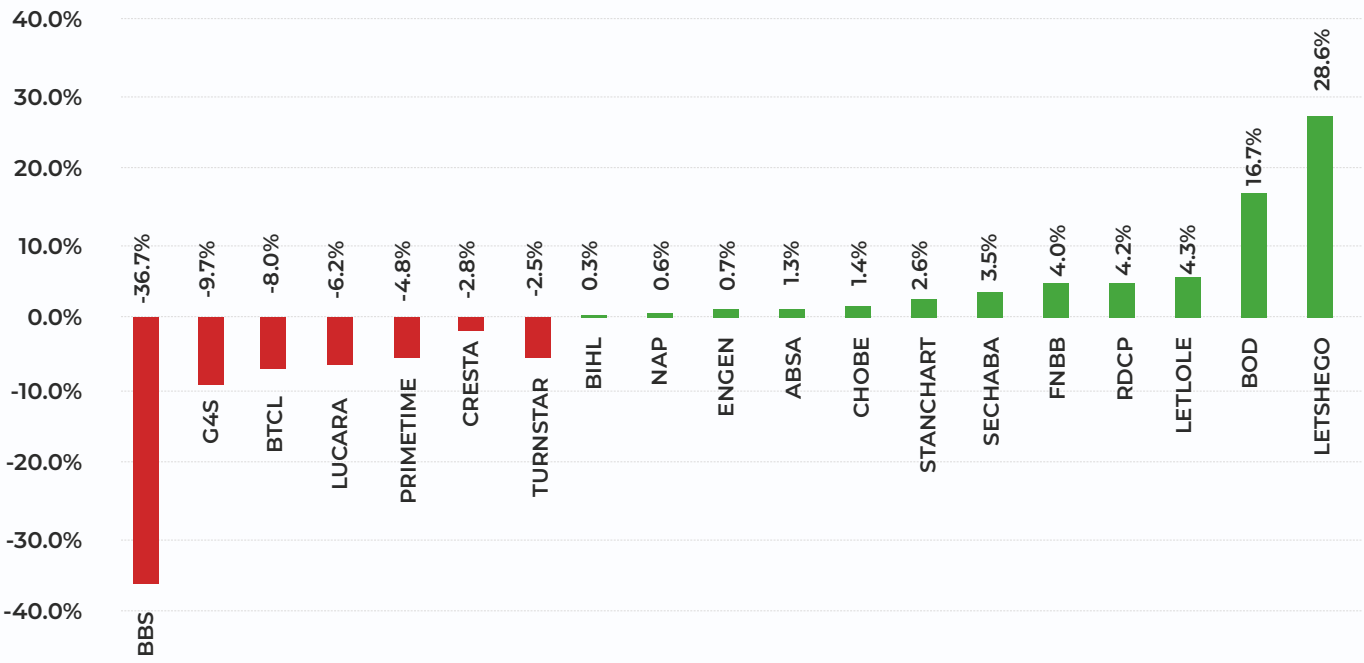
MARKET PERFORMANCE FOR THE PERIOD 1 JANUARY TO 31 MARCH 2022 (cont'd)

The rankings of companies by turnover thus far in 2022 is shown in Figure 4.

Figure 4: Companies Ranked by Turnover (BWP): Year-to-31 March 2022

COMPANY	JANUARY	FEBRUARY	MARCH	TOTAL
	Turnover	Turnover	Turnover	Turnover
LETSHEGO	11,803,831.18	21,803,961.91	220,973,511.60	254,581,304.69
CHOBE	43,329,746.06	4,885,499.16	1,064,689.78	49,279,935.00
SEFALANA	41,815,560.15	2,650,365.90	2,005,063.20	46,470,989.25
FNBB	87,580.76	724,158.20	17,178,900.32	17,990,639.28
BIHL	3,129,175.00	847,385.00	5,611,935.20	9,588,495.20
CA SALES	671,625.55	7,605,636.40	163,472.55	8,440,734.50
ABSA	4,678,697.60	1,160.00	1,572,402.64	6,252,260.24
LUCARA	3,791,723.00	4,361.50	34,688.30	3,830,772.80
BTCL	1,192,731.51	1,151,197.45	1,047,891.38	3,391,820.34
ACCESS	1,320,293.70	46,375.56	1,916.64	1,368,585.90
TURNSTAR	844,908.86	274,591.48	4,825.00	1,124,325.34
STANCHART	111,139.84	797,656.00	51,257.01	960,052.85
RDCP	97,841	617,269.50	212,564.25	927,674.25
SECHABA	131,770.00	375,456.45	41,409.40	548,635.85
ENGEN	99,106.09	245,737.89	187,357.60	532,201.58
G4S	486,891.00	2,924.10	27,000.00	516,815.10
NAP	140,761.20	309,864.88	65,767.28	516,393.36
FPC	-	261,557.10	208,250.00	469,807.10
BBS	10,087.03	206,372.66	56,693.55	273,153.24
CHOPPIES	1,016.40	56,854.20	194,858.34	252,728.94
CRESTA	101,835.89	57,408.00	-	159,243.89
PRIMETIME	-	87,570.00	69,881.00	157,451.00
LETLOLE	1,275.00	79,553.12	43,812.86	124,640.98
BOD	4,001.16	-	11,200.00	15,201.16
SEED Co	-	-	15,006.60	15,006.60
TLOU	-	4,000.00	-	4,000.00
MINERGY	256.50	-	-	256.50
ANGLO	-	-	-	-
INVESTEC	-	-	-	-
OLYMPIA	-	-	-	-
SHUMBA	-	-	-	-
TOTAL	**113,851,853.98**	**43,096,916.46**	**250,844,354.50**	**407,793,124.94**

Figure 5: Share Price Performance: 1 January – 31 March 2022



Note : Companies that did not experience share price movement are excluded from graph

Figure 5 shows the share price performance of listed companies during the period under review. Of the 31 listed companies, including BBS registered on the Serala OTC Board, 7 depreciated in share price, 12 appreciated in share price while 12 experienced no share price change.

The top gainer over the 1 January to 31 March period was Letshego with an appreciation of 28.6% in share price, followed by Botswana Diamonds (BOD) and Letlole with gains of 16.7% and 4.3% respectively. BBS experienced the biggest decline in share price of 36.7% followed by G4S and BTCL with declines of 9.7% and 8.0% respectively

1.4. Investor Contribution to Equity Turnover

As can be observed in Figure 6, local companies contributed 58.5% to total equity turnover or P238.8 Million while local individuals contributed 4.2% during this period or P17.1 Million to total equity turnover. Foreign companies contributed 32.8% or P133.6 Million while foreign individuals contributed 4.5% (P18.3 Million) to total equity turnover respectively.

Figure 6: Investor Contribution to Turnover: 1 January – 31 March 2022

Investor Category	Turnover (Pula)	Equity Turnover Contribution
Foreign Companies	133,624,002.82	32.8%
Foreign Individuals	18,268,575.13	4.5%
Local Individuals	17,100,796.56	4.2%
Local Companies	238,761,818.91	58.5%
Brokers	37,931.54	0.0%
Total	**407,793,124.94**	**100.0%**

Source: CSDB

2. PERFORMANCE OF EXCHANGE TRADED FUNDS (ETFs)

During the period under review, ETFs turnover amounted to P40.0 Million, an increase of 59.4% from P25.1 Million registered during the corresponding period in 2021. This was recorded from 159,555 units traded thus far in 2022 in comparison to 165,341 units during the same period in 2021. The NewPlat ETF, NewGold ETF and NewFunds ILBI ETF prices gained 1.5%, 3.8% and 5.0% respectively while BAMIB50 ETF declined 12.0%. The NewPall ETF and BASBI ETF prices experienced no change and NewPall ETF has not traded yet since listing in November 2021.

MARKET PERFORMANCE FOR THE PERIOD 1 JANUARY TO 31 MARCH 2022 (cont'd)

Figure 7 summarises the comparable ETF performance for 2021 and 2022 on a year-to-date basis.

Figure 7: Performance of ETFs: Year-to-31 March

ETF		Turnover (P'Mn)	Units Traded	Price Change (%)
NewGold	2022	30.9	155,960	3.8
NewPlat		0.0001	1	1.5
NewFunds		0.0250	398	5.0
NewPall		-	-	-
BASBI		0.0042	50	-
BAMIB50		0.0172	3,146	(12.0)
NewGold	2021	14.6	78,075	(5.1)
NewPlat		10.5	87,260	37.0
NewFunds		0.0003	6	(4.3)
NewPall		Not listed	Not listed	Not listed
BASBI		Not listed	Not listed	Not listed
BAMIB50		Not listed	Not listed	Not listed

Source: BSE

3. BOND MARKET PERFORMANCE

As can be observed in Figure 8 the value of bonds traded during the period under review was P445.5 Million compared to P527.5 Million traded during the same period in 2021.

During the first quarter of 2022, Bank of Botswana held three (3) auctions where additional tranches of bonds were allotted as follows:

Government Bonds	Amount Allotted (P'Mn)
BOTSGB0931	369.0
BOTSGB0640	388.0
BOTSGB0943	20.0
BOTSGB0527	85.0
TOTAL RAISED (Q1 2022)	**862.0**
TOTAL RAISED (Q1 2021)	**1,175.0**

As at end of March 2022, the market capitalisation of listed bonds stood at P23.8 Billion.

Figure 8: Analysis of Bond Market Performance

	1 Jan – 31 Mar 2021	1 Jan – 31 Mar 2022
Value Traded (P'Mn)		
Corporate Bond Turnover (P' Mn)	4.9	1.0
Government Bond Turnover (P' Mn)	522.6	444.5
TOTAL (P' Mn)	**527.5**	**445.5**
Market Capitalisation (P' Bn)		
Corporate Bond Market Cap (P' Bn)	5.5	5.3
Government Bond Market Cap (P' Bn)	16.1	18.5
TOTAL (P' Bn)	**21.6**	**23.8**
Number of Bonds Listed		
Corporate Bonds	38	37
Government Bonds	6	6
TOTAL	**44**	**43**

Source: BSE

BSE PRODUCTS

At present, products that can be listed and accessed by investors on the BSE include Shares, Bonds, Exchange Traded Funds (ETFs), Botswana Depository Receipts (BDRs) and Commercial Paper (CP). These products have different risk profiles offering different returns to satisfy the needs of various investors.

	BSE Listed Products	Benefits
1	**Shares** are intangible assets that represent ownership in a company.	✓ An investor has a claim to the profits of the company through dividend payments ✓ As a shareholder, you have the right to vote matters that are pertinent to the performance of the company. This is usually during a company's Annual General Meeting (AGM) ✓ Profits by benefitting from capital gains (share price appreciation) ✓ Ease of buying and selling through the assistance of BSE licensed Brokers
2	A **Bond** is a fixed-income instrument that represents a loan agreement made by an investor to a borrower.	✓ Receives regular cash flow through interest payments ✓ Compared to shares, bonds are a safer investment option because the principle amount is paid back once the bonds matures ✓ Bondholders have a higher claim on the issuer's assets in case of bankruptcy.
3	**Exchange Traded Funds (ETFs)** are instruments that track an index, price of a commodity or basket of assets and are listed on an Exchange. The instrument is backed by the underlying assets.	✓ Diversification - ETFs give you an efficient way to diversify your portfolio, without having to select individual stocks or bonds. They cover most major asset classes and sectors, offering you a broad selection ✓ Transparent – ETFs assume the risks of the underlying asset ✓ Cost Effective - Low management fees, no upfront fees or exit charges ✓ Liquid – Availability of Market-Makers ensure that there is constant tradability of ETFs ✓ Secure – ETFs are regulated & governed by the BSE Listings Requirements ✓ Trading Flexibility - ETFs are very versatile, letting you easily move money between specific asset classes, like stocks, bonds, or commodities. ✓ They trade like stocks, meaning you can trade them anytime during market hours. ✓ All commodity ETFs (NewGold ETF, NewPlat ETF & NewPalladium ETF) comply with Shariah Law
4	**Botswana Depository Receipts (BDRs)** A Depositary Receipt is an investment instrument that represents shares of a foreign company.	✓ BDRs offer local investors access to global investment opportunities without having to bear most of the trading and custodial costs which are normally associated with such cross-border transactions ✓ Investors are buying shares of a foreign listed company in their local market, of which they are aware of the processes and are familiar with trading, clearance and settlement procedures ✓ BDRs facilitate diversification into non-Botswana securities without many of the obstacles investors may have in purchasing and holding securities outside of the local market ✓ BDRs allow easy comparison to securities or similar companies trading on the BSE ✓ Distributions such as dividends can be paid out in foreign currency and the BDR itself can be listed and traded in foreign currency ✓ Right to receive distributions such as dividends accruing to the underlying shares represented by the BDRs ✓ BDRs enhance accessibility of research and of price and trading information of the underlying security ✓ Ability to exercise the voting rights directly under Sponsored BDR programs
5	**Commercial Paper (CP) -** Is a short-term debt instrument issues with a tenor of less than 1 year and it is primarily used to raise working capital for shorter periods of time.	✓ CP can be issued at short-notice ✓ CP diversifies the funding base for a corporation ✓ CP is often cheaper than equivalent bank funding ✓ CP programs can be arranged to provide borrowings of various maturities ✓ For investors yields on CP are market-determined and are often high than instruments of similar maturities

DISCLAIMER FOR INVESTING: All forms of investment involve an element of risk. Past performance is not a guarantee of future returns, as such, information provided should not be misconstrued as financial advice.

To invest in any BSE Products, please contact any of the below BSE licensed brokers:

- Imara Capital Securities: **(+267) 3188886/ enquiriesbots@imara.com**
- Motswedi Securities: **(+267) 3188627/ motswedi@motswedi.co.bw**
- Stockbrokers Botswana: **(+267) 3957900/ info@sbb.bw**

For information on BSE Products, please contact the BSE at **marketdev@bse.co.bw or +267 3674400.**

BSE LISTED EXCHANGE TRADED FUNDS:

The Botswana Stock Exchange (BSE) has a wide array of Exchange Traded Funds that can suit the different needs of the investors. Exchange Traded Funds (ETFs) are instruments that track an index, price of a commodity or basket of assets and are listed on an Exchange. The instrument is backed by the underlying assets. Currently, the BSE has six (6) ETFs; NewGold ETF, NewPlat ETF, NewFunds Inflation-Linked Bond Index ETF, Cloud Atlas S&P African Sovereign Bond ETF, Cloud Atlas AMI Big50 excluding South Africa ETF and NewPalladium ETF.

1. NewGold ETF - It is part of the ABSA Capital Commodity ETFs range. It was listed on the BSE in July 2010, making it the first ETF in Africa outside of South Africa. The NewGold ETF offers the opportunity to invest in gold bullion, as it tracks the Rand price of gold. The debentures are fully backed by physical gold bullion with each debenture approximately equivalent to 1/100th of a fine troy ounce of gold bullion, which is held with a secure depository on behalf of investors. It is one of the simplest and cost-effective way of directly investing in actual gold.

2. NewPlat ETF - It is part of the ABSA Capital Commodity ETFs range. It was listed on the BSE in August 2014. The NewPlat ETF offers the opportunity to invest in platinum bullion, as it tracks the Rand price of platinum. The debentures are fully backed by physical platinum bullion with each debenture approximately equivalent to 1/100th of a fine troy ounce of platinum bullion, which is held with a secure depository on behalf of investors. It is one of the simplest and most cost-effective method to invest in physical platinum bullion.

3. NewFunds Inflation-Linked Bond Index ETF - It is part of the Absa Capital range of ETFs. It listed on the BSE in November 2015. It tracks total returns of Absa South African Government Inflation-Linked Bond Index, consisting of bonds issued by the South African Government which are linked to the South African Consumer Price Index or inflation. The ETF declares coupon distributions monthly and these are reinvested in the fund.

4. Cloud Atlas S&P African Sovereign Bond ETF (BASBI) - The portfolio tracks the S&P Africa Hard Currency Sovereign Bond Select Index (USD) consisting of African Sovereign Bonds denominated in Euros, Japanese Yen and US Dollars from the African countries with a credit rating above B-, currently: Egypt, Ghana, Kenya, Morocco, Namibia, Nigeria, and South Africa.

5. Cloud Atlas AMI Big50 excluding-South Africa ETF (BAMIB50) - The portfolio tracks the AMI Big50 ex-South Africa Index and offers investors exposure to the top 50 primary listed companies in various African countries except South Africa. The portfolio is designed to reflect a liquid basket of constituents for investors looking for Pan African exposure without the hassles of deciding what to buy. It provides investors the exposure to Africa s growth potential and gives investors attractive valuations in Africa s equity markets. The portfolio consists of stocks in Botswana, BRVM (Ivory Coast), Egypt, Ghana, Kenya, Mauritius, Morocco, Nigeria and Tunisia.

6. NewPalladium ETF - It is a part of the ABSA Capital Commodity ETFs Range. It was listed on the BSE in November, 2021. The NewPalladium ETF offers the opportunity to invest in palladium bullion, as it tracks the Rand price of palladium. The debentures are fully backed by physical palladium bullion with each debenture approximately equivalent to 1/100th of a fine troy ounce of palladium bullion, which is held with a secure depository on behalf of investors. It is one of the simplest and most cost-effective method to invest in physical palladium bullion.

Benefits of Investing in ETFs

1. **Diversification -** ETFs give you an efficient way to diversify your portfolio, without having to select individual stocks or bonds. They cover most major asset classes and sectors, offering you a broad selection.
2. **Transparent** You know exactly what the underlying asset is
3. **Cost Effective -** Low management fees, no upfront fees or exit charges
4. **Liquid** Availability of Market-Makers ensure that there is constant tradability of ETFs
5. **Secure** ETFs are regulated & governed by the BSE Listings Requirements
6. **Trading Flexibility -** ETFs are very versatile, letting you easily move money between specific asset classes, like stocks, bonds, or commodities. They trade like stocks, meaning you can trade them anytime during market hours.
7. All Commodity ETFs (NewGold ETF, NewPlat ETF & NewPalladium ETF) comply with Shariah Law.

DISCLAIMER FOR INVESTING: All forms of investment involve an element of risk. Past performance is not a guarantee of future returns, as such, information provided should not be misconstrued as financial advice.

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- Stockbrokers Botswana: **(+267) 3957900/ info@sbb.bw**

For more information on ETFs, please contact the BSE at **marketdev@bse.co.bw or +267 3674400.**



THE ROLE OF THE CAPITAL MARKET IN FINANCING PUBLIC PRIVATE PARTNERSHIPS (PPPs)

BY THAPELO TSHEOLE, BSE CEO

Introduction

Botswana, like most developing countries, still needs substantial investment in infrastructure. More recently, infrastructure financing has increasingly developed into project finance through the Public-Private Partnership (PPP) model – which is an arrangement where a government and a private corporation combine to provide a public service through the creation and use of new assets for a set period.

In the 2022 Budget Speech, the Minister of Finance and Economic Development highlighted the progress regarding applying the PPP model for financing and implementing infrastructure projects, ranging from power to housing projects. The PPP model has been an increasingly popular technique to attract private capital, and several countries in the region have deployed the same in project financing. There is abundant Emerging Market experience, and there are various PPP projects within Sub-Saharan Africa in countries such as South Africa, Cameroon, Tanzania and Kenya, which provide valuable insights and lessons into how to leverage capital markets to support PPPs - important lessons for Botswana in progressively deploying the PPP model.

An Overview of Botswana's PPPs Landscape

The concept and use of PPPs are not new to Botswana, albeit very slow. The adoption of the Privatisations Policy in 2000, aimed at providing an optimal balance between the public and private sectors to achieve sustainable economic growth, is one indication of the acceptance of PPPs as an investment model.

Lately, PPP has been formally recognised as a procurement model through the amendment of the Public Procurement and Asset Disposal Board (PPADB) Act, but formally this notion comes from as far back as the 9th National Development Plan (2003 to 2008). The 10th National Development Plan (2009 to 2016) began to establish the PPP delivery mechanism. To date, two projects have been implemented through the PPP model in Botswana, namely, Ombudsman and Land Tribunal Office Accommodation Project, which was a 10-year concession that was handed over in 2017, and the SADC Headquarters Office Accommodation Project, which is a 17-year concession.

In the 11th National Development Plan (2017 to 2023), the Botswana Government explicitly reiterated its commitment to developing public infrastructure through PPPs as a means of procurement and financing of projects. This has been reiterated in the 2022 Budget Speech, wherein, Government outlined several projects that will be implemented during 2022 using a PPP model covering power, wastewater, roads, railway and housing. These have fiscal implications on the side of the Government, carry intense capital requirements on the side of the private partner, and these capital requirements can be complemented by accessing the deeper pools of liquidity through the Botswana Stock Exchange (BSE).

1. Using the Capital Market for PPP Financing

Infrastructure can be financed using different financial structures and instruments. Typically, these instruments include Project Bonds, Infrastructure Bonds and Infrastructure Funds. Depending on the issuer and the securities markets regulation, some are listed on the stock exchange, while some can be offered privately, including through Collective Investment Undertakings (CIUs). Experiences in countries such as Brazil, Costa Rica, South Africa, Kenya, Mexico are predominantly Project Bonds and Infrastructure Bonds that are offered through the public market and listed on the respective stock exchange. This is explained by the well-developed pension schemes in such countries, a phenomenon prevalent in Botswana.

South African pension funds have extensive experience investing in infrastructure, generally, through issuances of bonds by the National Treasury, Government Owned Entities, Provincial Government, Mayoral Cities, Municipalities as well as the private sector. Notably, the South African National Road Agency Limited (SANRAL), City of Johannesburg, City of Cape Town are some of the significant players in this space. For example, since 2004, the City of Johannesburg has issued more than six bonds. Cape Town and Ekurhuleni have

THE ROLE OF THE CAPITAL MARKET IN FINANCING PUBLIC PRIVATE PARTNERSHIPS (PPPs) (cont'd)

also issued such bonds. Almost all the funds raised by these bonds go into financing infrastructure, and interestingly all municipal bonds are listed on the Johannesburg Stock Exchange (JSE). Some of the salient infrastructure projects in South Africa financed through a PPP model include the Gautrain project and the Bakwena Platinum Corridor. The Gautrain project is a 15-year contract for the maintenance and operation of the Gautrain rapid rail system. The Bakwena Platinum Corridor is a 30-year concession contract with SANRAL to construct, manage, maintain and upgrade the N1 and N4 roads. In its inception, the N1 and N4 road networks were financed through 79% equity and 21% debt, much of which was raised through bond issuances.

Kenya has a well-developed history of raising capital from the public through the issuance of Infrastructure Bonds which are then listed on the Nairobi Securities Exchange (NSE). In addition, Kenya has a successful track record in infrastructure projects that have been built using PPPs. These include the Port of Mombasa Grain Terminal, built in 1998; the Malindi Water Utility, built in 1999 on a 5-year management contract; the Jomo Kenyatta International Airport Cargo Terminal (JKIA Cargo), built in 1998; the Kenya-Uganda Railway Concession in 2006, among others. Kenya's Vision 2030 blueprint seeks to make the country an industrialised middle-income economy by the year 2030, and the Government of Kenya has planned to spend an estimated sum of USD 60 Billion to put up infrastructure whilst relying heavily on PPP arrangements to achieve that goal. Through the Public-Private Partnerships Act of 2013, the Government has created an enabling legal and regulatory environment for PPPs to thrive in Kenya.

While the Government of Botswana has not specifically issued Infrastructure and Project Bonds themed as such, Government has raised more than P15.0 Billion on the BSE to finance an array of development projects, mainly infrastructure projects. Botswana has a huge potential in terms of deploying the stock exchange to raise infrastructure finance by both the public and private sector – and especially now and moving forward in the context of the increased ceiling of the Government Note Programme to P30.0 Billion as well as the pipeline of projects envisaged under this model. Botswana has deeper pools of liquidity from pension funds of over P109 Billion, and empirical evidence has shown that the use of bonds to finance PPP projects is more extensive among countries with significant pension schemes having long-term liabilities that need to match long-term assets. As it stands, the capital market regulations support the development of infrastructure financing, through bonds issued by Government, Development Banks, local authorities as well as corporate bodies, and through pooled investment vehicles that can be listed on the stock exchange, or remain off-market. Given the abundance of capital in Botswana vis-à-vis the availability of investment instruments, project sponsors and issuers should explore Botswana's deeper pools of long-term capital to support PPP projects.

2. The BSE Accommodates Financing Models for PPP Projects

Stock exchanges as capital raising venues can enable the efficient raising of equity and debt finance usually used in PPP project financing. The BSE has a significant role in ensuring that the domestic securities markets can facilitate capital raising for infrastructure development through models such as PPPs.

Over time, the BSE's regulatory regime has been modernised to ensure that it appropriately addresses the need to raise capital by various forms of institutions, including Government, and vehicles such as Special Purpose Vehicles (SPVs), and to ensure that it does not unintentionally hinder the use of the BSE for accessing infrastructure finance. From a regulatory perspective, just like any issuance of a debt instrument, the offering of such instruments considered for PPP financing requires the submission of a series of information to the BSE, including a Programme Memorandum or a Circular (referred to as Disclosure Documents), which entail provisions for disclosure of elements such as information about the issuer, information about the instruments and the financial information. In addition, the issuer is subject to periodic and ongoing disclosure requirements, including submission of periodic financial statements and annual audited financial statements and material events disclosure. The BSE's Debt Listings Requirements are very detailed in terms of the contents to be included, at a minimum, in the Disclosure Documents.

3. Conclusion

The execution of infrastructure projects through PPP has proven to not only create value in the form of quality public goods such as infrastructure but also enables sustainability and maintenance of infrastructure assets in the long term. The model allows for private sector development while the Government achieves its objective of addressing infrastructure needs sustainably. As demonstrated, the capital market, both private and public, can play a supporting role in implementing PPP project financing. The Ministry of Finance has mentioned that PPPs still involve costs to the budget, thus the need for risk-sharing through the capital market cannot be over-emphasised. Further, there is some form of relief from the burden of immediate implementation of projects and the scope to modernise infrastructure projects.



PRESS RELEASE

BBMA 2021 ANNUAL GENERAL MEETING

The Botswana Bond Market Association (BBMA) held its 2021 Annual General Meeting (AGM) on 20 January 2022 in line with the provisions of the Constitution of BBMA. The objective of the AGM was to receive a Chairperson's report on the performance of the Association, to receive the financial status report for the year ended 31 December 2021, to note the strategic plan for 2022-2024, to note the activity plan for 2022 and to elect a new Committee. In attendance at the AGM were members of BBMA and capital market participants.

The incoming Committee of BBMA for the term ending in 2024 comprises Mr. Boikanyo Kgosidintsi Chairperson (Chief Executive Officer, Western Life Insurance), Mr. Tshephang Loeto – Vice-Chairperson (Portfolio Manager, Vunani), Mr. Kopano Bolokwe – Secretary-General (Head of Product Development, Botswana Stock Exchange), Mr. Kwabena Antwi – Treasurer (Portfolio Manager, Kgori Capital), Ms. Shakila Khan – Member (Lead Attorney, Khan Corporate Law), Ms. Phatsimo Ncube – Member (Managing Director, Allay Gray), Mr. Mbaki Mudlovu - Member (Fixed Income Analyst, BIFM) and Mr. Jonathan Paledi Member (Co-Portfolio Manager, African Alliance).

The outgoing Chairperson, Ms. Morule, who did not stand for re-election, expressed sincere gratitude to the BBMA Committee and Members, thanking them for their commitment to transforming the bond market in Botswana. **I am incredibly proud to have offered my service to the BBMA. It has been a humbling experience. I thank the dedicated BBMA Committee and Sub-Committees, who gave their best to ensure we succeeded. Together, we managed to achieve our targets, despite the challenging period. Thank you for your support and cooperation. I would also like to extend my gratitude to our Secretariat - Botswana Stock Exchange, our Members, and our Stakeholders for the enthusiasm and support. My sincere congratulations to the new Chairperson, Mr. Boikanyo Kgosidintsi and his Committee .**

Commenting on his election as the incoming Chairperson of BBMA, Mr. Kgosidintsi acknowledged the tremendous contribution of the outgoing Chairperson, Ms. Lorato Morule, for driving the mandate of BBMA over the past three years. Mr. Kgosidintsi also thanked the retiring Member Dr. Pako Thupayagale for his contribution. Further, he added, **Under Ms. Morule s stewardship, the BBMA achieved its highest ever subscription base, sound financial position, and strong relationships with market participants. As the incoming leadership team, we will leverage all these strengths and continue to raise the profile of the BBMA to attract more interest in what is essentially a plain vanilla asset class associated with an ultra-conservative risk appetite. I m excited to lead a team with diverse experience and world views that will deliver on its core mandate of resolving structural impediments to the domestic bond market development.**



BOTSWANA BOND MARKET ASSOCIATION

ABOUT BBMA

BBMA is a national non-profit association whose membership comprises capital markets participants, scholars and the public. The Association serves to collaborate in and complement development initiatives undertaken by Botswana Stock Exchange and other stakeholders in developing the bond market in Botswana.

The Association seeks to provide productive inputs on policy issues affecting the bond market, undertake reforms supporting bond market development, speak with one voice and act as a lobby group to implement bond market development initiatives to promote liquidity and broad-based activity in the domestic bond market.

For more information, contact:

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Private Bag 00417, Fairscape Precinct,
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BOTSWANA GEARS TO BE AN E-BANKING HUB

BY BAKANG TIRO

With Botswana aiming to become a high-income country by 2036 as part of its transformation agenda, the country is on the right track following the decision to discontinue the use of cheques. The discontinuation of cheque transactions is anticipated to unlock the potential of economic growth amongst others as experts point out that it will spur e-banking and mobile money payment. Through the Bank of Botswana, the Government has announced that the discontinuation is on the issuing, acceptance and collection of cheques at the local banks.

"As of Dec. 31, 2023, all the banks in Botswana will cease to accept cheques for deposit and encashment, and therefore the public is advised to use alternative payment instruments in addition to cash, such as debit or credit cards, electronic funds transfers, internet banking, mobile money transfers and other digital payments platforms and instruments," said the Central Bank recently. According to the Central Bank, the use of cheques has been less effective due to the rise of digital payment systems. Furthermore, cheques present several challenges such as the lengthy processing period of about 2-4 days to obtain value, forgery of account holders' signatures, and dishonoured payments due to issuing cheques without sufficient funds.

UNLOCKING FINANCIAL INCLUSION

Local Economist and Financial Markets analyst - Dr Mosimane Rammika has said the elimination of chequebooks in Botswana is long overdue, considering the drive to improve financial inclusion. "When one uses a cheque, one is tempted to cash all the money without any balance at the bank. Therefore, plastic money is best as one may leave a balance for further transactions. The landscapes of a knowledge-based economy (KBE) and the fourth industrial revolution (4IR) demand digital transformation to drive a range of branchless transactions such as online or mobile banking. We live in a world that is technology-driven and time-sensitive, thus necessitating the elimination of chequebooks and promoting mobile money solutions," Rammika pointed out. According to Dr Rammika, the elimination of chequebooks will drive the achievement of financial inclusion, especially since the unbanked population in Botswana sits at 24% - and is expected to reduce to 12%, which is commendable considering that the global unbanked population is at two billion.

BOTSWANA GEARS TO BE AN E-BANKING HUB (cont'd)

"However, as technology advances within the banking sector, consumers should be empowered to operate in large-scale technology-driven transactions. According to Global Findex, the new data supports the hype behind mobile money – at least in sub-Saharan Africa, where 12 percent of adults have a mobile money account (compared to 2 percent globally) and 45 percent of these account holders rely on mobile alone for formal banking."

FINTECHS REVOLUTION

From a global perspective, the financial services industry keeps tapping into new technologies to drive the digitisation of its financial markets. From the introduction of mobile payments, online banking, and recently cryptocurrencies, the financial sector is now confronting a new disruptor known as Fintech, i.e. Financial Technology. Fintech - the modern branch of technology that deals with the financial sector - is crucial in harnessing financial inclusion, diversifying the economy, and increasing capital market participation.

As Botswana works towards being a knowledge-based economy, the country has been urged or advised to adopt technological solutions in distributing goods and services in almost every sector of the economy. It is expected that the discontinuation of cheques in Botswana will boost the adoption of Fintech too. According to Botswana's 2020 Finscope Survey, there has been tremendous growth in financial inclusion shown by the 242,947 increase in financially included adults in 2020. The survey reported that banking is mainly driven by the widespread uptake of transactional products and savings. The uptake of other formal non-bank products is driven by mobile money and transactional products. "There was an increase across financial mechanisms; banking up by 6 percentage points; uptake of other formal non-bank products increased by 20 percentage points; uptake of informal financial products/mechanisms is up by 3 percentage points. Financial exclusion declined by 8 percentage points," reads part of the survey, demonstrating the growth potential driven by financial technology.

MOBILE MONEY EXPLOSION

Economist Dr Rammika said that online money transactions will drive economic growth and efficiency. "Someone may ask how. Let me give an illustration. Imagine one person per street in Gaborone transacting through a phone to various places in Botswana, sending and receiving money because they were concluding a deal with somebody in one area. This shows the level of productivity happening in different areas in Botswana and people paid for the service they provide," he said.

According to Rammika, businesses have leveraged mobile money for seamless payment transactions, thus improving productivity. Delayed payments, he said, are outdated as online banking facilitates timely payments. The Finscope 2020 Survey done by the Ministry of Finance and Economic Development has further pointed out that there has been a tremendous growth towards the adoption of mobile money transactions. "The partnership between the Orange Mobile Money operator and Econet Zimbabwe enables Orange card customers to transfer money to Zimbabwe at a low cost.

Botswana Post has introduced PosoMoney which enables seamless money transactions in different forms, be it buying, sending or receiving. PosoMoney is convenient, simple and secure and gives universal services and access to financial services to anyone, anywhere," the survey pointed out on mobile money growth.

As part of embracing Fintech on the economic and financial market growth, Botswana is a party to the Bali Fintech Agenda, launched and adopted in October 2018 at the annual meetings of the International Monetary Fund (IMF) and the World Bank Group in Bali, Indonesia. The Bali Fintech Agenda has 12 policy elements aimed at helping its member countries harness the benefits and opportunities of rapid advances in financial technologies.

DIGITISED ECONOMY

Furthermore, Dr Rammika said there are several benefits to a digital economy. Import and export businesses become easy to operate, there is higher economic growth, the financial system is more reliable, and simultaneous transactions happen concurrently, thereby concluding business deals quickly.

"However, as technology advances within the banking sector, consumers should be empowered to operate in large-scale technology-driven transactions. According to Global Findex, the new data supports the hype behind mobile money – at least in sub-Saharan Africa, where 12 percent of adults have a mobile money account (compared to 2 percent globally) and 45 percent of these account holders rely on mobile alone for formal banking. If the level of ownership is not rectified, citizens of Sub-Saharan Africa will continue to be spectators in the industries they consume while enriching other nations," Rammika said.

Rammika also asserts that discontinuing the chequebook is very important because it is counterproductive and cannot keep pace with the current demands of modern businesses. "Cheques require physical movement to effect the transactions, thereby delaying timely payment and reversing the progressive nature of the smart payment system. We must be mindful that online banking continues to stimulate a technology-driven society through development and skill transfer in other sectors of the economy such as computer-sciences, digital product development and so on," Rammika explained.

BSE EMBRACES TECHNOLOGY

Research across the world shows that Fintech has also changed and will continue to shape how financial services providers operate with respect to service distribution and generating revenue. With that said, Botswana Stock Exchange Limited (BSE) did not lag in leveraging financial technology, as evidenced by implementing the Automated Trading System (ATS) in 2012 designed to facilitate the electronic and automated execution of trades in all the securities listed on the BSE.

The Exchange's past statistics reflect that the average daily turnover for 2017 amounted to BWP 10.0 million compared to BWP 3.6 million recorded in 2012, a significant improvement courtesy of the ATS implementation. Additionally, the Central Securities Depository (CSD) facilitates the holding of securities in electronic accounts, enabling them to be transferred digitally, unlike the previous arrangement of paper certificates.

Tune into

BSE RADIO SHOWS

Topics of the year 2022

January- March

- Importance of Financial Literacy
- Things to consider when investing
- The Role of the Stockbroker
- Share Ownership

April- June

- Listing Boards
- Tshipidi Mentorship Program
- Process of Listing
- Bonds

July- September

- Introduction to ETFs
- BSE Publication & Ticker
- Regulatory Environment
- Monitoring Your Investment

October - December

- Role of Registered Advisors
- X-News
- BSE Affiliations

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RB2 > Automatic Drive

Thursday:
1430-1445
RB2 > Understanding Stock Markets

Friday:
1730-1735
RB2 > Tsele le Tsele





INVESTING MADE EASIER: FINANCIAL SERVICES FIRMS & THEIR ROLES

Oftentimes, we are interested in investing, but we do not know where to start. A fundamental part of the investing journey is to know which type of organisation to contact for your different investment needs.

In this article, we will discuss different types of organisations and introduce you to their typical service offering, to help make your investment journey easier.

1. Asset Managers:
These organisations will typically offer investment management services. Asset Managers buy and sell stocks as well as other securities/assets to build portfolios for their clients. Typically, asset managers clients will be individual clients looking for unit trusts, corporate clients looking for unit trusts and segregated portfolios. If you are looking for a personal investment, an asset manager would probably be a good start. When investing with an asset manager through a pooled solution such as a unit trust or a segregated fund (for institutional investors and private clients), your money will typically be used to buy a diversified selection of assets, unlike in buying single stocks.

2. Stockbrokers:
A stockbroker is registered with the Botswana Stock Exchange (BSE), and they facilitate the buying and selling of individual stocks. If you are looking to buy single stocks (e.g. company As shares) then you need the services of a stockbroker. A stockbroker will help you open a CSD (Central Securities Depository) account, which acts like a bank account, but for stocks and BSE registered exchange-traded funds. Any individual is entitled to use one or more stockbrokers to buy and sell stocks, but you will have only one CSD account.

3. Fund Administrators:
Fund administrators are usually assigned to handle the administrative part of institutional funds such as pension funds, provident funds, medical aid funds, and other special funds. These organisations act as an intermediary between asset managers and investors to verify and distribute assets tied to investments. Fund administrators will help you set up your pension fund, either as an employer or employee, and provide periodic statements while assisting you with encashing the pension fund when you are due for any encashments. Fund administrators will usually (though not mandatorily) have a Financial Advisory department.

4. Botswana Stock Exchange (BSE)
The BSE regulates the selling and buying of shares in Botswana, thus they regulate stockbrokers. BSE assists companies in listing (offering their shares to the public) and then regulates their trading activities to ensure that everything listed companies do is in the best interest of the shareholders. The BSE is thereby also mandated with the operation of the Central Securities Depository.

5. NBFIRA:
The Non-Bank Financial Institutions Regulatory Authority is responsible for regulating all the activities and stakeholders in financial markets, which are not banks. NBFIRA is the primary regulator for all non-bank financial institutions, with responsibilities ranging from licensing to continuous monitoring and evaluation of non-bank financial activities. For any queries/ complaints, you might have regarding any financial institution that is not a bank, you will most likely get guidance from NBFIRA.

6. Insurer:
An insurance company will assume your financial risks for a premium. For instance, if you are shopping for insurance on your car or your house, an insurance company will most likely have the solution for you. An insurance broker, however, is a gateway institution between clients and insurance companies. Brokers assist clients with applications for insurance packages and general relationship maintenance; assist through the claims process, and ensure that client premiums are paid on time.

7. Financial Advisors:
Financial advisors are like a one-stop-shop for most of your financial needs. A good financial advisor should be able to assess your financial needs and recommend the right type of institution for your needs.

It is always important to check that the institution you are dealing with is regulated by NBFIRA or the Bank of Botswana. This avoids the risk of being defrauded but also affords you a platform to forward any complaints you might have against a service provider in financial markets. Do your due diligence to find the right institution to support you, and do not shy away from considering and assessing more than one before you make a final decision.

Happy Investing!

This article was authored by Kgori Capital, a leading asset management firm.

KGORI CAPITAL
INVEST WITH PRIDE

LISTING ON THE BOTSWANA STOCK EXCHANGE

There are four boards on the BSE; the Main Board; the Venture Capital Board; Tshipidi SME Board and; the Serala Over-the-Counter (OTC) Board. These can be further sub-divided into domestic and foreign boards. The boards are as follows:

- **The Main Board** comprises the Domestic Main Board designated for the companies incorporated in Botswana. The Foreign Main Board is designated for companies incorporated outside Botswana. Most companies that intend to list on the Main Board have an operational history of more than five years at the point of listing.

- **The Venture Capital (VC) Board** is designated for companies still in the early growth stage or have no operational history and may not meet the minimum criteria of the Main Board. These include start-ups and "infant" companies. The Venture Capital Board has less stringent listing requirements compared to the Main Board. It is also sub-divided into the Domestic VC Board and the Foreign VC Board.

- **The Tshipidi SME Board** is a new listing board on the BSE designated for small and medium enterprises (SMEs) and serves as a platform to raise capital. The board has a panel comprising of three industry experts that make an independent recommendation to the BSE on the readiness of the applicant to list on the board. A company that applies to list on the Tshipidi SME Board must appoint a Nominated Advisor to be retained for the duration of the observation period. In addition, the directors of companies applying to list on the Tshipidi SME Board must attend an Induction Workshop before the listing date of the company.

- In addition to the above-listed boards, the BSE has the **Serala Over-the-Counter (OTC) Board**. This is where companies that are not ready to list on the Main Board, the Venture Capital Board or the Tshipidi SME Board register their securities with the BSE. The Serala OTC Board was designed to house companies that wish to familiarise themselves with the listing requirements of other boards while they prepare for listing. It is also a platform where registered companies can avail their products and securities for trading in the secondary market, thus unlocking value and liquidity.

Different Boards On The BSE

	Serala OTC Board	Tshipidi SME Board	Venture Capital Board	Main Board
Number of shares	Not specified	Atleast 1, 000,000 shares	Atleast 1, 000,000 shares	Atleast 1, 000,000 shares
Minimum no. of shares offered to public	Not specified	Atleast 5% of total shares in issue	Atleast 10% of total shares in issue	Atleast 30% of total shares in issue
Prior proof of Financial Perfomance	Not specified	Modus operandi and business plans	Modus operandi and business plans	Sound financial perfomance in last 3FYs with profit before tax in last FY being at least P1 Mn.
Subscribed Capital	Not specified	P500,000	P2.5 Mn	P5 Mn
Continuous Obligations	* Publish Annual Financial Statements on BSE X-News within 3 months of year-end * Publish interest and dividend declaration	* Compliance with listings requirements * Obligations of disclosure (financial information)	* Compliance with listings requirements * Obligations of disclosure (financial information)	* Compliance with listings requirements * Obligations of disclosure (financial information)
Listings Fees	* Registration Fee - P10,000 * CSDB Fee - P10,000 * Reports Fee - P6,000 **TOTAL - P26,000**	* 0.025% of Market Capital, Minimum P50,000 and Maximum P200,000	* 0.025% of Market Capital, Minimum P50,000 and Maximum P200,000	* 0.025% of Market Capital, Minimum P50,000 and Maximum P200,000
Annual Fees	* P26,000 per annum, same as above	* 0.025% of Market Capital, Minimum P50,000 and Maximum P150,000	* 0.025% of Market Capital, Minimum P50,000 and Maximum P150,000	* 0.025% of Market Capital, Minimum P50,000 and Maximum P150,000

BSE Listings Boards: Summary of Requirements

To enquire about listing on the BSE, please contact our Listings & Trading Department via e-mail on listings @bse.co.bw.

LISTING ON THE BOTSWANA STOCK EXCHANGE (cont'd)

WHY LIST ON THE BSE

There are various reasons why companies list on the Botswana Stock Exchange (BSE). Some of the notable advantages of listing include;

- **Ability to raise capital:** Listing allow companies to raise funds from a large pool of diverse investors for ongoing business expansion.
- **Owner equity release:** Founders of a company can disinvest or "cash in" by selling a portion of their shareholding in the business.
- **Enhanced corporate governance practices:** Listed companies must adhere to listings requirements continuingly. These include high standards of corporate governance, disclosure of information to investors and regulators and provision of audited financial statements.
- **Improved liquidity and marketability of securities:** Listing eases the buying and selling of securities in a public market, therefore shareholders can liquidate their holdings with relative ease.
- **Enhanced credibility:** By being a listed company, the company's stakeholders such as banks, suppliers and other entities become more amicable to doing business due to good governance practices.
- **Increased public awareness:** A listing leads to increased corporate profile and brand visibility.
- **Employee retention/attraction:** Opportunity to create Employee Share Option Plans (ESOPs) that can help retain and attract high calibre employees.
- **Price revelation and price discovery:** Trading of listed shares unlock and reveals the value of the share by promoting price discovery. As such, a listed company can determine its worth by referring to the market price of its share.
- **Technology and infrastructure:** Securities trading on the BSE is electronic and conducted through the Automated Trading System (ATS). The clearing and settlement of securities is facilitated through the Central Securities Depository (CSD) system.
- **Investor base:** There is access to a broad base of investors ranging from various institutional and retail investors, both local and international.
- **A large pool of capital:** Botswana has a large pool of long-term contractual savings, especially by pension funds.

Internationalization: The BSE continually pursues strategies to align with international best practices in the global securities and exchange industry and adapt to the evolving and fast-changing global investment environment.

- **International Affiliations:** The BSE is affiliated with the following international institutions:
  - Affiliate Member of World Federation of Exchanges (WFE)
  - Partner Exchange of the United Nations Sustainable Stock Exchanges (SSE) Initiative.
  - Member of the African Securities Exchanges Association (ASEA).
  - Member of the Committee of SADC Stock Exchanges (CoSSE).
  - Recognized stock exchange by the United Kingdom's Her Majesty's Revenue and Customs



For more information on the benefits of listings, please contact the Listings & Trading Department via e-mail on listing@bse.co.bw.

BSE LISTED COMPANIES BY SECTOR

Financial Services and Insurance

BIHL GROUP

Investec

Letshego

Security Services

G4S Group 4 Securicor

Retail and Wholesale

CHOPPIES Great value for your money!

CA

Sefalana GROUP

SBHL SECHABA BREWERY HOLDINGS LIMITED

OLYMPIA Capital

Property

FaR Property

LR Letlole La Rona Limited

TURNSTAR HOLDINGS LIMITED

NEW AFRICAN PROPERTIES

PRIME TIME

RDC

Banking

FNB First National Bank

absa

Standard Chartered

access

BBS

Energy

ENGEN

Agriculture

SEED-CO

Telecommunications

btc Live connected.

Mining

LUCARA DIAMOND

BOTSWANA DIAMONDS PLC

ANGLO AMERICAN

SHUMBA ENERGY

TLOU ENERGY

minergy coal and energy

Tourism

CHOBE HOLDINGS LIMITED

CRESTA Marakanelo Limited

DON'T MISS THE LATEST NEWS!

SUBSCRIBE

X-News is an information portal that provides real-time information on BSE listed companies to the market. Information made available on X-News include, all Press Announcement, Prospectuses, Pre-listing Statements and Circular as per the BSE listings Requirements



Subscribers to the X-News Service are afforded the luxury of receiving the latest market news updates. All news updates on the services are sent to subscribers, therefore assisting investors to make informed, financial decisions.

The cost of the X-News service is **BWP 4,000.00** (local fee) and **USD800** (International fee) per year. Renewals for the service are conducted every year on or before December 31st.

For more information, please contact Product Development at ***productdev@bse.co.bw*** or call ***(+267) 367 4418***



ADOPT-A-SCHOOL INITIATIVE

BSE DONATES SCHOOL STATIONERY TO KARENG & METSIMANTSHO PRIMARY SCHOOLS

In line with their ongoing 3-year respective partnerships with Kareng & Metsimantsho Primary Schools under the Government driven **'Adopt-a-School'** initiative, the BSE conducted another donation exercise to both schools that included school stationery and branded merchandise during the month of February.

As with previous donations, the BSE aims to foster the delivery of quality education by availing all the necessary resources required to equip the learners as they learn. Hence, the BSE donated school supplies to facilitate the day-to-day tasks such as markers, files, rulers, pens, staplers, and notebooks.

Having access to stationery will help uplift and encourage the student body as they aim to improve their grades during the calendar year.

KARENG PRIMARY SCHOOL DONATION CEREMONY – 17TH FEBRUARY, 2022



(Left to Right) Kareng Primary School Deputy School Head, Mr. Ngande, BSE CEO, Mr. Thapelo Tsheole, BSE Head of Market Development, Ms. Thapelo Moribame and VDC Chairperson, Mr. Hikuama



Students of Kareng Primary School



Residents of Kareng Village



Kareng Primary School Deputy School Head, Mr. Ngande delivering the Welcome Remarks



BSE CEO, Mr. Thapelo Tsheole delivering the Official Remarks



BSE Head of Market Development, Ms. Thapelo Moribame presenting donations from the BSE



BSE Head of Market Development, Ms. Thapelo Moribame presenting donations from the BSE



BSE Head of Market Development, Ms. Thapelo Moribame presenting the donations from the BSE to Mr. Ngande, the Kareng Primary School Deputy School Head



VDC Chairperson, Mr. Hikuama, delivering the Vote of Thanks

ADOPT-A-SCHOOL INITIATIVE - BSE DONATES SCHOOL STATIONERY TO KARENG & METSIMANTSHO PRIMARY SCHOOLS (cont'd)

METSIMANTSHO PRIMARY SCHOOL DONATION CEREMONY – 18TH FEBRUARY, 2022



Master of Ceremony, Ms. Madikwe, introducing all the guests.



Metsimantsho Primary School Deputy School Head, Mrs. Tony Mothibi, delivering the Welcome Remarks



Remarks from Regional Acting Chief Education Officer, Mrs. Bogosi



Students of Metsimantsho Primary School



Remarks from the representative of the Member of Parliament's Office, Mr. Ramosedi



Official Remarks by the BSE CEO, Mr. Thapelo Tsheole



Remarks by BSE Head of Market Development, Ms. Thapelo Moribame



Donations - School Stationery & BSE Merchandise



Farewell Words by Metsimantsho Primary School Former School Head, Mrs. Tuelo Aedige



Remarks by Council Chairperson, Hon. Baduetse Setswalo

DEMAT: A DIGITAL TRANSFORMATION DRIVE



Introduction
In the face of the change-provoking Fourth Industrial Revolution force (4thIR), industries, organisations, and sectors have found themselves driven into a trench of product-offering revolution and internal process re-engineering.

The financial industry, particularly the capital market, did not escape the stimulus. COVID-19, declared a pandemic on 31 December 2019, was more potent than the 4thIR, as we experienced complete shutdowns locally, continentally, and globally, bringing the globe to a halt and shutting down significant operations in virtually every sector. While it stifled global economies, it also spurred innovation and a shift away from conventional ways and toward technology-driven operations.

Furthermore, COVID-19 underlined and amplified the advantages of technology-based processes such as the Central Securities Depository (CSD) "Dematerialisation Drive".

What is Dematerialisation (DEMAT)?
Dematerialisation (DEMAT) is the transition from physical certificates to electronic record-keeping. It is a process facilitated by the Central Securities Depository system, in which actual stock certificates are removed and retired from circulation in exchange for computerised records held in CSD accounts.

What are the benefits of DEMAT at Investor Level?

1. Convenience
   - Because it operates electronically, it enables continuous management of security transactions.
   - It eliminates the need for the investor to be physically present to complete transactions.

2. Easy transfer of funds
   - A CSD account can be linked to your bank account, making it easy to facilitate the electronic transfer of funds.

3. Transactional Security
   - Electronic means are used to credit and transfer securities. As a result, the hazards related to using paper certificates, such as mutilation fraud and theft, are mitigated.

4. Obliterates the need for paper
   - Physical certificates are vulnerable to being misplaced, lost, stolen, or damaged by water or fire. However, CSD's electronic record-keeping mitigates these risks. If a security account is lost, sufficient backup facilities ensure retrieval.
   - Using a CSD account to manage your share trading lowers the need for paper-based documents, making the whole process more environmentally friendly & seamless.

5. Safe and efficient transfer of securities
   - Guarantees a safe and efficient transfer of securities by offering fully automated services during circulation of securities within the system (DvP, Book entry), No delays in receiving shares as the system operates on a DvP basis.

What are the benefits of DEMAT at Stock Exchange Level?

1. Anti-Money Laundering Compliance (AML)
   - The requirement for Know Your Client (KYC) documentation, which is essential for client relations, allows the CSD to be AML compliant.

2. Competitiveness
   - The process of computerisation would enable the CSD to compete in the global market and improve its attractiveness to foreign investors.

3. Provision of sufficient information
   - Electronic record-keeping allows for qualitative analysis and improved information distribution, both of which are beneficial for investment decision-making.

4. Cost Reduction
   - DEMAT has also enabled cost-efficiency because electronic stock trading no longer presupposes cumbersome paperwork, which led to high administrative expenses such as printing costs, settlement costs/bank charges through cheque payments being cut off.

DEMAT: A DIGITAL TRANSFORMATION DRIVE (cont'd)

What are the benefits of DEMAT at Issuer level?

1. *Elimination of counterfeiting risks associated with circulation.*
2. *Safety of securities registered in the Central Depository.*
3. *Establishing an integrated database of shareholders accounts for issuers registered in the system.*
4. *Reliability and availability of information related to shareholders identification and accounts, the system can therefore be used as an information tool to disseminate information on the market.*
5. *Eliminates the need to print a certificate.*
6. *Reduced costs, efforts and time to print scripts/certificates or any amendments that may occur e.g. corporate actions.*
7. *CSD can offer registrar services to the issuers.*
8. *Increased information protection.*

Where are we now?

Holdings in the domestic companies' omnibus accounts totalled 0.6 % of total issued shares on the market at the end of February 2022, remaining steady from the fourth quarter of 2021. Currently, the total number of physical certificates still in circulation stands at 12,778, therefore all investors who still hold physical certificates are urged to dematerialise.

How to Dematerialise?

1. Approach one of the three brokers;
2. Imara Capital Securities
3. Stock Brokers Botswana
4. Motswedi Securities
5. Open a CSD account

Individuals and companies will, however, be required to provide certain documentation before account opening:

Individuals	Corporations
Copy of ID/ Copy of Valid Passport	• Copy of the certificate of incorporation & Copies of ID / Passport of the Directors
Proof of Residence (Utility Bill/Lease Agreement/Affidavit)	• Proof of Address (Utility Bill/Lease Agreement)
Proof of income (Payslip and / or Bank Statement	• Proof of income (Bank Statement) • Constitutions or Resolution/Letter of Consent from the Board of Directors

BSE s NEW WEBSITE AND MOBILE APPLICATION

DID YOU KNOW?

The Botswana Stock Exchange (BSE) has a newly designed website and mobile application. A new website was necessary to create a more user-friendly, browsing experience for current and prospective clients with respect to accessing market information.

Some of the notable new features of this site include a stock market ticker displaying real-time price & indices movements, a watchlist function to monitor selected securities, an optimized search engine for easy navigation and integrated social media buttons, amongst others.

To coincide with new website, the BSE also introduced a mobile application to suit the needs of clients-on-the-go in accessing market information and interacting with the Exchange. The mobile app carries most of the features that are part of the website and will act as an easier channel for users to buy customized data to meet their diverse requirements. The mobile app can be downloaded from the App Store & Google Play Store.



Given their modernized look and feel, as well as the interactive functionalities, the new website and the mobile app are expected to significantly increase the visibility of the BSE, including listed companies, products and services, the reach of market data and the vibrancy in the stock market.

URL: www.bse.co.bw

For more information on the BSE website and mobile application, please contact the Market Development Department via
e-mail on: marketdev@bse.co.bw



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BSE SOCIAL MEDIA ICONS:

By being a disclosure-based entity, the Botswana Stock Exchange (BSE) advocates for open channels of communication and information dissemination with all our stakeholders. As such, the BSE is always active on the following social media platforms to engage wit followers around the world;

Botswana Stock Exchange

@TheOfficialBSE

WHAT IS A SPECIAL PURPOSE ACQUISITION COMPANY (SPAC)?

BY THAPELO MORIBAME
BSE HEAD OF MARKET DEVELOPMENT



A Special Purpose Acquisition Company (SPAC), also known as a Special Acquisition Company (SAC), is a company with no existing commercial operations, formed strictly to raise capital on the stock exchange for the sole purpose of acquiring an existing company or shares within a company. This company does not only acquire shares in an existing company but can merge with that company. In short, this is a publicly-traded shell company with no operations of its own, but with a specific mandate to acquire other companies and assets or even merge with them.

Further, also known as 'blank cheque companies', SPACs have been around for some time, but their popularity of late has ensured that they attract large investments. A SPAC is considered to be a modern and sophisticated way of raising capital and requires certain expertise because they have a limited time in which to make acquisitions or to merge with other companies, and to satisfy the basic conditions for listing on an exchange.

In short, SPACs are in many ways a modern alternative to raising capital for acquisitions of assets. The pandemic may also have something to do with the boom of the SPAC IPO market because, with no need to conduct an extensive physical roadshow, sponsors have used it as an easy way to reach new investors and raise capital during the pandemic.

In the past, sponsors have used SPACs to raise capital by undertaking a quick IPO based on the strength of a high-profile and well-regarded management team that is knowledgeable and experienced in a particular industry. SPACs have been noted to not be industry-specific because, in the past, they have been used to raise capital for a wide range of businesses that span across various sectors.

Following the IPO, proceeds from a SPAC are then placed into a trust account for future acquisitions or mergers and must be deployed to acquire a specific business, within a requisite time, generally up to two years.

If the shareholders of a SPAC are not able to reach a consensus on the proposed acquisition or the SPAC term within which such acquisitions should have been made, expires, then the capital initially raised must be handed back to investors according to the set criteria. One might ask what the incentive is for the initial investors of a SPAC are before the acquisitions are made. Normally, they are initially issued with warrants to incentivize them to subscribe for the IPO, as well as to vote in favour of the proposed mergers or acquisitions, In the case of sponsors, they are issued with founders' shares.

Looking at the SPAC statistics to get a sense of the size of the market, according to Michael A. Smith, Richard F. Langan, Jr., and Bohao Zhou (2021);

- *'The SPAC IPO market in 2020 has undoubtedly benefitted from robust activity in the stock markets, generally, with Wall Street exchanges reaching historic highs in 2020.*
- *More than $83 billion was raised in 248 initial public offerings through SPACs, more than all other years combined.*
- *The SPAC IPO market accounted for over half of all IPOs in the U.S. in 2020.*
- *SPAC IPOs in 2020 were dominated by Wall Street's bulge bracket banks, led by Credit Suisse, Citigroup, and Goldman Sachs, in that order. Other investment banks that were very active underwriting SPAC IPOs last year included Jeffries, UBS, Morgan Stanley, Deutsche Bank, JP Morgan, and BofA Securities.*
- *Private equity firms that raised SPAC capital last year include Apollo, TPG, CC Capital, Neuberger Berman, RedBird Capital, and the Gores Group.*
- *Pershing Square made headlines by raising $4 billion with a SPAC IPO in 2020, the largest SPAC to date. Most SPACs raised $100 million to $500 million in their IPOs.*
- *There is now over $90 billion sitting in SPAC trust accounts that needs to be spent in 2021 and 2022, primarily in the information technology, health care, and consumer discretionary industries. Given that a typical SPAC merges with a business that is three to five times its size, that means there is a potential for $270 billion to $450 billion in merger activity for the next few years.*

WHAT IS A SPECIAL PURPOSE ACQUISITION COMPANY (SPAC)? (cont'd)

The current trends that are evidenced globally now are;

1. Although SPACs were shunned in the investment community, the financial community has embraced SPACs as an alternative source of capital.
2. SPAC capital for mergers and acquisition activity is now regarded as a legitimate way to go public, given the recent SPAC activities and the amount of money sitting in SPAC trust accounts.
3. Private equity firms are not the only ones taking advantage of the SPAC model, family wealth offices, foreign private equity firms, and high-profile investors are launching SPACs on stock exchanges, especially in the US. Some of these groups team up with underwriting firms and private equity firms to co-sponsor a SPAC launch.
4. Currently, there are no prohibitions both regulatory and legal on sponsors launching their domestic SPACs for local and foreign deals.
5. For example, in the US, foreign companies are listing SPACs on US exchanges to go public in the U.S or merge with businesses based across the world.
6. Foreign companies are particularly attracted to the ability to partner with a reputable U.S. private equity firm or other investors as they go public in the United States.

HOW A SPAC WORKS?

- ***The Role Of Sponsors:*** A SPAC is formed by experienced business executives who are confident that their skills and experience will enable them to identify profitable companies to acquire. Since a SPAC is a shell company with no commercial operations, the founders' vision and reputation is a selling point when engaging with prospective investors. The founders will hold shares in the shell company since they provide the starting capital and the vision for the company. The proceeds of the investment are then used to cover underwriting fees and expenses that the SPAC incurs during its search for a target and, in some cases, to augment the return to redeeming shareholders.

  The additional investment by the sponsor, however, may worsen the misalignment of a sponsor's incentive because the investment will be lost if the SPAC does not merge or acquire assets. As such, the sponsor will have more of an interest in merging on terms that may be unattractive to SPAC shareholders than fail to identify a target.

- ***The IPO:*** For an IPO process, the SPAC must simply comply with the listing rules of that exchange when issuing. The SPAC will then be required to engage the assembled team of advisors to handle the IPO at the agreed fees just like any other equity listing. Since this is a shell company with no operations, the prospectus focuses mainly on the sponsors and less on the history of the company.

  Proceeds from the IPO are then held in a trust account until an acquisition target is identified. Finally, the securities sold during an IPO are offered at a unit price, which represents one or more shares of common stock.

- ***Acquiring A Target Company:*** Following the IPO process, the SPAC has a limited amount of time usually between18 to 24 months to identify a target and complete the acquisition. Once acquired, the founders will profit from their stake in the new company, while the investors receive an equity interest according to their capital contribution.

- ***Lapse In Period:*** If the period lapses before an acquisition is completed, the SPAC is dissolved, and the IPO proceeds held in the trust account are returned to the investors. When running the SPAC, usually the management team is not allowed to collect salaries until the deal is completed.

- ***Public Units/Shares:*** A SPAC floats an IPO to raise the required capital to complete an acquisition of a private company. The capital is sourced from retail and institutional investors, and 100% of the money raised in the IPO is held in a trust account. In return for the capital, investors get to own units, with each unit comprising of a share of common stock and a warrant to purchase more stock at a later date.

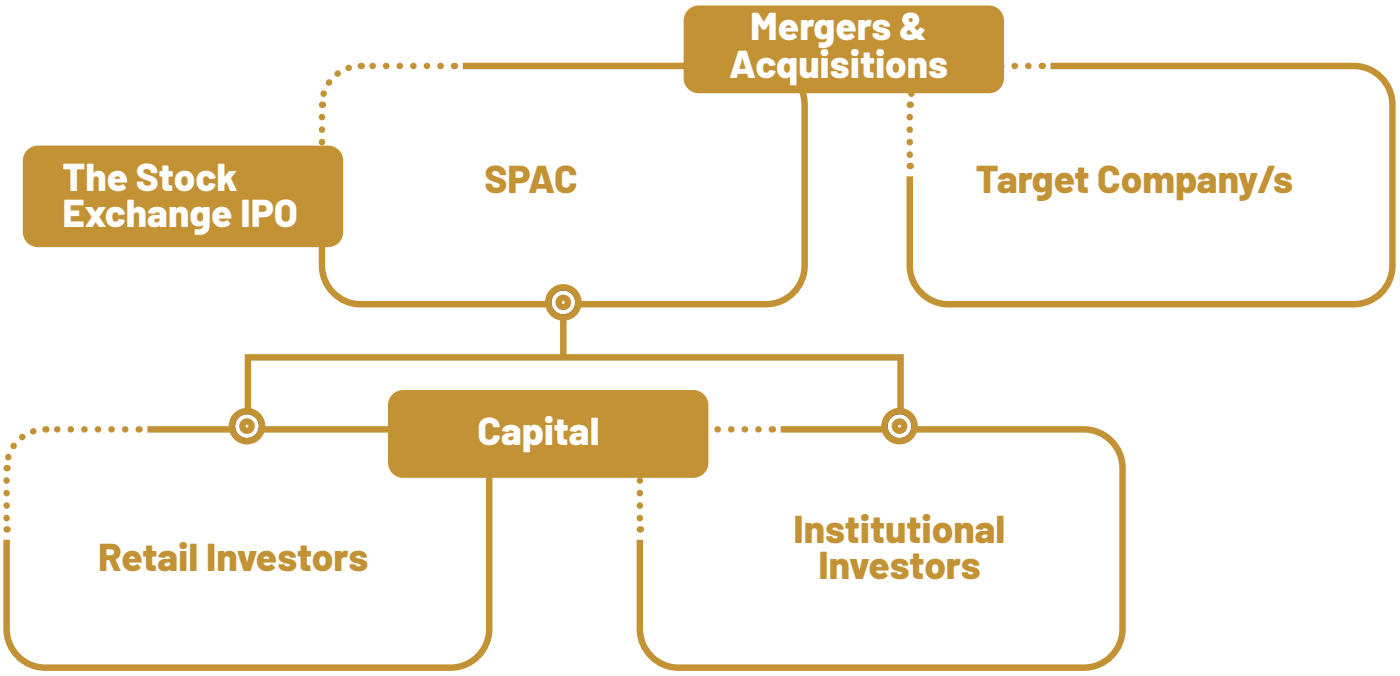
  After the IPO, the units become separable into shares of common stock and warrants, which can be traded in the public market. The purpose of the warrant is to provide investors with additional compensation for investing in the SPAC.

- ***Founder Shares:*** The founders of the SPAC will purchase founder shares from the onset of the SPAC registration, and pay nominal consideration for the number of shares that results in an ownership stake (in some cases 20%) in the outstanding shares after the completion of the IPO. The shares are intended to compensate the management team, who are not allowed to receive any salary or commission from the company until an acquisition transaction is completed.

- ***Warrants:*** The units sold to the public comprise a fraction of a warrant, which allows the investors to purchase a whole share of common stock. Depending on the bank issuing the IPO and the size of the SPAC, one warrant may be excisable for a fraction of a share (either half, one-third or two-thirds) or a full share of stock. The public warrants are cash-settled, meaning that the investor must pay the full cost of the warrant in cash to receive a full share of stock. Founder warrants, on the other hand, maybe net settled, meaning that they are not required to deliver cash to receive a full share of stock. Instead, they are issued shares of stock with a fair market value equal to the difference between the stock trading price and the warrant strike price.

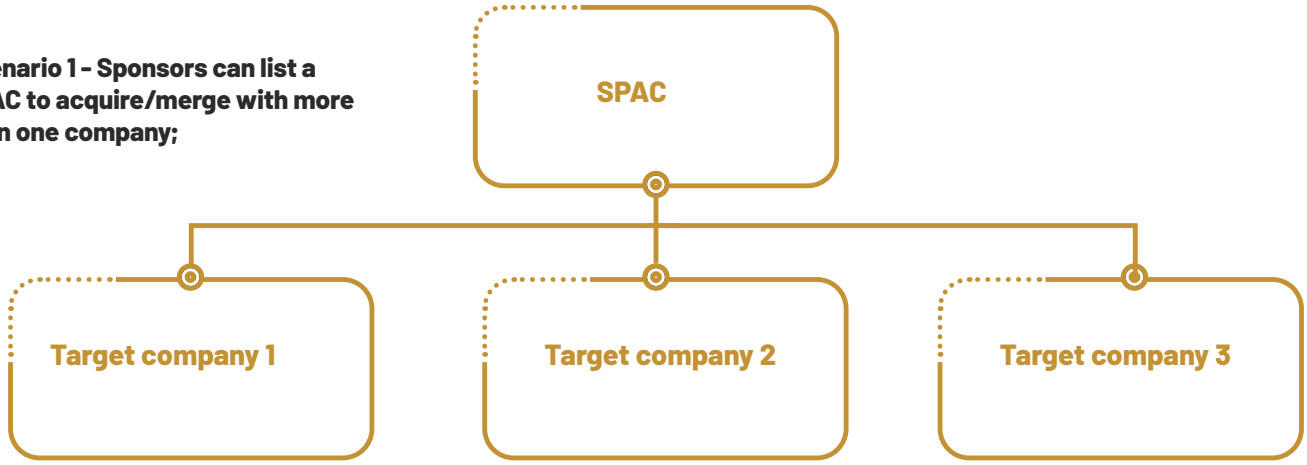
WHAT IS A SPECIAL PURPOSE ACQUISITION COMPANY (SPAC)? (cont'd)

Figure 1: The flow of a SPAC



The above scenario from the SPAC to the target companies can be done in multiple scenarios;

Scenario 1 - Sponsors can list a SPAC to acquire/merge with more than one company;



Scenario 2 - Sponsors can list multiple SPACs and each of them acquiring their specific target;



WHAT IS A SPECIAL PURPOSE ACQUISITION COMPANY (SPAC)? (cont'd)

ADVANTAGES OF A SPAC MODEL:

Sponsors

- A SPAC is a much quicker way to go public than a traditional IPO, providing more deal and pricing certainty in a volatile capital market.
- It is widely accepted as a modern way of raising capital for acquisitions and mergers. There are now numerous SPACs that have been launched and listed in the US, dedicated to merging with Chinese, Indian, and other foreign businesses.
- SPACs are seen as a vehicle by which companies shut out of the IPO market—due to complexity or uncertainty in their businesses could go public.
- SPACs are usually led by experienced management teams with prior experience in mergers and acquisitions, private equity and operations.

Investors

- Initial investors in a SPAC are issued warrants to incentivize them to subscribe for the IPO and to vote in favour of the proposed merger while sponsors of a SPAC are issued founders' shares.
- Investors get the opportunity to become a part of a dynamic company.

RISKS ASSOCIATED WITH SPACs

Issuers

- Costs built into the SPAC structure are subtle, opaque, and far higher than has been previously recognized as issuers have to absorb the initial cost of the company.

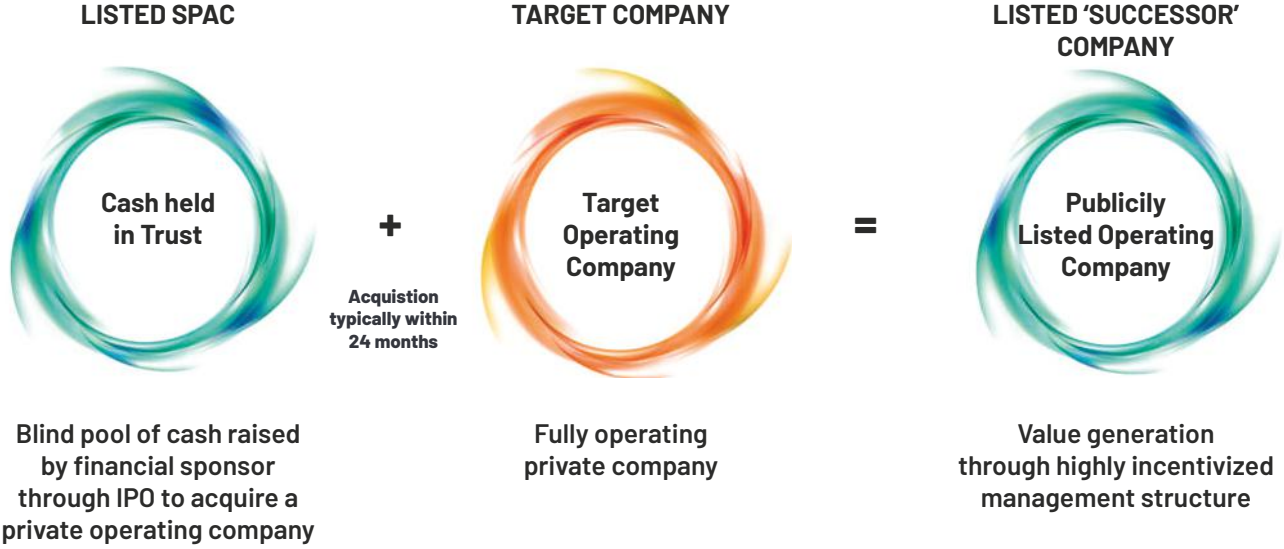
Investors

- SPAC investors are bearing the cost of the dilution built into the SPAC structure.
- Although SPACs raise a certain amount per share from investors in their IPOs, by the time the median SPAC merges with a target, it holds just a lesser outstanding share. For a large majority of SPACs, post-merger share-prices fall, and second, these price drops are highly correlated with the extent of dilution.
- Post-merger price performance has been poor.

VARIOUS TYPES OF SPAC MODELS

Most SPAC models follow the below model by listing a SPAC, identifying a target company and listing the successor company on the exchange.

HOW DOES A SPAC WORK?



WHAT IS A SPECIAL PURPOSE ACQUISITION COMPANY (SPAC)? (cont'd)

In the various models that have been observed, the following trends have been noted;

- Most of the targets are industry-specific and match the expertise of the sponsors.
- Domestic companies can list SPACs for foreign investments/acquisitions.
- Foreign companies can issue SPACs for domestic investments.

a. JSE LISTED SPACS

Name	Listing Date	Board	Market Cap
Hulisani Limited	07/04/2016	Main	R200,000,080
Gaia Infrastruct Cap Ltd	12/11/2015	Main	R267,482,350
Capital Appreciation Ltd	16/10/2015	Main	R1,270,700,000
Renergen Limited	09/06/2015	AltX	R1,508,942,334
RH Bophelo Limited	12/07/2017	Main	R452,839,086
AEP Energy Africa Ltd	Delisted- 2020/04/07		
Sacoven plc	Delisted -2016/12/20		
M-FiTec Int Ltd	Delisted -2017/10/03		
M-FiTec Int Ltd			

b. HULISANI LIMITED

- Hulisani was established by the Founders and incorporated as a public company on 13 October 2015;
- The intended purpose of the Company following the listing was to pursue the acquisition of, and investment in, companies focused on and operating in, the energy sector and which evidence good potential for growth;
- As a result, the Company had not traded at the time of listing and has not conducted any business, other than in connection with the preparation of this Pre-Listing Statement and the Private Placement.
- The JSE has granted the Company a listing as a SPAC on the Main Board of the JSE;
- The company raised an amount of R500 000 000 which is the minimum required by the JSE to list a SPAC;
- The total estimated costs of the Listing amounted to approximately R3 million excluding VAT; and
- For the above, it appears that Hulisani followed scenario 1 on page 7.

c. CAPITAL APPRECIATION LTD

- Capital Appreciation was the first SPAC to list on the Main Board of the JSE. The company raised R1 billion through private placement of the shares.
- Capital Appreciation announced its intention to focus its investment activity in the financial technology (fintech) sector in February 2017.
- Capital Appreciation announced the simultaneous acquisition of 100% of 3 companies, African Resonance, Dashpay and synthesis software technologies.
- Capital Appreciation announced its intention to invest in Resonance Australia and acquire 17.5% interest.
- In May 2017, Capital Appreciation completed the acquisitions and investments announced and at that point was no longer subject to SPAC rules.

WHAT DO THE BSE RULES SAY ABOUT SPECIFIC ACQUISITION COMPANIES (SACs)?

Listing of the Special Acquisitions Companies falls under Section 2.12 – 2.18 of the Listings Requirements

- **Definitions**

Specific Acquisition Company (SAC) - means a special purpose vehicle incorporated to facilitate the primary capital-raising process to enable the acquisition of specific assets in pursuit of a listing on any of the BSE boards.

Initial Period - Twenty-four (24) months from the date of listing as a SAC.

- **The following is the criteria for the listing of a SAC;**
  - A SAC must not carry on any commercial and/or business operations at the time of application to the BSE.
  - It must disclose the acquisition criteria for Specific Assets to allow investors to consider and assess the potential acquisition of Specific Assets.
  - The board of directors may receive remuneration prior to the acquisition of Specific Assets. Details of such remuneration must be disclosed in the prospectus/pre-listing statement of the applicant;
  - The promoters must have subscribed for shares or units in the applicant representing at least a 5% interest, whether cash funded or issued in kind, on a collective basis on the date of listing.
  - The BSE will list the securities held by the promoters on condition that the promoters shall place their holdings in a locked account by the CSDB, subject to the CSDB Rules, for a period of at least two years from the date of completion of the acquisition of Specific Assets.

WHAT IS A SPECIAL PURPOSE ACQUISITION COMPANY (SPAC)? (cont'd)

- The applicant must satisfy the BSE that it has sufficient and satisfactory management experience in the type of Specific Assets in which acquisitions are proposed to be made;
- It must raise the minimum capital required for the relevant Board on the BSE; and
- All capital raised must be paid directly into an escrow account. A statement to this effect and details of the escrow arrangements must be included in the prospectus/pre-listing statement of the applicant.

- **Acquisition of Specific Assets**
  Once an applicant has been admitted as a SAC, the following must be complied with:
  - The SAC must have completed an acquisition of Specific Assets within the Initial Period. The BSE may extend this date on an application from the SAC.
  - The acquisition of Specific Assets must be approved by majority of independent directors and majority of security holders of the SAC at a general meeting
  - The notice of meeting as contemplated must also include a resolution on the proposed use of the residual capital not allocated for the proposed acquisition of Specific Assets for which the approval is being sought. Should security holders not approve a proposed resolution dealing with the further use and retention of the balance of the capital after the acquisition has been approved, then such residual capital must be returned to security holders within 60 calendar days after the date of the general meeting.
  - If a SAC has not completed an acquisition of Specific Assets within the initial period, the BSE will suspend the SAC's listing on the first business day following the expiry of the initial period and proceed to delist the SAC once the capital raised has been distributed to security holders.

- **Capital**
  The SAC must comply with the following in respect of the capital raised;
  - Capital raised by the SAC must be held in escrow with an escrow agent approved by the BSE.
  - The escrow agent must invest the capital in escrow in (i) investment-grade bonds or (ii) bank deposits with a recognised bank. The interest earned on the capital under escrow shall accrue in favour of the SAC and accumulate in escrow.
  - The escrow agreement governing the capital in escrow must provide for the following and the agreement must be submitted to the BSE for prior approval: (i) release of such amount that will be used to cover the operating expenses pursuant to sections 2.12(c) and
  - At the request of the board of directors; (ii) release of the balance or portion of the capital to the SAC once it receives approval for the acquisition of Specific Assets pursuant to section2.13(b) within the initial period.

- **Failure to acquire Specific Assets**
  If a SAC has not completed an acquisition of Specific Assets within the initial period, it must;
  - Complete a distribution within 60 calendar days after the expiry of the initial period to all security holders pro-rata to their holdings.
  - Propose a special resolution to security holders for the voluntary liquidation of the SAC.

- **Constitution of Applicant**
  A SAC must have the following provisions included in its Constitution;
  - It must require security holders to vote on any proposed acquisition;
  - A distribution requirement, pursuant to which security holders must, if an acquisition of Specific Assets is not completed within the initial period, be entitled to receive an amount equal to the aggregate amount then in escrow (net of any applicable taxes and expenses related to the distribution and voluntary liquidation), plus the interest earned, divided by the aggregate number of securities.

- **Continuing obligations**
  - It will be subject to the continuing obligations as per the Listings Requirements.
  - It shall not be permitted to obtain any form of debt financing (excluding those of short-term trade or accounts payable used in the ordinary course of business to settle any operating expenses pursuant to sections 2.12(c) and (d), except to facilitate the acquisition of Specific Assets. A statement to this effect must be included in the prospectus/pre-listing statement of the applicant.

- **Post-Acquisition of Specific Assets**
  - Once a SAC has completed an acquisition of Specific Assets it must meet the criteria for listing as set out in section 2.9,2.10 or 2.11 subject to section 2.15(a) of the rules. Failure to meet these requirements once the acquisition of Specific Assets has been completed will result in the delisting of the SAC.
  - Once the acquisition of Specific Assets has been completed, the SAC will be admitted to the List and will be subject to the BSE Listings Requirements as an issuer in all respects.

- **The BSE Listing Requirements Fee Schedule applies to the listing of SACs.**



THE WORLD FEDERATION OF EXCHANGES IDENTIFIES POLICY LEVERS TO ENCOURAGE SME LISTINGS

The World Federation of Exchanges (WFE), the global industry group for exchanges and CCPs, published a report on how the flexibilities for listed issuers, introduced because of the pandemic, could be used to stimulate SME listing in the future.

Drawing upon the initial findings of a WFE member survey on covid-related issuer flexibilities, the paper studies how exchanges worked closely with wider stakeholders — including regulators, governmental departments, and institutional investors — to help companies deal with the challenges of the pandemic. The paper acts as a stock take of the measures that were introduced but also considers whether some of these relaxations are fit for purpose as we 'build back better' following the pandemic. In particular, the paper notes:

Capital raising measures, including relaxed pre-emption rights for shareholders, enabled companies to raise emergency funding and remain fully solvent.

- Authorities granted temporary extensions for filing of annual disclosures;
- Virtual and hybrid Annual General Meetings enabled shareholders to effectively engage with company management, without having to be present in person;
- Online investor roadshows enabled savings in terms of management time and costs, compared with traditional roadshows;
- Alternative audit procedures were employed by the international audit community, to provide a 'reasonable level of assurance' over corporate reporting;
- Several WFE members produced guidance for issuers and investors to promote awareness of ways to deal with the novel challenges of the pandemic; and
- Effectively implementing these relaxations required close working with key stakeholders.

Nandini Sukumar, Chief Executive Officer, the WFE said: "As we continue to recover from the pandemic, it is critical that we understand and learn from the role that the exchange community has played in guiding issuers through the challenges they experienced. While markets varied in their individual responses, this paper is a welcome contribution in highlighting measures that were successfully implemented and more importantly, those that can be used to encourage SME listing".
For the full report, please go to www.world-exchanges.org/news/articles.

Source: World Federation of Exchanges website.

WFE WORLD FEDERATION OF EXCHANGES



There Is Need For More Financial Education To Drive Inclusion

"As the CEO of the Botswana Stock Exchange, it is my duty to achieve the common goal of improving financial literacy in Botswana by ensuring that we undertake initiatives aimed at promoting investment education. In today's dynamic financial environment, it has become more apparent that one needs to equip themselves with the necessary skills and knowledge to make the appropriate financial decisions for the betterment of their long-term financial status.

Financial literacy is fundamental in fostering economic inclusion, which is why the BSE is committed to investing in Batswana by providing education on BSE's investment products that can empower the average Motswana to invest and take advantage of the opportunities the market has to offer."

– BSE CEO, Mr Thapelo Tsheole



BOTSWANA STOCK EXCHANGE LIMITED (BSE) AND CENTRAL SECURITIES DEPOSITORY BOTSWANA (CSDB) CUSTOMER FEEDBACK PROCEDURE

At the Botswana Stock Exchange Limited, and Central Securities Depository Botswana we welcome feedback from our valued customers who believe that proper service, rules and regulations were followed, or not followed. Feedback of a regulatory nature will be escalated to the relevant authority. Feedback about our various programs and members can be submitted as below;

STEP 01

Lodge Complaint with the Officer providing assistance

STEP 02

Escalate to the relevant Head of Department on **+267 3674400** or email **feedback@bse.co.bw**

STEP 03

Escalate to the Chief Executive Officer on **+267 3674402**

STEP 04

Escalate to the Chairperson of the BSE Board of Directors

SOUTHERN AFRICA DEVELOPMENT COMMUNITY (SADC) REGION GREEN FINANCE DEMAND STUDY

Kickstarted in March 2021, the SADC Green Bond Programme is making headway in developing the regional green bond market. One of the initiatives fundamental to the programme is the launch of a demand study. The study aims to understand the existing and estimated future investment potential and financing demand for green investment projects in the SADC region and identify other potential areas that may require technical support.

Salient findings of the demand study were presented through a virtual workshop, to over 70 professionals from the SADC region capital market ecosystem, with representation from institutions such as Stock Exchanges, Central Banks, Regulators and Development Finance Networks.

Some of the findings indicated that the market has grown exponentially, by at least 15% in 2021, while the African market contributes only 0.4% to this global market base. The SADC Green Bond markets have been subdued. There have been 20 green bond issuances amounting to USD 3,559 million following the first issuance in 2012. The statistics from the study showed that over the period 2012-2021: 12 issuances were by banks (42%); 5 issuances were sovereign (30%); 3 issuances were corporate (28%); and of the 20 green bond issuances, 16 were issued in South Africa (USD 3,186 million, 90% of total), illustrating the dominant role of the country within the region. 7 have been issued in the last three years (USD 2,146 million, 60% of total) in line with the global trend of green bond market growth.

Other market insights indicated that the SADC investor base is limited except for South Africa, therefore, there is a need to access international capital markets as an alternative. An example of this is the Seychelles Blue Bond bought by international impact investors. International capital market access to frontier market borrowers has broadened significantly in the past decade; today, even single B-rated sovereigns enjoy market access, including relatively small low-income countries from sub-Saharan Africa.

Equally, there are investment opportunities for the regional pension funds, especially in Botswana, Namibia, eSwatini and Tanzania. However, the inadequate enabling environment (regulatory & capital market barriers) limit uptake. From the issuers perspective, positive outcomes of the study reveal that: banks are a prime candidate group for green bond issuance in the SADC; there may be an acceleration of a paradigm shift among corporates as the global regulatory standards on corporate disclosure requirements increasingly integrate ESG information; and finally, Sovereigns with outstanding international bonds, could explore if a portion of their remaining international bonds may be re-financed with green bonds as a part of their broader debt management strategies.

Workshop participants also discussed barriers to the uptake of green bonds in SADC. A common hindrance in this region appears to be the lack of expertise in identifying and developing bankable projects to be financed by green bonds. Secondly, most potential issuers in the SADC region (excl. SA) are unfamiliar with the specific internal and external processes required in raising a green bond.

The low demonstration of financial benefits of issuing green bonds poses a barrier for issuances, which can be circumvented through long-term strategic thinking, as in the case of the Bank of Windhoek. The Bank did not see any financial advantage to their green bond issue in 2018 but used the issuance as a strategy to position the Bank in a future key market.

Other barriers discussed are the perceptions of higher transaction costs, the small size of issuance, rigid taxonomies, and minimal technical expertise at regulatory agencies and stock exchanges.

Key recommendations discussed in light of the findings included the following: Strengthen regulators and stock exchanges expertise on climate finance; Establish national champions for designing and implementing market development measures for the enhanced deployment of green bonds; Incentivize the potential issuers, especially banks, to develop portfolios of eligible and bankable projects for green bonds; Use demonstration



SOUTHERN AFRICA DEVELOPMENT COMMUNITY (SADC) REGION GREEN FINANCE DEMAND STUDY (cont'd)

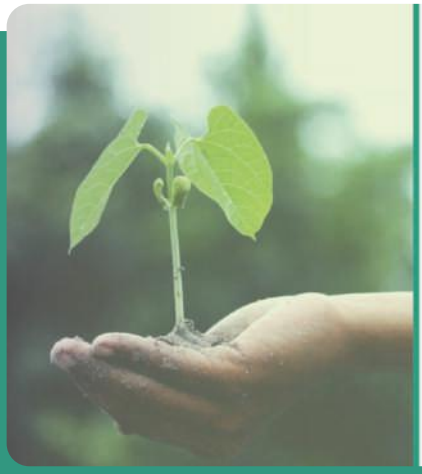
effects to promote green bonds; Promote the supporting instruments for climate market development in SADC countries e.g., regulatory requirements, subsidization, intrinsic motivation, and project identification. With compelling insights on the trajectory of the SADC Green Bond Market, market practitioners across the SADC region will be able to identify opportunities and barriers that exist in the market and use this to inform some strategic decisions. For CoSSE, we envision the study to be instrumental in developing the market as we work tirelessly towards mainstreaming green finance in the SADC region for sustainable developments. For the full study, please visit www.cosse.africa

About CoSSE

Formed in 1997, CoSSE is a collective and cooperative body of the 14 stock exchanges in the Southern African Development Community (SADC) region.

CoSSE is mandated to accelerate the development of the SADC capital markets through cooperation and collaboration between SADC stock exchanges and other key SADC institutions and stakeholders.

The Botswana Stock Exchange hosts the CoSSE Secretariat, which has close working relations with the SADC Secretariat, and SADC Structures such as the Committee of Central Bank of Governors (CCBG), Committee of Insurance, Securities and Non-Banking Financial Authorities (CISNA), the Committee of Ministers of Finance and Investment (CoMFI) and the Committee of Senior Treasury Officials (CoSTO).





FOR MORE INFORMATION ABOUT COSSE

visit our website at **www.cosse.africa**, *or contact the Secretariat via telephone at* **+267 3674421**, *or email us at* **cossesecretariat@bse.co.bw**

FINSEC Market Wise | ZIMBABWE STOCK EXCHANGE | JSE | LuSE

MASERU SECURITIES MARKET | DSE Creating Opportunities | BODIVA Bolsa de Dívida e Valores de Angola | MERJ | BVM Bolsa de Valores de Moçambique

ESE Eswatini Stock Exchange | Malawi Stock Exchange | Botswana Stock Exchange BSE | Namibian Stock eXchange NSX

CoSSE
COMMITTEE OF
SADC STOCK EXCHANGES



PRESS RELEASE

The Botswana Stock Exchange (BSE) is pleased to announce the re-election of BSE CEO Mr. Thapelo Tsheole as the Chairperson of the Committee of SADC Stock Exchanges (CoSSE) with immediate effect. Mr. John Kamanga, CEO of Malawi Stock Exchange, has also been re-elected as Deputy Chairperson of CoSSE. The re-election took place at the 60th virtual CoSSE meeting held today.

Mr. Tsheole s re-election is the second one since his initial election as the Chairperson of CoSSE in 2018, where he took over from Ms. Zeona Jacobs of the Johannesburg Stock Exchanges (JSE). His term will run until March 2024.

CoSSE was formed in 1997 to improve the operational, regulatory and technical underpinnings and capabilities of SADC Exchanges to make their securities markets more attractive to regional and international investors. The Committee also aims to increase market liquidity, enhance trading in various securities and financial instruments, and encourage a harmonised securities market environment within the SADC region. Currently, the Committee comprises 14 stock exchanges from 13 countries.

Commenting on the re-election, the BSE CEO, Mr. Thapelo Tsheole, said, **I am honoured by the consistent support from my colleagues and the confidence they have bestowed upon me to continue to serve this exceptional Committee for another two years. CoSSE is making great strides in multiple strategic initiatives, which would not be possible without the concerted efforts and commitment of SADC Exchanges to foster the advancement of the regional markets to greater heights."**

Some of the notable achievements during Mr. Tsheole s tenure include the launch of the SADC Green Bond Programme designed to accelerate the take-up of Green Bonds as a tool for SADC member countries to tap into domestic and international investors to finance green projects and assets. Additionally, CoSSE, under Mr. Tsheole's leadership, has a significant role to play in the projects that aim to foster regional financial integration and macroeconomic convergence in SADC.

Congrats



BECOME A BSE REGISTERED ADVISER

Only Advisers approved by the BSE and recorded on the 'BSE Register for Registered Advisers' may act as an adviser for an issuer for listing related matters or an applicant applying to list on the BSE.

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- **Legal Advisers**
- **Property Valuers**
- **Reporting Accountants**
- **Auditors**
- **Corporate Finance Advisers**

For more information, please email the Listings and Trading Department at listings@bse.co.bw or c`all (+267) 367 4400

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