

# CENTRAL SECURITIES DEPOSITORY COMPANY OF BOTSWANA LIMITED

## RULES

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## **INTRODUCTION**

### **CENTRAL SECURITIES DEPOSITORY COMPANY OF BOTSWANA LTD**

The Central Securities Depository Company of Botswana Ltd (CSDB) is incorporated as a public company under the Companies Act Cap: 42.01 as amended by Act No. 32 of 2004 and operates as a central depository to the Botswana Stock Exchange (BSE).

Clearing and settlement of transactions carried out on the BSE takes place through the CSDB which facilitates the scripless clearance of securities.

Prior to trading in securities on the BSE, a holder of securities is required to open a securities account with the CSDB through a Participant, and deposit/lodge securities in such account through the Nominated Transfer Secretary (NTS).

Upon depositing/lodging securities in the CSDB and converting such securities into electronic form, the account holder shall continue to be registered in the register of the company in respect of the securities so deposited/lodged and shall continue to enjoy all such rights and privileges and be subject to all such duties and obligations as a registered shareholder of those shares would be entitled to, or subject to, under the Companies Act No. 32 of 2004, for as long as he remains the holder of such securities in the company. In the event the securities are sold or transferred the account holder who purchases such securities or is the transferee will be the registered shareholder and be subject to privileges, duties and obligations as a registered shareholder of those securities.

The share register of the company would consist of shares recorded/registered in the CSDB in electronic form.

CSDB will be regulated under the BSE Act, NBFIRA Act, Securities Act and NCSS Act.



## SECTION 1

### LEGAL AND CONTRACTUAL FRAMEWORK

- 1.1** This chapter describes the legal provisions for the establishment of the CSDB and the legal recognition of account holders of CSDB as members of listed companies based on their shareholding in such companies. By virtue of being recognized as members of listed companies, account holders of CSDB will enjoy the privileges and be subject to the responsibilities of membership of the company in which they are shareholders.
- 1.2** Under Regulations promulgated under the Botswana Stock Exchange Act (BSE Act), in particular Regulation 14, the BSE Main Committee has after consultation with the Ministry of Finance and Economic Development (MFED), established a central securities depository which is managed by CSDB, a company registered with the Registrar of Companies with the objective of operating a central securities depository in which shareholders and their share holdings in respect of companies listed on the BSE will be recorded.
- 1.3** In pursuance of the provisions contained in Regulation 14 to the BSE Act, the BSE Committee has appointed CSDB as transfer secretaries for companies listed on the BSE whose responsibilities shall include keeping an upto date register of company shareholders and the transfer of shares from one shareholder to another.
- 1.4** Section 83 (8) of the Companies Act expressly permits share registers to be maintained in electronic format and Section 85 (1) provides that an entry of the name of a person in the share register shall be prima facie evidence that legal title to the share vests in that person.
- 1.5** Given that the CSDB is in fact an electronic share register maintained by CSDB in its capacity as transfer secretaries to listed companies, account holders in the CSDB will be holders of securities recorded under their names in the accounts maintained for them in the CSDB.
- 1.6** An account statement issued by the CSDB will be prima facie evidence of title to shares as noted in Section 85 of the Companies Act.
- 1.7** It shall be compulsory for shareholders to open accounts in the CSDB and dematerialise their shareholding through the process of depositing their shares in the CSDB. Hence, shareholdings of listed companies can only be in dematerialised form. The share register of the listed company would consist only of shares held in dematerialised form in the CSDB. Any shareholder wishing to purchase or sell shares on the BSE is compelled to open an account in the CSDB. Shares transacted on the BSE will be credited or debited to the accounts maintained by the investor.

- 1.8** In order to implement the CSDB in an efficient and effective manner the CSDB has in turn delegated part of the transfer secretaries' functions vested by the BSE to the NTS's appointed for this purpose. This has been done by the CSDB through entering into contracts with such NTS.
- 1.9** The responsibilities of the NTS consequent to the contractual agreement with CSDB will include the following:
- a) Maintaining the share register of the company.
  - b) Taking into account the rights and obligations of shareholders who hold shares in electronic form in the CSDB as a consequence of a deposit, transfer, purchase, sale or withdrawal of shares prior to executing any corporate action.
  - c) Reconcile the share registers of companies prior to effecting any corporate action.
  - d) Depositing shares into the CSDB.
- 1.10** CSDB will retain responsibility for the transfer of shares that takes place within the depository due to trades executed on the BSE or at the request of investors.
- 1.11 The main services of CSDB include:**
- a) Recording transactions in securities in scripless form to facilitate their trading on the BSE.
  - b) Clearing of securities on account of trades carried out through BSE.
  - c) Co-ordinating the settlement of funds between Participants through the settlement bank of the CSDB.
  - d) Facilitating the opening and maintenance of securities accounts for investors, the deposit of securities in such accounts, the withdrawal of securities and the transfer of securities between securities accounts in CSDB.
  - e) Facilitating the transfer of securities in CSDB resulting from take-overs of listed companies and de-listing of listed securities.

- f) The provision of entitlement schedules and other reports in respect of CSDB account holders to listed companies and NTS in respect of securities listed on the BSE.
- g) The provision of CSDB account statements to account holders on a periodic basis.

1.12 These rules govern the procedures to be applied in performing the functions relating to CSDB and shall be binding on all parties transacting with the CSDB. Any amendments to these rules done by the CSDB will also be binding on all parties.

**1.13 Matters not covered in the rules**

- a) Any matter not addressed under these rules will be dealt with by the CSDB Board taking into account the principles embodied in these rules and the prevailing circumstances pertaining to such matter.
- b) The determination of the CSDB shall be conclusive and be binding on all parties.
- c) CSDB may, at its sole discretion, in the interest of the efficient operation of CSDB and/or in the interest of a Participant, waive the application of any rule and/or rules.

**1.14 Precedence of CSDB rules over other rules and regulations**

In matters pertaining to clearing and settlement of securities transactions executed on the BSE, the CSDB rules will prevail over any other rules regarding clearing and settlement of securities.





## SECTION 2

### DEFINITIONS AND INTERPRETATIONS

#### 2.1 Definitions

Account Holder	Any person who holds a securities account in CSDB
Allotment Schedule	Information submitted to the CSDB by the Issuer containing the list of securities account holders together with the corresponding quantity of securities allotted to them in respect of public offers, bonus issues, rights issues, payment of dividend in species and mergers/acquisitions.
BSE	Botswana Stock Exchange
BSE Act	Act No. 11 of 1994
Broker's Note	An advice of a sale or purchase of securities to be dispatched to a client by a stockbroker in accordance with Section 52 of the BSE Act
Companies Act	Companies Act No. 32 of 2004
Company secretaries	A person appointed by the listed company to maintain inter alia, the statutory records of the company including a share register of members
CSDB	Central Securities Depository Company of Botswana Limited
Custodian Bank	A Bank licensed under the Banking Act No. 13 of 1995 (as amended) providing custodial services.
Custodian Participant	A Bank providing custodial services and approved by CSDB to provide clearing services for its clients.
Deposit Schedule	A report by CSDB for each security that gives details of securities deposited into the CSDB.
Entitlement Date	The date fixed by an Issuer for the purpose of determining the list of securities holders who are entitled to corporate actions.
Entitlement Schedule	Information generated by the CSDB accessed by NTS appointed by the CSDB containing the list of securities account holders who are entitled to corporate actions as at the entitlement date and their shareholding.
Market Maker	an entity (not necessarily a stockbroker or stock dealer), approved as a Participant, that quotes bid and offer prices continuously (makes market) for specific securities that it holds in inventory and is prepared and able to buy or sell those securities at any time on its own account.
NBFIRA Act	Non-Bank Financial Institutions Regulatory Authority Act
NCSS Act	National Clearing and Settlement Systems Act No. 5 of 2003
Net Settlement Obligation	The total value of purchases less the total value of sales for the relevant trading day in respect of the relevant Participants.

Nominated Transfer Secretary/Agents	Shall bear the same meaning as Transfer Agents.
Participant	An organisation, entity or person approved by the CSDB as a Participant.
Securities Account	An account opened in CSDB for the investor to record transactions in securities.
Security	Shall bear the same meaning as that given under the BSE Act.
Security Fund	The Security Fund established under the BSE Act.
Settlement Bank	Bank appointed to carry out the settlement of funds on securities transactions
Settlement Date (S)	The date on which trades executed on the BSE are settled.
Settlement Schedule	A report generated by CSDB that gives the net settlement obligation of each Participant and for each trade day and is provided to the relevant Participant on T.
Statement of Account	A statement generated by CSDB and sent to account holders showing the transactions carried out and the balance securities in a securities account.
Transaction Date (T)	The day on which a trade takes place on the BSE.
Transaction Report	A report generated by CSDB that gives details of trades executed by the Participant on behalf of investors.
Transfer Agents	Companies or entities nominated by the CSDB and appointed by a listed company to maintain the register of its shareholders as approved by the BSE Committee under BSE Members' Rules and Equity Listing Requirements.
Transfer Secretary	CSDB as appointed by the BSE Committee in terms of the Regulation 14 to the BSE Act
Withdrawal Schedule	A report generated by CSDB for each security that gives details of securities withdrawn from the CSDB and that is provided to the NTS for registration and reconciliation purposes.



## **2.2 Interpretations**

- a) Unless expressly provided to the contrary, the interpretation of these rules shall be in conformity with the interpretations set out in the rules.
  
- b) CSDB shall be the final authority in the interpretation of these rules or any other matter connected thereto, CSDB operational procedures and guidelines issued under these rules, and such interpretation shall be binding on all parties.
  
- c) In the event of any conflict between any of the provisions of these rules and any instructions, guidelines or operating procedures, these rules shall prevail.



## **SECTION 3**

### **NOMINATED TRANSFER SECRETARIES**

**3.1** Transfer agents to whom CSDB has delegated part of its transfer secretarial functions (NTS) may utilise the facilities and services offered by the CSDB.

**3.2** Responsibilities of the NTS are detailed in Section 1.9 of these rules.

#### **3.3 Eligibility for appointment as NTS**

The following persons shall be eligible to be appointed as NTS by the CSDB and with respect to which the CSDB shall delegate part of its transfer secretarial functions:

- a) An institution or person/s which/who has been duly appointed by an Issuer to keep and maintain a register of all its shareholders and their shareholding.
- b) An institution or person/s which/who has been appointed company secretary by an Issuer.
- c) Such other categories of persons as may be determined by CSDB after consultation with the issuer

#### **3.4 Grant of NTS status**

- a) For purposes of determining suitability to be appointed NTS the candidate's financial status, operational capability, experience and competence may be reviewed by CSDB. The grant of NTS status shall be operative upon a written contract being entered into by CSDB, the issuer and the NTS.
- b) The grant of NTS status shall be subject to the NTS being appointed transfer agents of the issuer
- c) Termination of the NTS status will be done by the CSDB after consultation with the issuer.

#### **3.5 Instructions, guidelines and operating procedures**

- a) Upon obtaining NTS status, the NTS shall be bound to comply with all CSDB rules as shall be operative at any given point in time.
- b) CSDB may, from time to time, issue instructions and guidelines or prescribe operating procedures relating to all or part of the operations and facilities,

in the form of letters, circulars or procedure manuals to NTS which shall be binding on NTS.

- c) All transactions carried out through the CSDB shall be subject to the rules, instructions, guidelines and operating procedures prescribed by the CSDB from time to time.

### **3.6 NTS**

For ease of identification and to enable access to CSDB each NTS shall be assigned a code by CSDB.

### **3.7 Persons authorised to act on behalf of a NTS**

- a) Each NTS shall in turn nominate to CSDB persons who are authorised to act on behalf of such NTS. Such nominees shall be the contact persons in so far as the CSDB is concerned and shall be deemed to have authority to instruct CSDB in respect of matters concerning such NTS. CSDB shall be given written notice of any change of such nominees at least three (3) Market Days before the change takes effect.
- b) Each NTS shall also provide the CSDB with a list of persons authorised to act on such NTS behalf, specifically with regard to the following:
  - i. Changes to information if any provided to CSDB on depositing securities into the investors' accounts.
  - ii. Any other function involving such NTS.
- c) CSDB shall not be bound to act on any instructions given by any person, including an account holder, unless such instructions are in writing and signed by such authorised personnel for and on behalf of the NTS.
- d) NTS shall ensure that any change of such authorised persons shall be communicated in writing to CSDB immediately upon a decision being taken in that respect.

### **3.8 Checking the accuracy of reports and statements provided by CSDB**

- a) CSDB may furnish NTS with such reports and statements as may be determined by the CSDB.
- b) The NTS shall specifically check the accuracy of the deposits and withdrawals to and from the CSDB and continuously reconcile such information with the number of securities issued by the listed company.
- c) In the event the information provided by the CSDB to NTS is found to be in variance with the records of the NTS, the NTS shall provide the CSDB with a written communication of such variance within one (1) Market Day from the date of receipt of such report or statement.
- d) If such communication is not furnished by the NTS within the prescribed time period, the information contained in such reports or statements provided by CSDB shall be deemed by the CSDB to be correct, complete and conclusive.
- e) Information relating to errors, omissions or discrepancies which are communicated to CSDB subsequent to the prescribed time period shall only be taken cognisance of by CSDB at its absolute discretion.

### **3.9 Financial and infrastructure capability of NTS**

- a) NTS shall be bound to abide by standards that may be established by the CSDB from time to time in respect of its financial and infrastructure capability.
- b) CSDB shall have the authority to evaluate the financial and infrastructural capability of the NTS. In considering such evaluation, CSDB may require the NTS to furnish such information and records as may be in the opinion of CSDB, required to demonstrate its financial and infrastructure capability.
- c) The CSDB may in consultation with the listed company suspend its agreement with the NTS if such NTS is, in the opinion of the CSDB, found to fall below the requisite standards.
- d) If the NTS is suspended such suspension shall be operative until the CSDB is satisfied that the requisite standards are met by the NTS.
- e) If the NTS fails to meet the requisite standards, the CSDB shall terminate the NTS status after consultation with the listed company. The decision of the CSDB to terminate or suspend the NTS shall be final and binding on the NTS.





### **3.10 Operational capability, experience and competence of NTS**

- a) NTS shall be bound to abide by standards that may be established by CSDB from time to time, in respect of such NTS operational capability, experience and competence.
- b) CSDB shall have the authority to evaluate the operational capability, experience and competence of any NTS. In conducting such evaluations CSDB may require NTS to furnish such information and records as may be required, in the opinion of CSDB, to demonstrate the operational capability, experience and competence of such NTS. The NTS shall be bound to comply with such requirements.
- c) CSDB may in consultation with the listed company suspend the NTS from using the services and facilities offered by CSDB if such NTS is, in the opinion of CSDB found to fall below the requisite standards of operational capability, experience and competence.
- d) If suspended such suspension shall be operative until CSDB is satisfied that the requisite standards have been met by the NTS.
- e) If the NTS fails to meet the requisite standards, the CSDB shall terminate the NTS after consultation with the listed company. The decision of CSDB to terminate or suspend the NTS shall be final and binding on the NTS.



## **SECTION 4**

### **PARTICIPANTS**

4.1 Participants may utilize the facilities and services offered by CSDB. All transactions carried out by account holders, in respect of securities accounts, shall be through their respective Participants.

#### **4.2 Eligibility for appointment as a Participant**

The following persons shall be eligible for appointment as a Participant:

- a) Brokers who are Members of the BSE.
- b) Custodian Banks.
- c) Such other categories of persons as may be determined by CSDB.

#### **4.3 Application to be appointed as a Participant**

An application to be appointed a Participant shall be submitted by the applicant to CSDB.

#### **4.4 Grant of Participant status**

- a) On receipt of a duly completed application form and upon CSDB being satisfied of the applicant's suitability, an applicant may be granted Participant status.
- b) For purposes of determining suitability, an applicant's financial status, operational capability, experience and competence may be reviewed by CSDB.
- c) The grant of Participant status shall be operative upon a written contract being entered into in that respect between the CSDB and the Participant.
- d) Grant of Participant status shall be subject to such terms and conditions as may be determined by CSDB and will be at the absolute discretion of CSDB.
- e) Approval or rejection applications will be at the sole discretion of the CSDB. The CSDB shall not be required to give any reasons for its decision and the decision of CSDB shall be final.

#### **4.5 Instructions, guidelines and operating procedures**

- a) Upon obtaining Participant status, Participants shall be bound to comply with all CSD Rules as shall be operative at any given point in time.



- b) CSDB may, from time to time, issue instructions and guidelines or prescribe operating procedures relating to all or part of its operations and facilities, in the form of letters, circulars or procedure manuals to Participants in order to ensure the orderly handling of functions which shall be binding on Participants.
- c) All transactions carried out through CSDB shall be subject to the rules, instructions, guidelines and operating procedures prescribed by the CSDB from time to time.

#### **4.6 Participant Code**

For ease of identification, each Participant shall be assigned a Participant code by CSDB which shall be used as a reference to such Participant.

#### **4.7 Persons authorised to act on behalf of a Participant**

- a) Each Participant shall nominate to CSDB persons who are authorised to act on behalf of such Participant. Such nominees shall be the contact persons in so far as CSDB is concerned and shall be deemed to have authority to instruct CSDB in respect of matters concerning such Participant.
- b) CSDB shall be given written notice of any change of such nominees at least three (3) Market Days before the change takes effect.
- c) Each Participant shall also provide CSDB with a list of persons authorised to act on such Participant's behalf, specifically with regard to the following:
  - i. Opening of securities accounts for investors.
  - ii. Changes to information provided to CSDB on opening or maintaining CSDB accounts.
  - iii. Any other function involving such Participant.
- d) CSDB shall not be bound to act on any instructions given by any person, including an account holder, unless such instructions are in writing and signed by such authorised persons for and on behalf of the Participant.
- e) Participants shall ensure that any change of such authorised persons shall be communicated in writing to CSDB immediately upon a decision being taken in that respect.



#### **4.8 Reports and statements available to Participants**

- a) CSDB may furnish Participants with such reports and statements as may be determined by the CSDB. All information supplied to Participants by CSDB shall be verified by each Participant.
- b) In the event any information provided by CSDB to a Participant is found to be inaccurate or incomplete such Participant shall provide the CSDB with a written communication of the correct position within one (1) Market Day from the date on which such information was communicated to such Participant to enable CSDB to take remedial action in that respect.
- c) If such communication is not received by CSDB within the prescribed time period, any information contained in any report or statement provided by CSDB shall be deemed by CSDB to be correct, complete and conclusive.
- d) Information relating to errors, omissions or discrepancies which are communicated to CSDB subsequent to the prescribed time period shall only be taken cognisance of by CSDB at its absolute discretion.

#### **4.9 Financial responsibility of Participants**

- a) Participants shall be bound to abide by standards that may be established by the CSDB from time to time, in respect of such Participants' financial obligation and responsibilities.
- b) CSDB shall have the authority to evaluate the financial responsibility of a Participant. In considering such evaluation CSDB may require a Participant to furnish such information and records as may be required, in the opinion of CSDB, to demonstrate such financial responsibility. The Participant shall be bound to comply with such requirements.
- c) CSDB may suspend a Participant from using the services and facilities offered by CSDB if such Participant is, in the opinion of CSDB, found to fall below the requisite standards of financial responsibility.
- d) Such suspension shall be operative until CSDB is satisfied that the requisite standards have been met by the Participant.
- e) The decision of CSDB to suspend a Participant, until the requisite standards of CSDB have been met by the Participant, shall be final.
- f) Financial obligations of Participants with regard to settlement are given in Sections 7, 8 and 9.

#### **4.10 Operational capability, experience and competence of Participants**

- a) Participants shall be bound to abide by standards that may be





established by CSDB from time to time, in respect of such Participants' operational capability, experience and competence.

- b) CSDB shall have the authority to evaluate the operational capability, experience and competence of any Participant. In conducting such evaluations CSDB may require a Participant to furnish such information and records as may be required, in the opinion of CSDB to demonstrate the operational capability, experience and competence of such Participant. The Participant shall be bound to comply with such requirements.
- c) CSDB may suspend a Participant from using the services and facilities offered by CSDB if such Participant is, in the opinion of CSDB found to fall below the requisite standards of operational capability, experience and competence.
- d) If suspended such suspension shall be operative until CSDB is satisfied that the requisite standards have been met by the Participant.
- e) The decision of CSDB to suspend a Participant, until the required standards of CSDB have been met by such Participant, shall be final.

#### **4.11 Participants fees**

Upon being formally admitted as a Participant, such Participant shall pay such fees, charges and expenses in respect of the services and facilities offered by CSDB as may be specified from time to time by CSDB in the manner specified by CSDB.

## SECTION 5

### SECURITIES ELIGIBLE FOR TRANSACTIONS THROUGH CSDB

#### 5.1 Eligible securities

The following securities may be transacted through CSDB:

- a) Listed securities.
- b) Securities which are de-listed by the BSE pending the completion of formalities required in connection with such de-listing.
- c) Unlisted securities seeking NTS services or for safe keeping purposes.

#### 5.2 Security ID

- a) Each security processed through the CSDB will be allotted a unique 'Securities ID' by CSDB, and such security shall be referred to in terms of such Security ID for CSDB purposes.
- b) CSDB may also assign an abbreviated name to a security.

#### 5.3 Security Identification Number (SIN)

CSDB shall assign a unique Security Identification Number (SIN) to each security. The SIN will conform to international standards as stipulated by the International Standards Organisation.

#### 5.4 Acceptance/discontinuance of eligibility of securities

CSDB shall inform Participants and NTS the date on which a security shall become or cease to be an eligible security.

## SECTION 6

### SECURITIES ACCOUNTS

#### 6.1 Procedure to open securities accounts

- a) The Participants shall open securities accounts for investors and forward to CSDB the relevant CSDB account opening application form, duly completed, and such other documents as may be referred to in these rules.
- b) Duplicates, photocopies etc. of documents submitted along with the application shall be certified as true copies by the Participants.
- c) It is the responsibility of the Participants to take all possible steps necessary to satisfy themselves of the identity of the applicants. The Participant shall retain copies of relevant documents, which prove the identity of the applicants.
- d) The Participants shall provide the CSDB with proof that all processes required to be carried out for opening securities accounts in accordance with this section have been audited, both internally and externally to provide assurance.
- e) CSDB will approve the accounts on being satisfied that the information input by the Participants conform to the information provided by the applicants in the account opening forms.
- f) Once a securities account is opened a securities account number will be allotted by CSDB to such securities account and a confirmation to that effect will be provided by CSDB to the Participant. The Participant shall forward such account details to the respective account holder before the expiry of three (3) Market Days from the date of opening the account.
- g) Any account opening application not conforming to these rules shall be rejected by CSDB.
- h) If CSDB has reasonable grounds to suspect the authenticity and/or genuineness of an application, CSDB shall, after due consideration and inquiries, accept or reject the opening of such account.
- i) CSDB shall not be bound to accept and or approve every application to open a securities account. The decision of CSDB in this regard shall be final.

## **6.2 Who may open securities accounts in CSDB**

- a) Participants may open securities accounts in CSDB for all corporate bodies and natural persons, provided that in the case of the latter minors' accounts shall be opened through a legal guardian under whom the account will operate until the individual is of or over the age of 18 years.
- b) For the purpose of this rule a "corporate body" shall mean a company or corporation duly incorporated in Botswana or elsewhere or a statutory body duly incorporated under a statute/legislation.
- c) Participants shall ensure that those for whom securities accounts are opened have the legal capacity to contract under the laws of Botswana.
- d) Participants shall not open securities accounts for corporate bodies/natural persons who are prohibited to transact business under any law and/or regulations applicable in Botswana.

## **6.3 Opening securities accounts for individuals**

- a) Where the applicant is a citizen of Botswana the following information shall be submitted by the Participant to CSDB:
  - i. a certified photocopy of the national identity card;
  - ii. the applicant's contact details;
  - iii. proof of address in the form of a utility bill or any other document acceptable to the CSDB which supports proof of residence of the applicant;
  - iv. applicant's occupation or proof of source of income;
  - v. nature and location of business activities, if any;
  - vi. source of funds involved in the transaction; and
  - vii. the duly completed account opening application form to enable CSDB to process and approve the account.
- b) If the national identity card is not available, certified copies of the relevant pages of the Passport indicating the particulars of the applicant, which includes the photograph appearing therein and the validity of the Passport, shall be submitted.
- c) If both the national identity card and the Passport are not available the Participant shall submit documentary evidence to prove the identity of the applicant to the satisfaction of CSDB.
- d) Where the applicant is a foreign citizen of Botswana, the following information

shall be submitted by the Participant to CSDB:

- i. certified photocopy of the relevant pages of the Passport indicating the particulars of the applicant, which includes the photograph and the validity of the Passport;
  - ii. the applicant's contact details;
  - iii. proof of residential address in the applicant's country of domicile and physical address in Botswana in the form of a utility bill or any other document acceptable to the CSDB which supports proof of residence of the applicant;
  - iv. applicant's occupation or proof of source of income;
  - v. nature and location of business activities, if any;
  - vi. source of funds involved in the transaction; and
  - vii. the duly completed account opening application form to enable CSDB, to process and approve the account.
- e) Where the applicant is a foreign national and the Passport is not available the Participant shall submit documentary evidence to prove the identity and the nationality of the applicant to the satisfaction of CSDB.
- f) If the applicant does not have the legal capacity to establish a business relationship or conclude a transaction without the assistance of another person, the CSDB shall ascertain items (a) i, ii, iii and (d) i, ii, iii in relation to the person who providing such assistance.

#### **6.4 Opening securities accounts for corporate bodies**

Where the applicant is a body corporate, the duly completed account opening application form, shall be submitted by the Participant to CSDB together with the following:

- a) the registered name and registration number of the company;
- b) if it is an external company, the name under which it conducts business in the country in which it is incorporated;
- c) if the external company conducts business in Botswana using a name other than the name specified under paragraph (a) or (b), the name used in Botswana;
- d) if it is an external company, the registered address from which it operates in the country where it is incorporated or if it operates from multiple addresses in that country, the address of its head office;
- e) if the company or close company operates within Botswana, the address from which it operates in Botswana, or if it operates from multiple addresses within Botswana, the address of the office seeking to establish a business relationship or to conclude a transaction with the CSDB;
- f) the nature of its business;
- g) the income tax and value added tax registration numbers of the company or close company issued by Botswana Unified Revenue Service, or if incorporated outside Botswana, such numbers issued by a similar revenue office in the country in which it is incorporated if such numbers were issued; and
- h) the particulars referred to in paragraph 6.3 (a) i, ii, iii or (d) i, ii, iii whichever is applicable concerning —

- i. the manager of the company, or in the case of a close company, each member, or
  - ii. each natural person who purports to be authorised to establish a business relationship or conclude a transaction with the CSDB on behalf of the company or close company.
- i) for body corporates incorporated before 2008:
  - i. a written confirmation from the directors that in terms of the Memorandum of Association, the body corporate has capacity to open a CSDB account and trade in securities;
  - ii. a written resolution by the Board of Directors of the body corporate approving the opening of the CSDB account and the trading of securities; and  
a certified copy of the Memorandum of Association of the company.
- j) for companies incorporated after 2008:
  - i. a certified copy of the Constitution of the body corporate;
  - ii. a written resolution by the Board of Directors approving the opening of the CSDB account and the trading of securities; and
  - iii. where there is no Constitution, a written confirmation that there are no circumstances that would prevent the body corporate opening a CSDB account and trading in securities.

## **6.5 Opening securities accounts for other entities**

The CSDB shall ascertain, in respect of any entity —

- a) the registered name and registration number of the entity, if registered;
- b) the office or place of business, if any, from which the entity operates;
- c) the entity's principal activities;
- d) the full name, residential address if available, and any one of the following details of the natural person purporting to be authorised to establish a business relationship or conclude a transaction with the specified party on behalf of the entity, the person's —
  - i. identity card number and date of birth, where the natural person is a citizen of Botswana, or
  - ii. passport number and date of birth, where the natural person is not a citizen or resident of Botswana.

## **6.6 Opening securities accounts for partnerships**

The CSDB shall ascertain in respect of a partnership, the partnership's —

- a) registered name;
- b) office or place of business, if any, or where applicable, its registered address;
- c) registration number; and
- d) full name, residential address if available, and any one of the following details of each partner, including silent partners in a limited partnership and any other natural person purporting to be authorised to establish a business relationship or conclude a transaction with the specified party on behalf of the partnership —
  - (i) the identity card number and date of birth, where the natural person is a citizen of Botswana, or
  - (ii) the passport number and date of birth, where the natural person is a not a citizen or resident of Botswana.

## **6.7 Opening securities accounts for trusts**

- a) The CSDB shall ascertain in respect of a trust —
  - i. its registered name and the registration number, if any;
  - ii. the country where it was set up, if the trust was set up in a country other than Botswana;
  - iii. the management company of the trust, if any;
  - iv. the full name of the trust if not registered;
  - v. the residential address, contact details and particulars listed in the order of preference under paragraph (vi) of each natural person who purports to be authorised to establish a business relationship or to conclude a transaction with the CSDB on behalf of the trust; and
  - vi. the full name of the trustee, beneficiary referred to by name in the trust deed or other founding instrument in terms of which a trust is created and the founder of the trust and any of the following details —
    - (i) identity card number and date of birth where the person is a citizen of Botswana, or



- (ii) passport number and date of birth where the person is not a citizen or resident of Botswana.
- b) If the beneficiaries of the trust are not referred to by name in the trust deed or founding instrument in terms of which the trust is created, the CSDB shall;
  - i. as far as it is reasonably possible, take steps to ascertain or verify such identity; and
  - ii. without delay give written notice to the Financial Intelligence Agency of such impossibility or impracticability indicating any alternative measures used to identify or verify the identity of the beneficiaries.

#### **6.8 Additional requirements when a person acts on authority of another**

When a representative or agent acting on behalf of another person seeks to establish a business relationship or conclude a transaction with the CSDB, the CSDB shall —

- a) take reasonable steps to ensure that the representative is authorised or has a Power of Attorney to act on behalf of the other person; and
- b) establish the identity of the representative as well as the identity of that other person in terms of these Rules.

#### **6.9 Multiple securities accounts**

- (a) An account holder may open and operate separate securities accounts in CSDB through different Participants.
- (b) A body corporate is permitted to open and operate several securities accounts with separate designations through the same Participant or different Participants, provided that such accounts are opened and maintained for purposes acceptable to CSDB. Individual account holders shall not be afforded this facility.
- (c) CSDB may, at its sole discretion, request a Participant to disclose the full particulars of the underlying clients of its account(s) and such other information as may be requested by CSDB, either on a monthly basis or on demand.

- (d) Nominee accounts of Participants shall be opened at beneficial owner level and shall indicate the following:
  - i) Under “Surname”- the Participant shall indicate the name of the beneficial owner as indicated in certificate of incorporation or in the registration certificate as issued by NBFIRA;
  - ii) Under “Other names”- the Participant may input such other names as preferred by them;
  - iii) Under “Identification number”- the Participant shall input the company number as indicated in the certificate of incorporation or the number indicated in the registration certificate from NBFIRA; and
  - iv) Abbreviations shall not be used by Participants during the account opening process.

#### **6.10 Operation of securities accounts**

- a) All instructions and communications relating to a securities account shall be given by the account holder to CSDB only through the Participant.
- b) CSDB is deemed to assume that such instructions are accurate and that the Participant has a legal right to give such instructions. CSDB shall act upon such instructions without any further inquiries.
- c) CSDB shall have no obligation to act on any instruction or communication given by a Participant if such instruction or communication does not in the opinion of CSDB contain sufficient details for CSDB to act on. However upon concluding so, CSDB shall, within a reasonable time, inform the Participant of the additional information that would be required to effect such instructions.
- d) Any request to change information on securities accounts by an account holder shall be directed to CSDB through the Participant in writing. Participants shall forward such requests to CSDB only upon being satisfied with regard to the validity and the authenticity of such requests.
- e) In the alternative the Participant may directly request CSDB, in writing, to change information of securities accounts. CSDB is deemed to assume that such instructions are accurate and that the participant has the legal right to request to change information on securities accounts. CSDB shall act on such requests without making any further inquiries.

- f) The name of the account holder and the securities account number shall be indicated in the requests. The Participant shall be responsible and shall be held liable for communicating any incorrect or false information regarding changes to securities accounts information to CSDB.
- g) With regard to securities accounts having more than one name in the account title (other than joint accounts) CSDB would only recognise, for the purpose of receiving instructions by CSDB, the person whose name appears first (principal account holder).
- h) The CSDB reserves the right to rectify any erroneous or inaccurate entry made to a securities account at any point in time after the detection of such error/inaccuracy.
- i) In rendering services CSDB shall be under no obligation to recognise any right of interest, which any person other than a Participant may have, or claim to have in relation to any matter concerning the operation of a securities account.
- j) When documents are returned by CSDB to Participants without processing due to discrepancies, such documents will be returned under cover of a 'returned document advice' stating the reason/s for returning such document.

#### **6.11 Entries made to a securities account**

- a) A securities account shall be credited with securities in the following instances:
  - i. Purchase of securities by a Participant on behalf of an account holder.
  - ii. Deposit of securities by the NTS on behalf of an account holder.
  - iii. Direct deposit of securities by the NTS on behalf of an account holder pursuant to new issues, rights issues, bonus issues or any other additional issues.
  - iv. Transfer of securities into a transferee's account.
- b) A securities account shall be debited with securities in the following instances:
  - i. Sale of securities by a Participant on behalf of an account holder.
  - ii. Withdrawal of securities by a Participant on behalf of an account holder.
  - iii. Transfer of securities from the transferor's account.

#### **6.12 Suspending a securities account**

CSDB may suspend dealing on a securities account in the following situations or under any other situation which CSDB shall determine from time to time:

- a) If CSDB is of the opinion that there is an irregularity in the operation of a securities account.
- b) If instructed to do so by any of the following persons:
  - i. The account holder, through the Participant.
  - ii. The Participant through whom such securities account is registered in CSDB.
  - iii. The BSE.
  - iv. A court of law or regulatory body.
- c) On receipt of confirmation of the death of an account holder.
- d) If a securities account was not operative for a consecutive period, the duration of which shall be determined by CSDB.
- e) To rectify an established error.

**6.13** In the event a securities account is suspended by CSDB, CSDB shall duly inform the relevant Participant regarding the suspension of the securities account.

## **SECTION 7**

### **SETTLEMENT OBLIGATIONS OF SELLERS AND SELLERS' PARTICIPANTS ON CLEARING OF SECURITIES**

#### **7.1 Trade recording**

- a) All trades carried out by Participants on behalf of account holders on securities transacted through the BSE shall be recorded in CSDB.
- b) All trades recorded in CSDB shall be valid unless cancelled by the BSE or failed by CSDB as a result of a settlement failure.
- c) The CSDB shall not be responsible for any disputes arising between the account holder and the Participant in respect of trades carried out by the Participant for and on behalf of the account holder.

#### **7.2 Confirmation of trades**

- a) At the end of each Market Day, the Broker Participants shall prepare and issue brokers notes to the relevant account holders confirming the trade/s carried out by the Broker Participant on behalf of the account holders through the BSE on that day, as confirmation of the trade/s.
- b) Participants shall dispatch the brokers' notes to the respective account holders prior to the commencement of the following Market Day.
- c) Information in the note shall include the name of the account holder, CSDB account number, address, security, quantity, price, applicable brokerage, BSE fees, CSDB fees, Government tax/levy, VAT, stamp duty (if applicable), total value of the transaction, trade and settlement dates and the name and address of the broker.

#### **7.3 Settlement obligations of sellers of securities**

- a) The seller shall have a credit balance in his securities account in respect of the relevant security prior to placing a sell order.
- b) However, a short sale of a security (sale without an adequate credit balance in the securities account) will be allowed subject to the Participant accepting responsibility to settle the short sale on or before 11.00hours one day prior to settlement date (S-1). The Participant may accept such responsibility by arranging for a deposit of shares by the account holder, borrowing securities and/or utilising securities already purchased the settlement date of which fall on or before S-1.
- c) All short sale transactions should be carried out in accordance with the procedure laid down in sections 53 and 54 of the BSE Act and will be liable



to participant exposure and liquidity requirements as detailed in these rules.

- d) Notwithstanding anything to the contrary, a short sale of ETFs will be allowed for ETF trades where the Market Maker is the seller, subject to the Market Maker accepting responsibility to settle the short sale on or before 11:00 hrs on T+8.

#### **7.4 Clearing securities traded through BSE**

- a) Securities traded by Participants on behalf of account holders through the BSE shall be cleared (transferred from the buyer's account to the seller's account) on a Delivery Versus Payment (DVP) basis.
- b) On Trade Day (T) the securities will be transferred to a "Pending Sell Account" within the seller's account and the corresponding "Pending Buy" will be credited in the buyer's account.
- c) On settlement date the pending sell and buy accounts will be cleared and the securities debited from the seller's account and credited to the buyer's account at 09:30hrs subject to the settlement bank confirming that settlement of funds has taken place and the CSDB confirming that clearing of securities can take place.

#### **7.5 Settlement obligations of the Participant to the seller**

- a) Subsequent to clearing the trades the selling broker shall make payment to sellers on settlement day subject to deducting fees, levies and taxes payable. If for any reason payment has not been made on the applicable settlement day, the seller shall be entitled to interest effective from the date of settlement on the outstanding amount at an interest rate determined by the prime rate plus 3% p.a.
- b) The seller would not be entitled to interest if he had given written instructions to hold sales proceeds from transactions to meet the settlement of future purchases. In such event the Participant shall:
  - i. adopt a first in first out basis when determining outstanding trades and amounts due to/from the investor.
  - ii. send a statement of account at the end of each calendar month indicating the transactions for which settlement is outstanding either to/from the investor.





## **7.6 Participant's failure to clear short sales**

A securities clearing failure due to a short sale will be deemed to be a breach of these rules by the Participant concerned and consequentially the Participant will be held responsible and accountable to CSDB for such default.



## SECTION 8

### SETTLEMENT OBLIGATIONS OF THE BUYER AND INTER-PARTICIPANT SETTLEMENT OF FUNDS

#### 8.1 Settlement obligations of a buyer

- 8.1.1 The buyer shall pay his broker the value of the trade including all fees, levies and taxes for the securities purchased by him latest by 11.00 hours on T+2.
- 8.1.2 A broker will be permitted to set off a buyer's purchase proceeds against any sale proceeds due to that buyer in the following circumstances:
- a) If sales and purchase settlements fall on the same settlement day.
  - b) If the buyer has given written instructions to hold any sales proceeds from previous transactions to meet the settlement of future purchases. In such event the broker shall:
    - i. Adopt a first in first out basis when determining trades and amounts due to/from the investor.
    - ii. Send a statement of account at the end of each calendar month indicating the transactions for which settlement is outstanding either to/from the investor.

#### 8.2 Buyer in default

If the buyer fails to make payment to the buying broker on or before 11.00 hours on T+2:

- a) He shall be liable for all losses and damages sustained or incurred by the buying broker including the payment of compensation to the seller in the event the trade is failed.
- b) The buying broker may, at its absolute discretion, recover interest commencing from the settlement day up to the date of payment by the buyer. If interest is charged it should not exceed the prime lending rate plus 3% p.a.
- c) The buying broker may set off the amount due from the buyer against sales proceeds due to the buyer.
- d) The buying broker may, at its absolute discretion, sell the securities in respect of which the payment is in default on any day after T+2 and any other securities deposited by the buyer as collateral with the buying broker.



- e) Any surplus (subject to payment of any compensation and recovery of interest) arising from the sale of securities on account of which payment has been defaulted by the buyer shall accrue to the buying broker, unless such surplus arises from the sale of any other securities deposited by the buyer as collateral with the buying broker, in which event the surplus shall be remitted to the buyer on or before the expiry of one (1) Market Day after the settlement date pertaining to such sale.

### **8.3 Inter-participant settlement of funds**

- a) **Appointment of settlement bank**

In order to effect the Inter-Participant settlement of funds for trades carried out through BSE, CSDB shall appoint a settlement bank for the purpose of facilitating the Inter-Participant settlement of funds.

- b) **Inter-Participant settlement period**

Subject to Rule 8.4, the Inter-Participant settlement of funds for trades on securities shall take place on three (3) Market Days after trade day (T+3) through the settlement bank of the CSDB, as per instructions given by CSDB in the settlement schedule.

- c) CSDB shall produce, on each Market Day, a settlement schedule, which will reflect the net amount payable to or payable by each Participant. In the event of any trade cancellations or failure, the settlement schedule for the relevant settlement day will be amended and the amended settlement schedule will be forwarded to the Participants and the settlement bank.
- d) The Inter-Participant settlement schedule shall be finalised on or before 15.00 hours on T+2.
- e) Participants who are net buyers in the system shall make payment in respect of their payment obligations on transactions, to the settlement account maintained in the settlement bank. Funds used for such payment shall be realized and have real time value on or before 09:00 hours on settlement day.
- f) The inter-participant settlement of funds will take place on or before 09:30 hours on settlement day.

#### **8.4 Participant in default**

A fund settlement failure due to a buyer's default or any other reason will be deemed to be a breach of these rules by the Participant concerned and consequentially the Participant will be held responsible and accountable to CSDB for such default notwithstanding the application of rule 8.2.

#### **8.5 Prior settlement of trades**

The buyer or buying broker will be allowed to make payment for a trade after T and before T+3 subject to the approval of CSDB. The buying broker shall inform the CSDB of the intention to make prior payment on or before 12.00 hours on T. If the prior settlement is approved the CSDB will amend the settlement date for such trade accordingly. Consequently the settlement schedule will be amended and the securities cleared on the amended settlement date subject to confirmation by the settlement bank of payment being made. It will be the responsibility of the selling broker to make payment to the seller on account of trades settled on the amended settlement day.

The circumstances in which the CSDB may not approve prior settlement of trades will include but not be limited to the following:

- (a) In the event the corresponding sale/s are short sales.
- (b) *The buyer or buying broker shall not be allowed to make payment for a trade before T+3 in instances where corporate actions are pending*

## SECTION 9

### RULES GOVERNING THE SETTLEMENT EXPOSURE OF PARTICIPANTS

#### 9.1 Participant Exposure (PE)

PE in respect of each Participant will be computed by the CSDB daily on a post-trade rolling basis, taking into consideration the settlement risk on account of purchases and short sale contracts pending settlement on T+3 entered into by such Participant/s.

#### 9.2 Computation of PE

PE will be computed by the CSDB in accordance with the methodology as detailed below.

- a) PE will be calculated daily on a rolling basis based on trades pending settlement. The transactions pending settlement will be marked to market at the end of each trading day for the purpose of computing PE.
- b) Each Participant will be subject to a trading limit (exposure limit) based on the liquidity deposit provided by such Participant. The liquidity deposit can take the form of a bank guarantee or bank deposit as detailed in section 9.3 of these rules.
- c) The exposure on the transaction value will be covered by DVP. The PE will be limited to the market risk (risk due to a change in the price of the security pending settlement) and compensation payable to the aggrieved party in the event of a failed transaction.
- d) **Computation of PE**

Exposure on potential settlement failure by the buyer's Participant.

$$\sum_{i=1}^n \sum_{e=1}^j [(P_{ie} - P_e) * Q_{ie} + n\%Q_{ie} * (\text{higher of } P_{ie} \text{ or } P_e)] \geq 0$$

Exposure on potential settlement failure by the seller's Participant on account of short sales

$$\sum_{i=1}^n \sum_{e=1}^j [(P_e - P_{ie}) * Q_{ie} + n\%Q_{ie} * (\text{higher of } P_e \text{ or } P_{ie})] \geq 0$$

Where

$P_e$  = Marked to market Price of security e



$P_{ie}$  = Price paid by investor i for security e

$Q_{ie}$  = Quantity of security e purchased by investor i pending Inter-Participant settlement

$n\%$  = Parameter for damages to the aggrieved party and any fees, commissions, charges and dues payable to CSDB, BSE, government or any regulatory body (Global Parameter) which will be set by CSDB and communicated to Participants.

- e) PE will equal the exposure on potential settlement failure on account of buy transactions and exposure on potential settlement failure on account of short sale transactions pending settlement computed as detailed in section 9.2 (d) above.
- f) The parameter for damages and other charges defined in section 9.2 (d) above will be set by CSDB and communicated to Participants.

### **9.3 Liquidity deposit**

- a) Each Participant shall maintain a liquidity deposit, which shall be at least equal to his PE and be subject to a minimum value to be determined by CSDB from time to time.
- b) The liquidity deposit of a Participant shall be held in the following forms:
  - i. Bank deposits in a designated CSDB account opened in respect of the Participant; or
  - ii. Bank guarantee issued by a bank (third party bank for Custodian Banks) licensed by the Bank of Botswana issued for and on behalf of the Participant, in favour of CSDB provided that the bank guarantee is irrevocable and the bank undertakes to make payment to CSDB on demand, within 24 hours of the CSDB making a claim on such bank guarantee.
  - iii. Any interest accruing on the bank deposit will be paid to the Participant subject to the recovery of any taxes that may apply.
- c) The Liquidity deposit may be utilised by CSDB to defray:
  - i. Any sum or sums of money due and payable by the Participant in default including compensation payable to any client of such Participant.
  - ii. Any sum or sums of money including compensation due and payable by such Participant to any other Participant of CSDB.
  - iii. Any fees, commissions, charges and dues payable by the Participant in default to CSDB, BSE, government or any regulatory body.



- iv. CSDB will permit withdrawal of funds from the liquidity account provided that funds in the account are in excess of the required level as determined by these rules.

#### **9.4 Procedure to monitor PE**

- a) CSDB shall prepare a schedule computing the exposure of each Participant on a daily basis taking into consideration the provisions contained in these rules. The exposure in respect of each Participant shall be notified by CSDB to the respective Participant on a daily basis.
- b) If the value of the liquidity deposit falls below the PE and/or the minimum requirement as determined by CSDB the Participant shall take immediate steps to comply with the requirements as set out in these rules latest by 09:00 hrs on the following Market Day.
- c) If the Participant does not comply with these requirements it shall constitute a violation of these rules.

#### **9.5 Non compliance with these rules**

- a) In the event a Broker Participant does not meet the liquidity requirements as specified in these rules, CSDB shall promptly inform the BSE regarding the inability of the Broker Participant to comply with the provisions of these rules.
- b) Upon receipt of such notification from CSDB the BSE shall suspend such Broker Participant from trading until the Broker Participant meets the liquidity requirements.
- (c) If the Participant in breach of the liquidity requirement is a custodian bank the BSE on being informed of such breach by CSDB shall direct members of the BSE not to execute any purchase orders or short sales on behalf of such custodian bank until such time the custodian bank complies with the rules.



## SECTION 10

### DEALING WITH INTER-PARTICIPANT SETTLEMENT FAILURES

- 10.1** An Inter-Participant settlement failure could occur due to the failure of a Participant to honour his payment obligations or honour his obligations in respect of short sales executed by him.
- 10.2 Procedure to be followed if a Participant is likely to dishonour payment obligations:**
- a) The Participant likely to default shall promptly (on or before 12.00 hours on T+2) identify and disclose to CSDB the buyer/s who is/are in default and consequently the trade/s which may result in a settlement failure.
  - b) If the Participant likely to default does not identify and disclose to CSDB the buyers in default and trades which may result in default he shall be in violation of these rules. In such event the CSDB would identify trades to be failed using an appropriate basis at its own discretion without bearing any liability for its action whatsoever. Any liability arising out of such action by CSDB shall devolve on the Participant.
  - c) CSDB shall take immediate action to fail such identified trades, amend the settlement schedule and forward the amended settlement schedule to the Participants concerned and the settlement bank giving reasons for the amendment on or before 15.0 hours on T+2.
  - d) CSDB on failing the trade will transfer the securities from the seller's pending sell account to his balance free account and cancel the pending buy account in the buyer's account.
  - e) CSDB will initiate action to compensate the seller's Participant utilising the liquidity deposit maintained by the defaulting (buyer's) Participant on or before 15:00hrs on the day following the settlement day (S+1).
  - f) The seller's Participant shall forward such compensation to the seller on or before 12:30hrs on the following day after receiving such compensation (S+2).

### 10.3 Procedure to be followed if a Participant fails to honour obligations on short sales:

- a) CSDB shall promptly (after clearing and settlement has taken place on the day prior to settlement day) identify and disclose to the relevant Participant/s the sellers who may be short of securities to effect clearing on settlement day and the trades that may result in failure due to securities being short.
- b) The Participant shall take immediate action to rectify the shortage of securities on or before 10:00hrs on S-1.
- c) In the event (b) above is not possible, CSDB shall fail the trades in question, amend the settlement schedule and forward the amended settlement schedule to the Participants concerned and the settlement bank, giving reasons for the amendments.
- d) CSDB on failing the trades will transfer the securities from the seller's pending sell account to his balance free account and cancel the pending buy account in the buyer's account.
- e) The buying broker shall make payment of the value of the transaction to the buyer (if payment has been received) on or before 12:30hrs on the day after settlement day (S+1).
- f) CSDB will initiate action to compensate the buyer's Participant utilising the liquidity deposit maintained by the seller's Participant on or before 15:00hrs on the day following settlement day (S+1).
- g) The buyer's Participant shall forward such compensation to the buyer (if payment has been received) on or before 12:30hrs on the following day (S+2). If the buyer has not paid the buying Participant, compensation payable will accrue to the buying Participant.

### 10.4 Computation of compensation

In the event of Inter-Participant settlement failures compensation on failed trades will be computed as follows:

Failed trade due to a default by the Buying Participant

$$[(P_{ie}-P_e) Q_{ie} + n\% Q_{ie} \text{ (higher of } P_{ie} \text{ or } P_e)] \geq 0$$

Failed trade due to or default by the Selling Participant

$$[(P_e-P_{ie}) Q_{ie} + n\% Q_{ie} \text{ (higher of } P_e \text{ or } P_{ie})] \geq 0$$

Where

$P_e$  = marked to market price of security  $e$  in respect of

the failed trade

$P_{ie}$  = price paid by investor  $i$  (aggrieved party) for security  $e$   $Q_{ie}$  =  
Quantity of security  $e$  purchased by investor  $i$  in respect  
of the failed trade

$n\%$  = Parameter for damages to the aggrieved party in respect of  
the failed trade as communicated by CSDB to Participants.

- 10.5** The compensation parameter  $n\%$  detailed in 10.4 above will be set by CSDB and communicated to Participants. Any amendments made to the compensation parameter by CSDB from time to time will also be communicated to the Participants.
- 10.6** Nothing in these rules will absolve a Participant from his clearing, settlement and payment obligations to other Participants and investors in the event the liquidity deposit is inadequate to meet the payment of compensation.



## **SECTION 11**

### **DEPOSIT OF SECURITIES**

#### **11.1 Procedure for deposit of securities in CSDB**

- a) Subject to these rules, account holders may deposit securities into their securities accounts. Such deposits shall be made through the relevant Participant who in turn will forward the documents to the relevant NTS for deposit.
- b) Participants shall ensure that all securities handed over to NTS for deposit shall be submitted together with a duly completed deposit form and any other documents that may be required. The duplicate of the deposit form will be returned to the Participant by NTS, duly signed as confirmation of receipt of such deposit. Participants shall forward such duplicate of the deposit form to the relevant account holder within two (02) Market Days of receiving same.
- c) The NTS shall not be obliged to act on any documentation incorrectly completed, endorsed or executed.
- d) Securities forwarded for deposit will be credited to the relevant securities account or rejected by the NTS within two (02) Market Days of receipt of the documents.

#### **11.2 Precautions to be taken by NTS when depositing securities**

- (a) All liabilities arising out of deposit of securities to CSDB carried out based on invalid documents shall be borne by the NTS and the listed company.

#### **11.3 Deposit of securities issued pursuant to an IPO and further issues (rights, bonus issues etc.)**

Securities issued by a listed company pursuant to an IPO, a rights issue, bonus issue or any other further issue will be eligible for deposit or direct upload into CSDB only after the new securities arising from such issue are listed by the BSE.

## SECTION 12

### WITHDRAWAL OF SECURITIES

- 12.1** Withdrawal of securities shall only apply to securities that are dual listed. Subject to these rules, an account holder may withdraw any securities held in his securities account, either in whole or in part. Any request to withdraw securities shall be made through the relevant Participant through whom the securities account is maintained, in CSDB.
- 12.2** Participants shall ensure that a request to withdraw securities by an account holder shall contain a duly completed withdrawal form duly executed endorsed and stamped as appropriate and submit the same to CSDB for processing.
- 12.3** Upon withdrawal of securities from the CSDB, CSDB shall forward the withdrawal documents to the NTS who shall register the securities withdrawn in the register of the listed company.
- 12.4** The NTS of the listed company shall forward to the Participant the changes in securities held in the name of the account holder who has withdrawn the securities before the expiry of two (02) Market Days from the date of receipt of the withdrawal documents from CSDB and notify the CSDB that it has done so.
- 12.5** The Participant shall forward any changes in the holding of securities to the investor before the expiry of two (02) market days from the date of receipt of any such changes in the holding of securities from NTS.

## SECTION 13

### TRANSFER OF SECURITIES IN CSDB

The authority to transfer listed securities shall vest with the CSDB. Except as otherwise provided in these Rules, the CSDB shall only effect transfers for transactions executed through the BSE.

#### 13.1 Transfer of securities between securities accounts

##### a) **Obligation of Participants**

- i. Subject to the provisions of these rules, an account holder may, by completing the CSDB prescribed transfer form, request a Participant, with whom the account holder's securities account is maintained, to transfer securities held in such securities account to another designated securities account.
- ii. A Participant shall not delay or refuse to process transfers unless the account holder has not paid for such securities or the securities are held under lien for payments outstanding to the Participant or any other institution. If there is a delay in processing such transfers for any reason the transferor Participant shall promptly inform the account holder and transferee Participant, giving reasons for such delay.
- iii. If for any reason a transfer cannot be processed by the transferor Participant through whom the securities are held, the transferee Participant should be informed on or before two (02) Market Days from the date of receipt of such request.
- iv. If the transferee Participant is not satisfied with the reasons attributed for the delay it should be brought to the notice of CSDB. CSDB shall then consider the merits of the delay and take appropriate action at its sole discretion.

##### b) **Verification**

It shall be the responsibility of both transferor and transferee Participants, in processing a transfer request made by an account holder, to check and ensure the completeness and accuracy of the request.

- c) The transfer of securities within accounts in CSDB will be effected by CSDB subject to the above procedure being followed, and verification being done by the Participants and the CSDB prescribed transfer forms being submitted to CSDB.



- (d) Transfer of securities between CSDB account holders shall take place as detailed in rule 13.1.

### **13.2 Transfer of securities in CSDB in the event of death of an account holder**

In the event of a death of an account holder securities held by such account holder in CSDB may be transferred to his/her legal heir. For this purpose a request to transfer such securities shall be made to CSDB in the prescribed transfer form through the respective Participant/s.

### **13.3 Transfer of securities pertaining to takeovers**

Subject to the provisions of these rules, an account holder may, by completing the prescribed form, request the relevant Participant to transfer securities in connection with a takeover of a listed company or a de-listing of a security, to another account holder. CSDB may carry out such transfers in accordance with the relevant provisions of the statutes and the rules and procedures established by CSDB and BSE.

### **13.4 Transfer of Securities traded off market**

- a) All transfers for off market transactions shall be subject to prior approval by the CSDB provided the parties submit proof of the following:
  - i. that the transaction was carried out in an environment that provides fair play, transparency and competitive price discovery and is similar to the trading environment provided by a stock exchange;
  - ii. that the transaction is a gift to a close relative; or
  - iii. that the transaction does not result in a change in beneficial ownership.

For purposes of this section, a “close relative”, in relation to an individual, means the individual’s spouse and children (including lawfully adopted children).

- b) All such transfers shall be subject to a fee of two percent (2%) of the transaction value, except for transactions that fall within Section 13.4(a) (ii) and (iii) above.

### **13.5 Documents to be submitted with transfer requests**

Participants shall provide the CSDB with the necessary documentation to process and approve the transfer of securities.

### **13.6 Rejection of transfer requests**

CSDB may, at its absolute discretion, reject a transfer request made by a Participant, if such request does not conform to these rules.



## SECTION 14

### ENTITLEMENTS

#### 14.1 Entitlements of account holders in CSDB

- a) The NTS of the listed company shall process entitlements of CSDB account holders based on information provided by CSDB, subject to Rule 14.5 hereof.
- b) An account holder's entitlement to a payment of a dividend, allotment of bonus shares or allotment of rights to shares or any other distribution or ownership issue of a similar nature shall be determined on the basis of the amount of securities held in his securities account as at the date of entitlement. It will be the responsibility of the NTS to consolidate the shares held in securities accounts in CSDB.
- c) For the purpose of entitlements only those shares registered in the names of the account holders as at the date of entitlement will be taken into account i.e. transactions pending settlement will be excluded in generating the entitlement schedule.

#### 14.2 Dividends

- a) In the event of a listed company declaring a dividend payment, the NTS shall download from CSDB a list of account holders with their respective holdings with regard to that security as at the date of entitlement.
- b) The listed company shall prepare dividend payments as per the entitlement information provided by CSDB, and shall dispatch cheques and tax certificates (if any) direct to the respective account holders.
- c) If the account holder has indicated dividend disposal instructions in his securities account the listed company shall dispatch such payment in accordance with such instructions.

#### 14.3 Bonus issues

- a) In the event of a listed company issuing bonus shares, the NTS shall download from CSDB a list of account holders with their respective holdings with regard to that security as at the date of entitlement for the distribution of shares.
- b) The listed company shall allot bonus shares as per the entitlement information provided by CSDB.

#### **14.4 Rights issues**

- a) In the event of a listed company issuing rights shares, the NTS shall download from CSDB a list of account holders with their respective holdings with regard to that security as at the date of entitlement.
- b) The listed company shall post the provisional letters of allocation direct to the respective account holders as per information provided by CSDB.
- c) An account holder may deposit his rights in his securities account through the Participant and NTS. Once the rights to the shares are provisionally issued they may be deposited in CSDB and the account holder may trade on such rights to shares through the Participant. Such deposits and trading in the rights to shares shall be allowed up to and including two (02) Market Days prior to the last date of renunciation of the rights issue.
- d) CSDB shall submit to the Participants a list of account holders registered in CSDB through such Participants, with their respective holdings in the provisional allotment of rights to shares, two (02) Market Days prior to the last date of renunciation.
- e) The Participants shall submit the payments in respect of the rights to shares subscribed by the account holders to CSDB on the last date of renunciation. Such payments shall be duly forwarded by CSDB to the relevant listed company.
- f) Details of rights to shares not subscribed by account holders shall be promptly notified to CSDB by the respective Participants. Such rights to shares not subscribed by account holders will be duly withdrawn by the CSDB.
- g) Rights to shares duly subscribed by the respective account holders shall be uploaded to CSDB and converted to ordinary shares by CSDB upon final allotment, as per the instructions of the NTS.

**14.5** The NTS may, at his discretion and own risk, deviate from the information given by the CSDB pertaining to the address and the dividend instructions of an account holder who is entitled to a corporate action, if sufficient proof is produced by the account holder to the satisfaction of the NTS in writing, giving reasons for such deviation from the instructions/information given by CSDB.



## **SECTION 15**

### **STATEMENT OF ACCOUNTS**

#### **15.1 Periodic account statements**

CSDB shall send the account holders an account statement showing the description and the quantity of securities debited and/or credited to his securities account. Such statement may be forwarded to the account holder directly by the CSDB.

- a) However CSDB reserves the right to require the relevant Participant through whom the securities account is registered to forward the account statement to the account holder on behalf of CSDB.
- b) The frequency of issuing such statements shall be determined by CSDB from time to time.

#### **15.2 Copies of account statements**

- a) If an account holder wishes to obtain a copy of his account statement, he may call over personally at the office of the CSDB and obtain such statement, upon proving his identity.
- b) In the alternative account holders may write to CSDB requesting for a copy of the account statement. The CSDB will mail such account statement to the address registered in the system.
- c) CSDB may charge a fee from the account holders for providing copies of account statements.



## SECTION 16

### DISCIPLINARY ACTIONS

#### 16.1 Circumstances subject to disciplinary actions

CSDB may institute disciplinary proceedings against a Participant in respect of an act of misconduct committed or reasonably believed to have been committed by it. An act of misconduct includes:

- a) A breach of these rules.
- b) A failure to comply with any decision, instruction, requirement, direction or condition of CSDB.
- c) Default of settlement of funds and/or securities on account of short sales.
- d) Failure to maintain the liquidity deposit as detailed in the rules.
- e) Errors, delays or other actions deemed to be detrimental to the operations of CSDB and conduct which in the opinion of CSDB is detrimental to the interests and/or reputation of CSDB or its Participants.
- f) Provision to CSDB of information (including information for the purpose of becoming a Participant or NTS) which is false, misleading or inaccurate.
- g) Failure to pay a fine or comply with any other disciplinary action or penalty imposed by CSDB within the stipulated time period.

#### 16.2 Disciplinary actions against a Participant

Without prejudice to any other right the CSDB may have, on each charge admitted by or proved against a Participant, the CSDB may impose one or more of the sanctions set out below:

- a) Terminate Participant status in CSDB.
- b) Suspend Participant status in CSDB.
- c) Limit the Participant's activities or access to certain services and facilities in CSDB as may be determined by CSDB.
- d) Impose a fine on the Participant of an amount not exceeding a sum of P200,000 for any single offence.
- e) Notify the matter to any competent authority to which the Participant is subject to.



- f) Take such other disciplinary action as CSDB shall consider appropriate in the circumstances.

### **16.3 Fines for violation or non-compliance of these rules by listed companies**

CSDB may impose fines for violation or non-compliance of these rules by listed companies not exceeding the sum of P200,000 for any single offence.

### **16.4 Suspension and termination of membership of Stockbroker Participants by the BSE**

- a) In the event the BSE suspends the membership of a Stockbroker Participant for a particular period CSDB too may suspend participation by such Stockbroker Participant for the period determined by the BSE.
- b) In the event the BSE terminates the membership of a Stockbroker Participant, CSDB too shall terminate the Participant status granted to such Stockbroker Participant. Such termination shall be subject to the Stockbroker Participant settling all its liabilities and obligations towards the CSDB, BSE, account holders and other stakeholders, as determined by CSDB.

### **16.5 Suspension and termination of licenses of Custodian Participants by the Bank of Botswana (BoB)**

- a) In the event the BoB suspends the license of a Custodian Participant for a particular period CSDB too will suspend participation by such Custodian Participant for the period determined by the BoB.
- b) In the event the BoB terminates the license of a Custodian Participant, CSDB too shall terminate the Participant status granted to such Custodian Participant. Such termination shall be subject to the Custodian Participant settling all its liabilities and obligations towards the CSDB, BSE, account holders and other stakeholders, as determined by the CSDB.

### **16.6 Suspension and termination of Participants by the CSDB**

In the event a Participant is being subject to an adverse finding by any competent authority wherever situated, including without limitation, any court of competent jurisdiction and/or any regulatory or self-regulatory organisation or other body exercising regulatory or disciplinary functions, then CSDB may, without any further inquiry, suspend or terminate the Participation by such Participant in CSDB.

## **SECTION 17**

### **RULES TO BE FOLLOWED IN THE EVENT A PARTICIPANT IS SUSPENDED**

- 17.1** CSDB will publish a notice in the newspapers in Setswana and English informing the public of the suspension of a Participant and detailing the action that should be taken by account holders who maintain their securities accounts in CSDB through such Participant.
- 17.2** Subject to the strict supervision and control of CSDB and on the written approval of CSDB the suspended Participant may be permitted to continue to carry out the sale of securities on behalf of its clients from the date of such suspension only in the following instances:
- a) Sale of securities on the instruction of the client subject to short sales not being permitted.
  - b) Sale of securities for which payment has not been received by such Participant on the purchase settlement date.
- 17.3** Notwithstanding the suspension referred to herein, the suspended Participant shall continue to honour his obligations with regard to fund settlement to other parties.
- 17.4** All sales proceeds received by a Participant subsequent to his suspension shall be used to make payment to the respective sellers under the strict control and supervision of CSDB, subject to the recovery of any outstanding dues from the sellers.
- 17.5** Account holders who hold securities with a suspended Participant may transfer such securities from such Participant to any other Participant of their choice. The account holders may do so only after the settlement of any outstanding encumbrances attached to the securities.
- 17.6** These rules will in no way prevent the CSDB from taking punitive action against the Participant in default.



## SECTION 18

### PLEDGING OF SECURITIES

#### 18.1 PROCESS TO BE FOLLOWED IN PLEDGING SECURITIES

- a) CSDB shall not pledge in favour of any person (in this section referred to as “pledgee”) as collateral deposited securities unless instructed to do so in writing by the account holder (in this section also referred to as “pledgor”) and confirmed by the pledgee, through the Participant.
- b) Both the pledgor and the pledgee must have opened accounts in the CSD to create a pledge.
- c) Only unencumbered and free securities can be pledged, securities that are under pending sell mode cannot be pledged. Those securities under pending buy mode will have to settle first before they can be pledged.
- d) It is the responsibility of the Participant to verify that the account holder has a free balance on the securities to be pledged and that the securities are not earmarked for settlement nor are frozen for collateral purposes.
- e) The Participant shall forward the request to CSDB to effect the pledge and the securities will be blocked in the pledgor’s account by the CSDB. Such request shall be supported by documents evidencing such pledge in favour of the pledgee. A copy of the pledge agreement is to be filed with the CSDB.
- f) The Participant shall confirm the transaction to the account holder and issue them with a copy of the approved CSDB Pledge Form which shall also be forwarded to the Pledgee.

The CSDB Pledge Form as approved by the CSDB Board is attached hereto and marked as **Annexure A**.

- g) The beneficiary of corporate actions for pledged securities will be the pledgor.

#### 18.2 Release or Discharge of pledged securities





- a) The Participant shall confirm the release or discharge to the pledgee and issue them with a copy of the approved CSDB Pledge Release Form which shall also be forwarded to the account holder.

The CSDB Pledge Form as approved by the CSDB Board is attached hereto and marked as **Annexure B**.

- b) The Participant shall confirm the release or discharge to the pledgee and issue them with a copy of approval which shall also be forwarded to the account holder.

### **18.3 Pledge Invocation**

- a) In the event of a default by the pledgor, the Participant shall, upon receipt of a request in writing from the pledgee for invocation, forward the request to the CSDB to effect the invocation.
- b) It is the responsibility of the Participant to verify that the request is in compliance with the terms of the pledge agreement,
- c) The CSDB shall on receipt of the request, transfer the securities from the pledgor's account to the pledgee's account.
- d) The Participant shall confirm the transfer to both the pledgee and the pledgor.



## SECTION 19

### FEES AND PENALTIES CHARGEABLE BY CSDB

- 19.1 CSDB shall levy fees on account of services provided.
- 19.2 Such fees shall be levied from investors, Participants and listed companies.
- 19.3 Fees to be charged and any amendments thereto will be communicated to listed companies and Participants from time to time.
- 19.4 All fees are payable within forty five (45) days from the date of invoice (due date).
- 19.5 Penalties shall be applied to all outstanding balances of invoices which are not paid by the due date as follows:

	Outstanding Balance < <b>P1000</b>	Outstanding Balance <b>&gt;P1,000&lt;P5,000</b>	Outstanding Balance <b>&gt; P5,000</b>
Penalty	P2,000	P5,000	P7,500

- 19.6 If a Participant fails to pay any outstanding fees charges and penalties within ten (10) days from the date of written notice of outstanding debt, the CSDB shall forthwith suspended the Participant from the CSDB.



## **SECTION 20**

### **GENERAL PROVISIONS**

#### **20.1 Acting on behalf of CSDB**

Except where it is specifically provided, the CEO of the BSE or any other person designated by the Board of Directors of the CSDB from time to time shall act on behalf of CSDB.

#### **20.2 Forms**

- a) In connection with any transaction or matter handled through, with or by the CSDB under or pursuant to the rules, such forms and other documents shall be used as the CSDB may from time to time prescribe. Any additions or changes to and elimination of any such forms and other documents may be made by the CSDB at any time at its discretion.
- b) In addition, any information required to be delivered to CSDB by use of any such forms may be delivered by the use of any media, such as magnetic tapes, discs, diskettes or paper, as shall be prescribed in these rules or procedures adopted by CSDB from time to time.

#### **20.3 Release or disclosure of CSDB information**

- a) Upon a written request by a Participant, CSDB may release or disclose information pertaining to such Participant or securities accounts held by account holders in CSDB through such Participant.
- b) Upon a written request being made by an account holder, CSDB may release or disclose information pertaining to the securities account of such account holder in CSDB, provided that CSDB is satisfied with regard to the genuineness of such request. Such information will be forwarded by the CSDB to the registered address of such account holder.
- c) CSDB may release or disclose information pertaining to a particular security listed in the BSE by a listed company to the NTS of such listed company.
- d) CSDB may release or disclose any information and/or documentation pertaining to an account holder in CSDB holding securities of a listed company, to the NTS, upon a written request being made by the NTS.
- e) CSDB shall have the authority to release or disclose the details of any information if so required by any applicable law, decree, regulation or order of the government of Botswana, court, tribunal or other competent authority.



- f) CSDB shall have the authority to provide information pertaining to the settlement of funds to the settlement bank of CSDB, as provided in these rules.
- g) CSDB may, at its sole discretion, release any information pertaining to CSDB to regulatory organisations and self-regulatory organisations, as required under the relevant statutes.
- h) Nothing, in these rules shall prevent the CSDB from releasing CSDB information to any other party, provided that such information shall be in a form as that would prevent them from being identified as information pertaining to a particular Participant or an account holder in CSDB.

No act carried out or omitted to be carried out by the CSDB and/or its respective servants, and/or agents bona fide in connection with or for the purpose of these rules shall subject the CSDB and/or its respective servants and/or agents to liability whether personally or otherwise.

#### **20.4 Amendments to these rules**

CSDB may from time to time amend, extend or delete the provisions of these rules. Such amendments, extensions or deletions may be made with immediate effect or otherwise, as the CSDB shall determine. CSDB shall notify the Participants regarding such amendments, extensions or deletions.





## SECTION 21

### TRADE AFFIRMATION BY CUSTODIAN BANKS

- 21.1 Custodian Banks who are participants of the CSD shall have the facility of affirming or rejecting trades carried out by or on behalf of its account holders.
- 21.2 Trade affirmation or rejection shall be carried out by Custodian Banks on or before 9.00 hours on T+2
- 21.3 In the event of the failure of a Custodian Bank for whatever reason to reject a trade pertaining to an account holder on or before the time and date stipulated in these rules, the settlement liability for such trades shall be borne by the Custodian Bank.
- 21.4 A trade rejection by a Custodian Bank shall be accompanied by a communiqué to the CSD copied to the relevant broker giving reasons for the rejection of the Trade.
- 21.5 A trade rejection by a Custodian Bank shall empower the CSD to transfer the securities underlying the trade (in the case of a purchase transaction) from the account holder to the account of the Broker who carried out the trade for the account holder. Such transfer shall be done on or before 10:30 hours (after trade clearing) on T+3).
- 21.6 A trade rejection by a Custodian Bank shall empower the CSD to transfer the securities underlying the trade (in the case of a sale transaction) from the account of the Broker to the account of the account holder. In the event the Broker is short of shares to be transferred; the trade will be failed on T+3 and the selling broker will be liable to make payment of default penalties as provided for in the CSDB Rules.
- 21.7 The CSD shall amend the Participant Exposure taking into account trade rejections by Custodian Banks by transferring the exposure of rejected trades from the exposure of the participant Custodian Bank to the Exposure of the relevant Broker. In the event the Broker is short of shares to be transferred to the seller the CSD shall compute the “notional exposure” on the transaction on the basis of a “short sale” the liability of which will devolve on the Broker.
- 21.8 The CSD shall amend the settlement schedule taking into account trade rejections and inform participants of any change to their settlement positions on or before 15:00 hours on T+2.
- 21.9 All settlement liabilities on account of rejected trades shall devolve on the Broker responsible for executing the trade and the Broker shall meet such liabilities.
- 21.10 Any dispute arising between the Broker and the Custodian Bank/account holder due to a rejection of a trade shall be resolved according to the BSE’s Procedure for

Dispute Resolution. The dispute resolution would not in any way absolve the Brokers responsibility for settlement of rejected trades on T+3.



## ANNEXURE A

### CENTRAL SECURITIES DEPOSITORY COMPANY OF BOTSWANA LIMITED

#### SECURITIES PLEDGE REQUEST FORM (CSDB 6)

**PLEDGOR'S DETAILS**

Name of Pledgor .....

Address .....

I/We request you to pledge the following securities held in my/our name in my/our CSDB account no (registration ID)

Held with my participant (name)..... Whose consent is given below.

**DETAILS OF SECURITIES**

Security ID	Type	Sub Type	Quantity	Ref No. (Office use only)

<b>Pledge Expiry Date</b>	
<b>Pledge Value (P)</b>	
<b>Date of Pledging</b>	

Name of the Pledgee.....

We hereby confirm the pledge agreement we entered into with ..... for the above securities.

Authorised signature..... Date and stamp.....

Full name..... Designation.....

I/We declare that the particulars given by me/us above are true to the best of my knowledge.

**Signature/s of individual account holder/s/ Authorised signatories and/or stamp of institution**

**1..... Date..... 2.....**

**Date.....**

<p style="color: blue; margin: 0;"><b>For Participant use only</b></p> <p><b>I/We confirm that the details of the beneficial owners stated above are true and correct. Also the balance of the securities offered for the pledge is unencumbered and is a free balance.</b></p> <p>Verified by.....</p> <p>Authorised Signature..... Date.....</p> <p style="text-align: right;">Company</p> <p>Stamp</p>	<p style="color: blue; margin: 0;"><b>For CSDB use only</b></p> <p>(a) The pledge has been effected by the CSDB.</p> <p style="text-align: center;"><b>Authorised</b></p> <p>Signature.....Date.....</p> <p>(b) The pledge has been communicated to the financial institution.</p> <p style="text-align: center;"><b>Authorised</b></p> <p>Signature.....Date.....</p>
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**ANNEXURE B**

**CENTRAL SECURITIES DEPOSITORY COMPANY OF BOTSWANA LIMITED**

**SECURITIES PLEDGE RELEASE REQUEST FORM (CSDB 7)**

**PLEDGOR'S DETAILS**

Name of Pledgor .....  
 Address .....

I/We request you to set up an **Unpledge** request on my /our behalf, for the following securities pledged in my/our name in our CSDB account no (registration ID)

--

Held with my participant (name)..... Whose consent is given below.

**DETAILS OF SECURITIES**

Security ID	Type	Sub Type	Total Quantity Pledged	Quantity to be unpledged	Reference No. (Office use only)

The unpledged request is being set up for the reasons mentioned hereunder

--

Name of the Pledgee.....

We hereby confirm the **Unpledge** agreement we entered into with ..... for the above securities.

Authorised signature..... Date and stamp.....  
 Full name..... Designation.....

I/We declare that the particulars given by me/us above are true to the best of my knowledge.

**Signature/s of individual account holder/s/ Authorised signatories and/or stamp of institution**

- 1..... Date.....
- 2..... Date.....

<p><b>For Participant use only</b></p> <p>I/We confirm that the details of the beneficial owners stated above are true and correct.</p> <p>Verified by.....</p> <p>Authorised Signature..... Date.....</p> <p align="right"><b>Company Stamp</b></p>	<p><b>For CSDB use only</b></p> <p>(a) The pledge has been released by the CSDB.</p> <p align="center"><b>Authorised Signature.....</b> Date.....</p> <p>(b) The Release of the pledge has been communicated to the financial institution.</p>
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Authorised Signature.....  
Date.....