



AN OVERVIEW OF THE LISTINGS REQUIREMENTS

AND

LISTING BOARDS

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1. OUR BUSINESS

The MSE offers a platform for raising capital through issuance of securities

REGULATORY ROLE

REGULATION:

1. Ensuring listed companies comply with listing rules
2. Regulation of members/Broke

FAIR TRADING & INVESTOR CONFIDENCE:

1. Operating a fair and efficient market
2. Promoting investor protection and investor confidence.



DEVELOPMENTAL ROLE

MARKET ACTIVITY:

1. Platforms for raising long term capital:
 - Equity - Main Board & Alternative Capital Market
 - Debt – Government bonds & Corporate bonds
2. A centre for trading of securities - market where investors can buy and sell securities such as shares and bonds.

MARKET DEVELOPMENT:

1. Financial literacy & awareness
2. Information dissemination
3. Visibility of listed companies

2. ROLE OF THE STOCK EXCHANGE IN THE ECONOMY

- Fosters economic growth - Channeling financial savings into productive investment at low cost. *Unused funds are mobilized and redirected to promote commerce and industry.*
- Redistribution of wealth – giving many people (Malawians) an opportunity to become part-owners of profitable businesses; therefore helping in reducing income inequalities.
- Creating investment opportunities for small investors. Investment in the stock market is open to both large and small investors.
- Offers competition in the financial market by offering alternative financial products to Investors and alternative source of finance

3. WHAT ARE THE BENEFITS OF LISTING



3.1 LARGE POOL OF FUNDS

Company	Shares Offered	Amount (MK)	Sub. Times	Date of listing
TNM	1,290,450,000	2,580,900,000.00	3.1	3 Nov 2008
MPICO	384,922,944	855,076,624.00	5.3	12 Nov 2007
BRITAM	77,500,000	178,250,000.00	2.9	29 Sep 2008
NBM	31,500,000	126,000,000.00	3.4	21 Aug 2000
STANDARD	24,000,000	78,000,000.00	1.7	29 Jun 1998
SUNBIRD	39,237,400	72,589,190.00	0.7	8 Dec 2002
ILLOVO	28,000,000	63,000,000.00	2.2	10 Nov 1997
NICO	15,000,000	29,410,000.00	1.4	11 Nov 1996

LARGE POOL OF FUNDS CONTINUED...

Company	Offer Type	Shares Offered	Amount (MK)
NBS	Rights Issue	2,182,930,017	11,800,000,000.00
MPICO	Rights Issue	1,149,023,730	9,000,000,000.00
PCL	Rights Issue	10,021,318	2,094,455,462.00
FMB	New Subscription	225,000,000	562,000,000.00
NBS	New Subscription	93,333,000	242,665,800.00
ILLOVO	Rights Issue	39,635,800	188,270,050.00

3.2 EFFICIENT WAY OF RAISING CAPITAL

- Low cost of raising funds

Company	Listing Cost Ratio (%)	Bank lending Rates
NICO (1996)	15.33	38.00
ILLOVO (1997)	14.01	25.00
STANDARD (1998)	5.38	35.00
PCL (1998)	19.68	35.00
NBM (2000)	9.68	55.00
SUNBIRD (2002)	18.97	50.00
FMB (2006)	6.24	27.00
MPICO (2016)	2.75	34.00
NBS (2017)	6.00	34.00

3.3 WEALTH DISTRIBUTION

Company	Shareholders Before Listing	S/holders
STANDARD	4	1,724
NBM	4	4,640
NICO	3	1,830
NITL	538	1,318
ILLOVO	3	2,205
PCL	2	1,520
SUNBIRD	3	638
FMB	4	1,773
TNM	4	15,570
NBS	3	6,102
MPICO	2	5,107
BHL		264

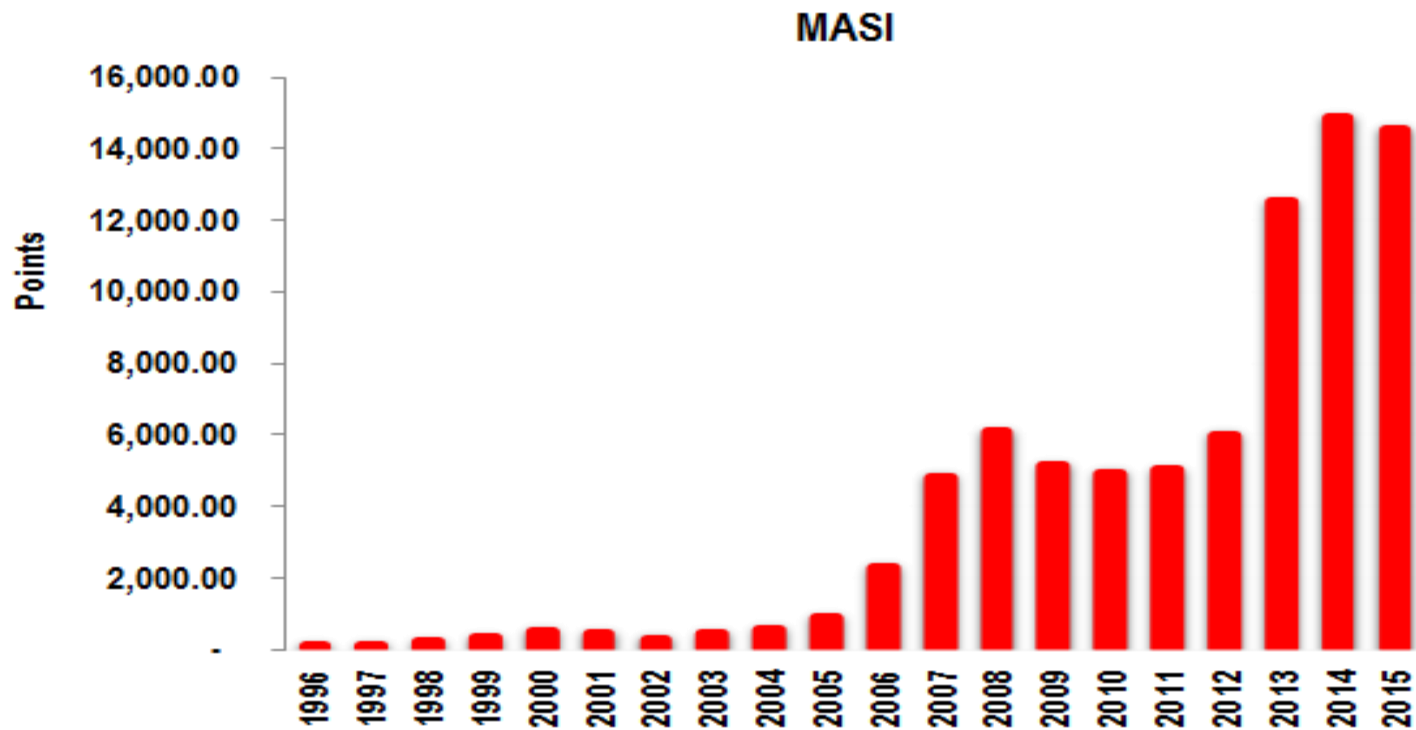
3.4 VALUE CREATION

- Long term investors have realised value from their investments

Company	Year of Listing	Listing Price	20-Jul-17	Growth (Times)
NICO	11-Nov-96	0.20	14.08	70
ILLOVO	10-Nov-97	2.25	216.05	96
BHL	25-Mar-97	0.84	20.25	24
STANDARD	29-Jun-98	3.25	625.00	192
PCL	09-Sep-98	14.89	570.00	38
OML	12-Jul-99	79.56	1,850.00	23
NBM	21-Aug-00	4.00	265.99	66
SUNBIRD	21-Aug-02	1.85	64.00	35
NITL	21-Mar-05	2.65	50.00	19
FMB	19-Jun-06	2.50	18.61	7
NBS	25-Jun-07	2.60	6.88	3
MPICO	12-Nov-07	2.25	8.50	4
TNM	03-Nov-08	2.00	10.14	5

VALUE CREATION CONTINUED...

- The MSE has yielded a return of an average of 35% per year since inception. (Highest growth in 2006 – 154%)



4. ACHIEVEMENTS

- Helped companies raise capital – NBS and MPICO recently raised MK11.8 bn & MK9bn respectively
- Created a pool of investors to stock market investments - >40,000 shareholders.
- Key member on financial inclusion of Malawians through Financial Literacy program.
- Created a platform for Small and Medium Enterprises.
- Provided platform to Government for trading of its instruments
- We are a referenced Stock market within the region on setting up stock exchanges, eg Lesotho, Rwanda, Burundi.
- Catalyst and promoter of good corporate governance in Malawi.
- Developed an interacting website which is a gate way to regional and international investors.

5. LISTING REQUIREMENTS FOR THE EQUITY MARKET

*‘Securities should be brought to the market in a way that is appropriate and which will facilitate an **open** and **efficient** market for securities trading’*

Item No.	Requirement	Main Board	Alternative Capital Market
1	Registered status requirements	To be duly incorporated or otherwise validly established under the laws of the country of incorporation or already listed on another recognised stock exchange.	To be duly incorporated or otherwise validly established under the laws of the country of incorporation or already listed on another recognised stock exchange.
2	Minimum amount of issued capital that must be offered to the public	25%	20%

LISTING REQUIREMENTS FOR THE EQUITY MARKET CONTINUED...

Item No.	Requirement	Main Board	Alternative Capital Market
3	Minimum subscribed share capital of the Issuer	MK500 million	MK250 million - MK499 million
4	Minimum shares in issue.	30 million	10 million
5	Financial Requirements	3 year profit history	No profit history required but must provide 3 years forecast statement of financial position, statement of comprehensive income, cash flows based on market segment growth, competitive analysis and market share

LISTING REQUIREMENTS FOR THE EQUITY MARKET CONTINUED...

Item No.	Requirement	Main Board	Alternative Capital Market
6	Shareholder spread	300 shareholders	100 shareholders
7	Status of the Company's securities	fully paid up and freely transferable.	fully paid up and freely transferable.
8	Underwriting	Fully underwritten	Fully underwritten
9	MEMARTS	must comply with the requirements of the Stock Exchange Listings requirements.	must comply with the requirements of the Stock Exchange Listings requirements.



LISTING REQUIREMENTS FOR THE EQUITY MARKET CONTINUED...

Item No.	Requirement	Main Board	Alternative Capital Market
10	Corporate governance	Adhere to the requirements of the Malawi Code II	<ul style="list-style-type: none">• Minimum of 5 board directors• Executive Financial director required• Audit committee to be appointed comprising of non-executive directors

6. DEBT MARKET LISTING REQUIREMENTS

1. MSE will grant a listing by either:
 - Private placement
 - Invitation to the public to subscribe
2. The company must be duly incorporated and in compliance with the laws of the country in which the company is incorporated.
3. The Issuer must obtain all necessary consents
4. The issue must be guaranteed
5. Either the company or guarantor must have been in operation for at least 5 years
6. A minimum of 10 shareholders must be achieved

7. LISTING PROCESS

1. Appointment of Advisors
 - ✓ Sponsoring Broker
 - ✓ Corporate Lead Advisor
 - ✓ Reporting Accountant
 - ✓ Legal Advisor
 - ✓ Public Relations Consultant
 - ✓ Transfer Secretaries

2. Preliminary submission of documents to the Malawi Stock Exchange and the Registrar of Financial Institutions

LISTING PROCESS CONTINUED...

3. Submission of final documents to the Exchange and the Registrar of Financial Institutions
4. Approval from the Exchange & the Registrar of Financial Institutions
5. Issuance of the Circular/Prospectus to the general public
6. Subscription by the general public
7. Listing and commencement of trading on the Exchange

THANK YOU!



MALAWI STOCK EXCHANGE