

MALAWI STOCK EXCHANGE

LISTINGS REQUIREMENTS

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PART A: PRELIMINARY

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DEFINITIONS

In these Listings' Requirements, unless otherwise stated or the context requires otherwise, the following terms will have the meanings set out below:

Term	Meaning
the Act	the Malawi Companies Act, No. 15 of 2013 as amended, or any law which may replace it in part or wholly.
acquisition issue	an issue of securities in consideration for an acquisition of assets (which shall not include the extinction of liability, obligation or commitment) or an issue of securities for an acquisition of, or merger with, another company in consideration for the securities of that other company.
acting in concert	co-operating for a common purpose by two or more persons pursuant to an agreement, arrangement or understanding (whether formal or informal) between them; and associates shall be deemed to be so co-operating.
Admission or admission to listing	Admission of securities to listing on the MSE and "admitted" shall be construed accordingly.
affected transaction	a transaction or series of transactions amounting to the disposal of all or the greater part of the assets or undertaking of a regulated company; an amalgamation or merger , if it involves at least one regulated company; a scheme of arrangement between a regulated company and its shareholders; the acquisition of, or announced intention to acquire, a beneficial interest in any voting securities of a regulated company or the announced intention to acquire a beneficial interest in the remaining voting securities of a regulated company not already held by a person or persons acting in concert.
applicant	an issuer which is proposing to apply, or is applying, for admission of any of its securities.
associate	"associate" means in relation to an individual: 1. that individual's family; and/or 2. the trustees (acting as such) of any trust of which the individual's family is a beneficiary or discretionary subject (other than a trust which is either an occupational pension scheme, or an employees' share scheme which does not, in either case, have the effect of conferring benefits on the individual or the individual's family); and/or 3. any company in whose equity shares the individual or any person or trust contemplated in 1. or 2. above (taken together) and directly or indirectly beneficially interested (or have a conditional, contingent or future entitlement to become beneficially interested) and that the individual or any person or trust contemplated in 1. or 2. above are (or would on the fulfillment of the condition or the occurrence of the contingency be) able: a. to exercise or control the exercise of 35% or more of the votes able to be cast at general meetings on all, or substantially all, matters; or b. to appoint or remove directors holding a majority of voting rights at board meetings on all, or substantially all, matters; and/or "associate" means in relation to a company: 1. any other company which is its subsidiary, holding company or subsidiary of its holding company;

	2. any company whose directors are accustomed to act in accordance with the company's directions and instructions; and 3. any company in the capital of which the company and any other company under 1. or 2. taken together, is (or would on the fulfillment of a condition or the occurrence of a contingency be) interested in the manner described in 3. above. For the purpose of 3.a. above, where more than one director of the same listed company is directly or indirectly beneficially interested in the equity securities of another company, then the interests of those directors and their associates will be aggregated when determining whether such company is an associate of any one director of such listed company.
Audited financial statements	Refers to a full set of financial statements (including all primary statements, notes and explanations), prepared in accordance with International Financial Reporting Standards (IFRS), approved by the Board of Directors, over which the appointed external auditor has issued an audit opinion in accordance with the requirements of International Standards for Auditors (ISA).
Beneficial	"beneficial" in relation to: 1. any interest in a security, means the de facto right or entitlement to directly receive the income payable in respect of that security and/or to exercise or cause to be exercised any or all of the voting, conversion, redemption or other rights attaching to that security; 2. any other interest, means the obtaining of any benefit or advantage, whether in money, in kind or otherwise, as a result of the holding of that interest; but does not include any interest held by a person in a unit or collective investment scheme in terms of the Securities Act, 2010.
Board	the Board of Directors of the MSE.
Capitalisation issue	an issue of fully paid shares capitalised from a company's share (or bonus issue) premium, capital redemption reserve or fund reserves (or combination thereof) to existing shareholders of the company in proportion to their shareholdings at a specific date.
Cash company	a listed company (other than an investment entity as envisaged Section 13) whose assets, to the satisfaction of the Board, consist wholly or mostly of cash because it has disposed of all or a substantial part of its business or otherwise ceased to have a business of sufficient substance to support its market capitalization.
Category 1, 2, 3 or 4 Transaction	an acquisition or disposal by a listed company as described in Section 9.
child	in relation to an individual includes any step-child, adopted child or illegitimate child, who has not yet attained the age of 18 years, and any person under the guardianship of the individual.
circular	any document or advertisement issued to holders of listed securities by an issuer of securities, but excluding listing particulars, annual reports and accounts, interim reports, proxy forms and dividend vouchers.
claw back offer	an issue of securities for cash by an applicant to persons where the securities are then offered by such persons to the applicant's shareholders in proportion to their holdings.
clearing house	an association whose main business is the clearing, netting and settlement of

	transactions on a Stock Exchange.
closed period	a. 30 days prior to the end of the reporting period up to the date of earliest publication of one of the following: i. Preliminary financial statements; ii. Audited financial statements; or b. 30 days prior to the end of each half year up to the date of the publication of the half yearly financial statements, c. any period when an issuer is trading under a cautionary announcement, d. any period when an issuer is dealing with a potentially price sensitive matter of a material nature, known to insiders only even if issuer is not trading under a cautionary announcement.
company	means a body corporate (wherever incorporated or established) and includes any other legal person, any undertaking and any association of persons or of entities and any trust or similar device (wherever established) which issues securities which are capable of being listed by the MSE.
Constitution	means the memorandum and articles of association, as defined under the Act.
controlling shareholder	any shareholder, who together with: 1. his, or its, associates; and 2. any other party with whom such shareholder has an agreement or understanding (whether formal or informal) relating to any voting rights attaching to securities of the relevant company; can exercise, or cause to be exercised, 50% or more of the voting rights at meetings of the relevant company, or can appoint or remove, or cause to be appointed or removed, directors exercising more than 50% of the voting rights at directors' meetings of the relevant company.
convertible securities	Any securities of a company that may, by their terms, be converted into other securities of the company, as defined under the Act.
CSD	a Central Securities Depository operating in Malawi and maintaining holdings of securities listed on the MSE.
de facto control	a holding or aggregate holding of shares or other securities in a company entitling the holder thereof to exercise, or cause to be exercised, the specified percentage or more of the voting rights at meetings of that company.
director	as defined under the Financial Services Act, means any person occupying the position of director or alternate director of a company, by whatever name he or she may be designated and, in relation to an issuer which is not a company, a person with corresponding powers and duties.
equity instruments	securities with restricted or no voting rights but which participate in the distribution of profits in a manner linked directly to the profitability of the company.
equity shares	shares comprised in the company's equity share capital and which carry votes.
equity share capital	in regard to a company, its issued share capital excluding any part of that capital which, neither as respects dividends nor as respects capital, carried any right to participate beyond the specified amount in a distribution.

equity securities	equity shares, securities convertible into equity shares and equity instruments.
external property	property situated outside the republic of Malawi.
foreign company	a company incorporated outside the republic of Malawi, registered as a foreign company under Part XV of the Act.
Green shoe option	provision in an agreement allowing issuance of additional shares in the event of strong investor demand typically in respect of underwriters and market makers.
group	a holding company, not itself being a wholly owned subsidiary, together with all the companies being its subsidiaries.
holding company	a company that has one or more subsidiaries.
individual's family	an individual's parent, spouse, child, brother or sister and any person who is financially dependent on the transferor.
International Accounting Standards or IAS	the International Accounting Standards formulated by the International Accounting Standards Board.
International Standards on Auditing or ISA	the International Standards on Auditing formulated by the International Federation of Accountants.
International Financial Reporting Standards	International Financial Reporting Standards formulated by the International Accounting Standards Board.
introduction	a method of bringing securities to listing not involving an issue of new securities or any marketing of existing securities because the spread of shareholders already complies with the conditions for listing.
insider trading	the illegal practice of trading on the stock exchange to one's own advantage through having access to confidential information.
investment entities	investment companies, investment trusts and unit trusts whose principal activity is the investment in securities.
issue for cash	an issue of securities for cash (for the extinction of a liability, obligation or commitment) in compliance with Paragraphs 3.51 to 3.58: 1. to persons who are specifically approved by the shareholders in general meeting in respect of that particular issue; or 2. generally approved by shareholders by the giving of a renewable mandate (which should be valid until the company's next annual general meeting provided it shall not extend beyond 15 months) to the directors of the issuer to issue shares for cash subject to these listings' requirements and to any other restrictions set out in the mandate
issuer	as defined under the Securities Act, means a person who issues or proposes to issue a security.
intangible assets	as defined in IAS 38 means non-monetary assets without physical substance. This

	includes, but is not limited to goodwill, patents, trademarks, brand names, copyrights, franchises, licenses, knowhow and publication titles.
key persons	directors and senior management of the issuer. In respect of Exchange Traded Funds, this will include, the trustees and the directors and senior management of the management company.
listed company	a company, any class of whose equity securities is listed.
the List	the list maintained by the MSE of companies whose securities it has admitted to listing.
listing	the admission of a security to the List and "listed" shall be construed accordingly.
listing particulars	a statement by a company seeking a listing and issued for the purpose of giving information to the public with regard to the company and containing particulars specified in the listing's requirements, by the law, or both.
listings requirements	the listings requirements as from time to time amended by the MSE (whether by way of practice note or otherwise) contained herein (including the "introduction"), save that the section headings, paragraph headings and the introductory text to each section headed "Scope of Section" do not form part of the listings requirements and are for the guidance and ease of reference only and are not construed as affecting the substance or interpretation of the listing's requirements.
Low and High voting equity	1. A low voting security is considered as one which confers on its holder, both at the proposed time of listing the instrument and subsequently, reduced voting rights in comparison with the voting rights conferred on the holders of equity securities of the issuer already listed. The voting rights may be reduced either with respect to the number of votes per security or with respect to matters on which the holders of the securities may vote or otherwise. 2. A high voting security is considered as one which confers on its holder, both at the proposed time of listing of the instrument and subsequently, enhanced voting rights in comparison with the voting rights conferred on the holders of equity securities of the issuer already listed. The voting rights may be enhanced either with respect to the number of votes per security or with respect to the matters on which the holders of the securities may vote, or otherwise.
Market maker	means an entity that quotes bid and offer prices continuously 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.
market value	in relation to a listed security, the ruling price for that security.
material information	information which if omitted or misstated could influence the economic decisions of users and includes a change in or constituent of a particular factor which may be regarded in the circumstances as being material and which, as a rule of thumb, would probably be equal to or exceed 10% in value.
merger issue	see "acquisition issue".
new applicant	an applicant, no class of whose securities is listed already on the MSE.
offer for sale	an invitation to the public by, or on behalf of, a third party to purchase securities of the issuer already in issue or to be issued and may be in the form of an invitation tender at or above a stated price.

offer for subscription	an invitation to the public by, or on behalf of, an issuer to subscribe for securities of the issuer not yet in issue or allotted, and may be in the form of an invitation to tender at or above a stated price.
Ordinary resolution	as defined in the Act, means a resolution passed by a simple majority of votes cast by such shareholders of the company as are entitled to vote, voting in person or by proxy at a general meeting.
Ordinary resolution in respect of related party transactions	The resolution shall require at least 50% of votes cast in favour of the resolution by shareholders, excluding the related party, present or represented by proxy at the general meeting excluding the related party.
placing	a marketing of securities already in issue but not listed, or not yet in issue, to specified persons or to clients of the sponsoring broker or any securities house assisting the placing, which does not involve an offer to the public in accordance with the Act or to existing holders of the applicant's securities generally and which takes place immediately before the applicant is listed.
practice notes	practice notes issued from time to time by the Board to clarify or expand upon these listings requirements.
pre-listing statement	the statement required to be issued by companies in terms of Section 4 and which includes a prospectus.
price sensitive information	Unpublished information which can reasonably be expected to, if it were made public, have an effect on the ruling price of a listed company's securities. May also be used interchangeably with "Inside Information".
promoter	any shareholder of a listed company who was either a Director, shareholder or a key person of the listed company when it applied for a primary listing on the MSE.
prospectus	the prospectus to be issued in accordance with the Act.
publish in the press	make available to the public as a paid press announcement written in a newspaper of wide circulation, written in English.
pyramid companies	companies classified by the Board as pyramid companies in accordance with the criteria set out in Section 14.
Registrar	the Registrar of Financial Institutions.
renounceable offer	an invitation by a listed company to its shareholders to subscribe by way of rights for securities in the applicant where the listed company has received the right to subscribe for those securities in the applicant but renounces all or part of that right to its shareholders.
Rights Offer	an offer to existing holders of securities to subscribe for or purchase further securities in proportion to their holdings made by means of the issue of a renounceable letter or other negotiable documents which may be traded (as either "fully paid" or "nil paid" rights) for a period before payment for the securities is due.
the Rules of the MSE	the rules made by the Board from time to time.

the ruling price	the volume weighted average price of a security as published by the MSE.
scrip dividend	for the purposes of these listings requirements: bonus (or capitalisation) shares which a shareholder elects to receive in lieu of a cash dividend where the shareholder is given a right to make such an election.
Secretary	includes any official of a company, by whatever name he may be designated, including a company, who, or which, is performing the duties normally performed by a secretary of a company.
securities	as defined in the Securities Act, 2010 means: a. stocks, shares, debentures bonds, notes or funds issued by a government or body corporate; b. any warrant, right, option or interest, whether described as units or otherwise, in respect of any shares, debentures, stocks, bonds, notes or funds'; c. any instrument, including a derivative instrument, contract, profit sharing agreement, fractional interest, right to subscribe or any instrument commonly known as securities or which are prescribed by the Registrar to be securities.
Securities Act	the Securities Act, 2010 as amended, or any law which may replace it in part or wholly.
significant	any matter or element which is significant for the purpose of making an informed assessment of any transaction or listed security.
special resolution	as defined in the Companies Act, means a resolution approved by a majority of not less than 75% or, if a higher majority is required by the company constitution, that higher majority of the votes cast of those shareholders as are entitled to vote and voting in person or by proxy.
sponsoring broker	a member of the MSE appointed by a listed company in accordance with Section 15.
subscribed capital	the portion of the capital of a company which has been subscribed for by shareholders.
subsidiary	a subsidiary company as defined under the Act.
substantial	a change in or constituent of a particular factor which may be regarded in the circumstances as being substantial and which, as a rule of thumb, would normally exceed 30% in value.
Temporary documents of title	allotment letters, split receipts, letters of acceptance, letters of rights, scrip certificates and any other temporary documents of title.
Treasury shares	These are the portion of shares that a company keeps in its own treasury.
vendor consideration issue	see "acquisition issue".
vendor consideration placing	a marketing on behalf of vendors of securities which are to be issued to them in consideration for an acquisition.

Weighted average traded price	the total value of the securities traded divided by the total number of securities traded.

SECTION 1 – GENERAL PRINCIPLES AND AUTHORITY OF THE BOARD

Paragraph	Description
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1.3	General Principles
1.4	Application of the Listings Requirements
1.5	Obligation to comply
1.6	Companies with listings on other stock exchanges
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INTRODUCTION

Objectives

1.1 (1) The MSE is a self-regulating stock exchange which provides facilities for the listing of the securities of companies (domestic or foreign) and provides its users and members with an orderly market place for trading in such securities and regulates accordingly with due regard to the public interest.

(2) The rules set out in these Listings Requirements and any amendments thereto made from time to time reflect, *inter alia*, the listing process, proposed marketing of securities and the continuing obligations of issuers so long as the listed issuer or its securities remain listed on the Official List including periods when the listed issuer's securities are suspended from trading.

Categorisation of Listings Requirements

1.2 (1) It is both impracticable and undesirable to devise requirements and procedures in such detail so as to govern all circumstances which may arise in commercial practice.

Accordingly, the following Listings Requirements fall into two categories—

(a) general principles (the "General Principles") which are set out below and are expected to be observed in all transactions and submissions pertaining to securities listed and to be listed; and
(b) the main body of the listings requirements (the "Main Body") which are set out in the following chapters and in the practice notes and which are derived from the application of the General Principles and how the Board seeks to interpret them.

(2) The spirit of the General Principles may, by necessary implication, apply to areas or circumstances not expressly covered in this document.

(3) The Board has discretion to modify the application of a requirement contained in the main body in exceptional circumstances - for example when it considers that its strict application would conflict with the General Principles.

General Principles

1.3. The General Principles are as follows—

(a) Market order: The Board shall provide a market for the raising of primary capital, an efficient mechanism for the trading of securities in the secondary market, and protect investors. Securities will be admitted to the List only if the Board is satisfied that the applicant is suitable and that it is appropriate for those securities to be listed;
(b) Transparency: There shall be full, equal and timeous public disclosure made to all holders of securities and the general public at large regarding the activities of an issuer which are significant. Holders of relevant securities shall be given full information and afforded adequate opportunity to consider in advance and vote upon substantial changes in the issuer's business operations and matters affecting the company's constitution or shareholders' rights;
(c) Integrity: All parties involved in the dissemination of information into the

market place, whether directly to holders of relevant securities or to the public, shall observe the highest standards in doing so; directors, officers and advisers of listed issuers will maintain the highest standard of integrity, accountability, corporate governance and responsibility; directors of a listed issuer shall act in the interests of shareholders as a whole;

(d) Equality: All holders of the same class of securities of an issuer shall enjoy fair and equal treatment in respect of their securities;

(e) Investor Confidence: The application of the Listings Requirements and in particular the continuing obligations, shall promote investor confidence in standards of disclosure, in the conduct of issuers' affairs and in the market place as a whole.

Application of the Listings Requirements

1.4. (1) The Listings Requirements set out in this document apply to companies seeking a listing for the first time, presently listed companies, all other classes of equity securities that applicants may wish to list and those presently listed and, where applicable, to directors (as defined in each relevant section) of applicant issuers, and registered advisors.

(2) The rules in these Listings Requirements are interpreted, administered and enforced by the Board. The Rules and any interpretation thereof by the Board are conclusive and binding on an issuer. The Board may at any time, upon the application of the issuer or of its own accord and at its discretion, vary a decision in any way, or revoke it if circumstances so warrant. The variation or revocation will take effect from the date specified by the Board.

(3) The Board may impose additional requirements or make any listing subject to special conditions whenever it considers it appropriate in keeping with the general principles.

(4) The Board may waive or modify compliance with any of particular rules contained in these Listings Requirements or part of a rule either generally or to suit the circumstances of a particular case, unless the rule specifies that the Board will not waive it. The Board may grant a waiver subject to such conditions, as it considers appropriate. If the Board waives the application of a certain rule or part of a rule contained in these listing requirements subject to a condition, the condition must be satisfied for the waiver to be effective. Where a waiver is granted, the issuer must announce the waiver, the reasons for seeking the waiver and the conditions, if any, upon which the waiver is granted as soon as practicable.

(5) The Listings Requirements may be amended by the Board from time to time, subject to approval by the Registrar of Financial Institutions.

(6) Where there is any doubt as to the interpretation or application of any of the rules contained in the Listings Requirements, the Board must be consulted for resolution of any such doubt.

(7) Where the Board rejects an application made pursuant to the Listings Requirements, it shall disclose the reasons for its decision.

Obligation to comply

1.5. (1) A listed issuer, whether or not admission of its securities had taken place before

these Requirements were prescribed, is, by virtue of its admission to the Official List, bound by these Requirements,the Rules of the CSD and any amendments thereto made from time to time.

(2) A listed issuer, a management company, a trustee, its directors, officers, advisers or any other person to whom these Requirements are directed must comply with these Requirements for so long as the listed issuer or its securities remain listed on the Official List including during periods when the listed issuer's securities are suspended from trading.

Companies with listings on other stock exchanges

1.6. (1) As different stock exchanges may have different requirements relating to the issue of securities, companies with a primary listing on the MSE which are quoted also on other exchanges should ensure that the requirements of both the MSE and other such exchanges are complied with when submitting draft documents to the MSE for approval.

(2) Where a company's primary listing is on another Exchange, the Board may accept the listings requirements of that exchange as long as the company takes all necessary actions to ensure that investors on the MSE register are not treated differently from investors on other register(s).

(3) The Board also reserves the right to request such company to comply with such aspects of the MSE Listings Requirements as it may, in its sole discretion, determine.

Trading of listed securities

1.7. The trading of securities listed on the MSE will take place as per the Trading Rules and Procedures of the Exchange.

Code of best practice for corporate governance in Malawi

1.8. The rules contained in these Listings Requirements should be read in conjunction with good corporate governance principles along the lines of the **Code of Best Practice for Corporate Governance in Malawi – The Malawi Code.** Where there shall be a conflict between the rules herein and the prevailing Malawi Code, the stricter rule shall prevail. An issuer can seek guidance from the Board if not sure.

Indemnity

1.9. When the MSE on behalf of an issuer publishes or releases an issuer's announcement, the MSE shall not be responsible to check the accuracy of the facts or any of the contents of such announcement, and shall not be liable for any damages or losses however arising as a result of publishing the announcement or disseminating the information in the announcement. The issuer shall indemnify the MSE for any losses or damages or costs, arising from legal proceedings brought by any third party regarding any such announcements.

AUTHORITY OF THE BOARD

General powers of the Board

1.10. (1) The Board is the competent authority responsible for—

(a) the list of the securities which may be dealt in on the MSE;
(b) applications by the issuers of securities for the inclusion of securities on the MSE Official list; and
(c) the annual revision of the list.

(2) Subject to the provisions of the Securities Act the Board has the power—

(a) to prescribe from time to time the minimum listings requirements with which an applicant shall comply before each security issued by such applicant is granted a listing;
(b) to prescribe from time to time the minimum Listings Requirements with which a listed company shall comply while a security issued by it remains listed;
(c) subject to the listings requirements, to grant, review and suspend or terminate a listing of securities;
(d) to suspend, alter or rescind a listings requirement prescribed before or after a listing has been granted and to prescribe additional listings requirements from time to time by way of amendment to these listing requirements
(e) to prescribe the circumstances under which a listing of a security shall or may be suspended or terminated.
(f) to prescribe the standards of conduct, disclosure and corporate governance that issuers and their officers (including directors) and agents shall meet;
(g) to prescribe such fines, penalties and/or other remedies for any contravention of or failure to comply with the Listing Requirements;
(h) to review compliance with the Listing Requirements as well as identify impediments to listing and make recommendations for the measures to address such impediments.

(3) Nothing contained in this section shall be deemed to limit the powers of the MSE to those contained herein, and the Board may at any time exercise any further powers granted to it in terms of Securities Act. Where the Board exercises discretion in terms of these Listings Requirements, it shall be at its sole discretion and its rulings shall be final and subject to an appeal to the High Court

Delegation of Board's authority to the MSE Listings & Strategy Committee

1.11. (1) Subject to paragraph (2) below, the Board has delegated its authority, *inter alia*, to review all matters relating to the listings requirements, including, decisions on continuing obligations or interpretation of the listings requirements, authority to examine and approve all applications for listing and supporting documentation, to the MSE Listings & Strategy Committee.

(2) The authority of the Board delegated to the MSE Listings & Strategy Committee shall not include the power to deal with any application requiring special dispensation or waiver of any of the rules contained in these Listing Requirements, and this power shall vest solely with the Board.

(3) Any party aggrieved by any decision of the MSE Listings & Strategy Committee has the right to appeal against the decision to the Board within 30 (thirty) calendar days from the date a written determination or decision is made.

(4) The Board has the authority to delegate any further of its powers to a Disciplinary Committee, including but not limited to the power to discipline any of its members through the use of disciplinary hearings conducted in compliance with the right to natural justice as enshrined in the Malawi Constitution.

Delegation of Board's authority to Disciplinary Committee

1.12. (1) The Board has the authority to delegate any further of its powers to a Disciplinary Committee, including but not limited to the power to discipline any of its members through the use of disciplinary hearings conducted in compliance with the right to natural justice as enshrined in the Malawi Constitution.

(2) The Conduct of the Disciplinary Committee shall be regulated under Section 17 of the MSE Listing Requirements.

Delegation of Board's authority to Secretariate

1.13. (1) The Board has the authority to delegate any further of its powers to the Secretariate, including receipt, processing of complaints and conducting an inquiry for purposes of disciplinary hearing

(2) The Conduct of the Inquiry shall be regulated under Section 17 of the MSE Listing Requirements.

PART B: PRE-LISTINGS REQUIREMENTS

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SECTION 2 – CONDITIONS FOR LISTING

Scope of section

In considering whether a company is suitable for a listing on the MSE, there are certain pre-conditions that must be fulfilled. This section sets out the minimum conditions for listing which are to be met by an applicant.

Paragraph	Description
2.1	General Overview
2.2	Applicant to be duly constituted
2.3	Directors and senior management
2.4	Financial Information
2.5	Undertakings
2.6	Documents of title, letters of allocation and other similar documents
2.7	Dematerialization
2.8	Listing of subsidiary companies
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2.17	General criteria to list on the Main Board
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2.19	Dual listings
2.20	Appointment of Transaction Advisors
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2.22	Preliminary scrutiny
2.23	Cross-referencing
2.24	Company officials to be available
2.25	Final submission of documentation
2.26	Listing to start on a Monday

CONDITIONS APPLICABLE TO ALL EQUITY MARKETS

A: RELATING TO THE APPLICANT

General overview

2.1. (1) Listings or additional listings are granted subject to compliance with the Listings Requirements now or hereafter in force.

(2) The requirements listed below are not exhaustive and where circumstances and context are different to those described in the requirements, the sponsoring broker should engage with the Board at an early stage to avoid delays.

(3) All applications for listing are to be submitted to the MSE through a sponsoring broker.

Applicant to be duly constituted

2.2. (1) The applicant for listing must be duly incorporated as a public limited liability company or otherwise validly established under the law of the country of incorporation or establishment, and must be operating in conformity with its constitution and all laws of its country of incorporation or establishment.

(2) An applicant seeking a listing on the MSE must contractually undertake to the MSE, by completing Schedule 8, that from date of admission to listing of any of its securities it will comply fully with the MSE Listings Requirements, irrespective of the jurisdiction in which the applicant is incorporated, provided that in the event that the company is listed on another stock exchange, exemptions may be made at the Boards discretion.

(3) No application will be considered until the constitution of the parent and any subsidiary companies have been approved by the Board in line with the listing requirements, Companies Act 2013 and any applicable legal and regulatory instrument.

(4) The MSE requires disclosure of the restrictions, if any, upon the business of the applicant and/or its subsidiaries contained in the memoranda of association, or in the case of the pre- Companies Act, 2013 “objects clause”, disclosure of legal opinion on what the applicant has power to do and what it does not have the power to do.

Directors and senior management

2.3. (1) The directors and senior management of an applicant must collectively have appropriate expertise and experience for the management of the applicant and the group’s business. Details of such expertise and experience must be disclosed in any listing particulars prepared by the applicant.

(2) An applicant must submit to the MSE and its sponsoring broker at the date of application for listing, the directors’ declaration form as contained in Schedule 2 in respect of each of the directors, stating that each director does not have any conflict of interest between the director’s duties to the company and his/her private interests.

(3) For a company or any eligible entity to be listed on the MSE, its Chief Executive Officer must not also hold the position of the Chairperson of the Board of the company.

Financial Information

2.4. The following are the requirements relating to financial information—

(a) the applicant must comply with IFRS and its financial statements must have been reported on by the auditor and reporting accountant without qualification, disclaimer or adverse audit opinion. Where an applicant's financial statements have received a qualification, disclaimer or adverse audit opinion in a past reporting period. Further, an issuer seeking listing of its equity securities must be a going concern or be the successor of a going concern. The Board will consider exempting the applicant from full compliance on a case-by-case basis;

(b) any profit forecast must comply with the requirements of the MSE as specified in paragraph 5.10 and must be accompanied by a report prepared by the auditors or the reporting accountant which report must include confirmation that the forecast or estimate has been properly compiled on the basis stated and that it is presented on a basis consistent with the accounting policies of the company or group in question; and

(c) the provision of MSE requirements relating to a group shall apply where, at the end of the company's financial year, a company has subsidiary(ies) and/or associated companies. The accounts and statements dealing with the profit or loss, the state of affairs of the company and the requirements of the MSE must comply where applicable with relevant IFRS dealing with reporting financial information by segments of an enterprise - more specifically, the different industries and the different geographical areas in which the group operates.

Undertakings

2.5. (1) An applicant must give a general undertaking, complying with Schedule 8, to the MSE Listings Requirements in the form of a resolution of directors certified by its chairperson that it will comply with the listings requirements as amended from time to time.

(2) The directors of an applicant shall individually undertake to the MSE, by way of declaration, that they have exercised their fiduciary duties with due regard to the provisions of the constitution of the applicant and that they will honour their responsibility for the applicant's compliance with the listing's requirements, as amended from time to time.

Documents of title, letters of allocation and other similar documents

2.6. (1) If the company intends to issue physical share certificates, a specimen, which must be cancelled by mutilation, of the share certificate, letter of allotment etc., or other document in which it is designed to deal prior to the issue of shares or other security before making application for listing must be submitted to the MSE for approval.

(2) The eventual listing will only be granted, when the MSE is satisfied that the share certificates (including evidence of record of ownership), letters of allotment or other document of title will within the timelines stipulated in Section 3 be available to shareholders.

(3) All provisional documents of title must be renounceable, though the Board may in exceptional circumstances waive these requirements.

(4) Share certificates should not exceed 30 cm in breadth and 26 cm in depth.

Dematerialization

2.7. (1) All shares of local companies applying for listing on the MSE must be 100% dematerialized and subsequently registered with the Central Securities Depository; albeit physical share certificates may be issued by the company at an additional cost at the behest of shareholders.

(2) The shares of external companies applying for listing on the MSE must be 100% dematerialized and subsequently registered with the Central Securities Depository; albeit physical share certificates may be issued by the company at an additional cost at the behest of shareholders.

Listing of subsidiary companies

2.8. Whenever a company intends to make an offer of securities of a subsidiary or procures that the subsidiary issues securities in order to obtain a listing in respect of such subsidiary, those securities to be issued which are not retained by the holding company must be renounced in favour of its shareholders by way of renounceable offer.

B: RELATING TO THE SECURITIES

Status of the securities

2.9. (1) The securities for which a listing is sought must be issued in conformity with the law of the applicant's country of incorporation or establishment and in conformity with the applicant's constitution, and all authorizations needed for their creation and issue under such law or documents must have been duly given.

(2) Where a new applicant applies for listing on the MSE but the applicant already has securities listed on another stock exchange, the Applicant must be in compliance with the requirements of that exchange and the relevant laws of that country before the MSE shall admit the listing.

(3) Securities in each class for which listing is applied must rank *pari passu* in respect of all rights and the applicant must ensure that all holders of any class of its securities receive fair and equal treatment. Such an applicant shall not issue any securities with a voting right differing from other securities of the same class.

(4) Applicants seeking a listing of their securities on the Exchange must ensure that the securities are registered with the Registrar of Financial Institutions in line with the requirements of the Securities Act, 2010.

Transferability of securities

2.10. (1) The securities for which listing is sought must be fully paid up and freely transferable.

(2) An applicant issuer that is proposing any form of limits on ownership must consult the MSE before filing an application for listing in order to discuss the details of the limits and to obtain a ruling from the MSE whether MSE will apply its discretion for or against the limits.

Securities excluded from listing

2.11. The MSE will not grant a listing in respect of—

(a) issues of non-voting equity shares;
(b) preference capital without the equity capital of the company already being listed. In exceptional circumstances the Board may waive this requirement and where such waiver is granted, the company concerned must publish the same information as if for a public offer of equity capital; and
(c) shares or securities which constitute equity instruments of the same class with high or low votes. However, where a company has listed high or low voting securities of different classes, the MSE will grant a listing of additional securities of that class.

Listing letters of allotment and similar documents

2.12. Where listing is required in respect of letters of allotment or other similar documents, the proposed timetable (schedule of dates) should be submitted to the MSE for approval prior to the closing of the transfer registers of the company from which the rights accrue. The procedure to be adopted shall be determined by the MSE.

Convertible securities

2.13. (1) In addition to any other listing requirements affecting convertible securities, the MSE will not grant a listing to convertible securities unless there are sufficient unissued securities in the applicant's authorized capital into which the convertible securities could convert at the time such convertible securities are issued.

(2) The applicant for the listing of convertible securities must further undertake to the MSE that it will at all times maintain sufficient unissued securities to cater for the eventual conversion.

Whole class to be listed

2.14. An application for listing of securities of any class must relate to all securities of that class, whether issued or proposed to be issued.

Unlisted securities

2.15. In the event of an applicant not being granted a listing for additional securities issued or if for any reason certain securities were delisted—

(a) the electronic or physical certificates of such securities must be held in trust

and labelled/stamped “Unlisted securities” and may only be released with written permission of the MSE, which permission shall provide further instruction concerning the stamping and transferability of such securities;

(b) the share register must signify that the securities are unlisted;

(c) a statement regarding the unlisted securities must appear in the applicant’s annual financial statements; and

(d) any additional securities issued of the same class or status will be subject to the same requirements.

(e) Where shareholders are required to vote in terms of the Listings Requirements, the votes of shareholders of unlisted securities will not be taken into account in determining either a quorum or for approval of any resolution considered at any general/annual general meeting

C: RELATING TO SHAREHOLDERS

Public shareholders

2.16. (1) Securities will not be regarded as being held by the public if they are beneficially held, whether directly or indirectly, by—

(a) the directors of the applicant or any of its subsidiaries;
(b) an associate of a director of the applicant or any subsidiaries;
(c) the trustees of any employee’s share scheme or pension fund established for the benefit of any director or employees of the applicant and its subsidiaries;
(d) any person who, by virtue of any agreement, has right to nominate a person to the board of the directors of the applicant; or
(e) any person who is interested in 10% or more of the securities of the relevant class unless the Board determines that, in all the circumstances, such person can be included in the public.

(2) Notwithstanding 2.16 (1) a. to e. above, securities will be regarded as being held by the public if any person who is interested in 10% or more of securities of the relevant class—

(a) is a fund manager or portfolio manager managing more than one fund or portfolio, where each fund or portfolio is interested in less than 10% of the relevant securities, provided that this exemption shall not apply where the fund or portfolio manager is, in relation to any such fund or portfolio, acting in concert with any person who holds relevant securities which, together with those held by the fund or portfolio in question, represent 10% or more of the relevant securities;
(b) is the registered holder of securities which are subject to depositary receipt programme and no depositary receipt holder, together with any person with whom they may be acting in concert, holds depositary receipts representing 10% or more of the securities concerned, save where the holder is a fund or portfolio manager as contemplated in sub-paragraph (a) above; or
(c) is a nominee shareholder and none of the beneficial shareholders which that nominee represents, together with any person with whom they may be acting in concert, is interested in 10% or more of the securities concerned, unless the beneficial shareholder is a fund or portfolio manager as contemplated in sub-paragraph (a) above.

(3) The MSE may, in its sole discretion, require the listed company to provide it with a declaration that, to the best of the knowledge and belief of the directors, any beneficial shareholders of the company whose shares are registered in the names of one or more nominees, do not include any person who may be acting in concert with any other person insofar as it may affect their classification as public shareholders.

D: LISTING ON THE MAIN BOARD

General criteria to list on the Main Board

2.17. (1) An applicant seeking a listing on the Main Board must satisfy the following criteria—

(a) a subscribed capital (including reserves but excluding minority interests, revaluations of assets that are not supported by a valuation of an independent professional expert acceptable to the MSE prepared within the last six months and intangible assets) of at least K400 million;

(b) not less than 20,000,000 equity shares in issue;

(c) the applicant must produce recent audited full year financial statements that are not more than 6 months old from its reporting period. If, at the date of the publication of the prelisting statement, more than six months have elapsed since the end of the last financial year, produce a reviewed and audited interim financial statements as well.;

(d) a satisfactory audited profit history for the preceding 2 financial years. In the case of a restructuring arrangement that creates a company with no track record or an inadequate track record, profit forecast for 3 years should be prepared, and reported on by a reporting accountant giving details of the assumptions made in arriving at such forecasts and giving reasons as to why the MSE should consider a listing on the Main Board;

(e) a minimum of 25% of each class of equity shares shall be held by the public, unless otherwise agreed with the Board;

(f) the number of public shareholders of listed securities shall be at least—

(i) 300 for equity shares;
(ii) 100 for other class of shares; and
(iii) 10 for debentures; and

(g) the MSE will list securities held by the promoters of the companies listed on the main board subject to the following—

(i) undertaking by the promoters that securities amounting to 75% of their individual holdings in such company shall be placed in a locked account (locked holdings) by the CSD, subject to the CSD Rules;

(ii) trading in 30% of the Promoter's locked holdings shall only be permitted after 12 months from the date of listing, and trading in the balance shall be permitted after 24 months from the date of listing, and confirmation to that effect from the CSD must be submitted to the MSE.

Other considerations to listing on the Main Board

2.18. (1) Of the securities so offered, the applicant may reserve a preferential allotment for staff members (including any shares which are subject to an allotment scheme) and others whose business association with the company is of direct benefit to it, so long as such offer complies with the MSE's requirements outlined in this document.

(2) Prospectuses shall not be accompanied by a personal appeal to subscribe from any party connected with the issue or with the applicant concerned, nor shall they be circulated to members of the general public before they are submitted to the brokers.

(3) The MSE does not restrict the method employed by the applicant concerned in obtaining the required spread of shares, which can be by private placing.

Dual listings

2.19. Companies seeking to dual list on the MSE must—

(a) be in full compliance and good standing with the primary exchange.
(b) as a precondition for listing, make an offer for sale or subscription of shares to the public of a size to be determined in consultation with the MSE (based on demand for the said company's shares).
(c) appoint a sponsoring broker and corporate advisor in Malawi for the listing. Where a company wishes to retain an international corporate advisor, the international corporate advisor must partner with one of the MSE registered corporate advisors.

E: PROCEDURES FOR APPLICATION FOR LISTING ON THE MAIN BOARD

Appointment of Transaction Advisors

2.20. (1) The Applicant must appoint a sponsoring broker and the terms of the appointment must be in accordance with section 15 of the MSE Listings Requirements.

(2) Other advisors such as reporting accountants, lawyers and transfer secretary may, at the sole discretion of the Board, be required for appointment.

Documents for submission

2.21. (1) The applicant must submit an application form (Schedule 1) and supporting documents as prescribed under section 6 of these listings requirements

(2) The Application bundle must be in triplicate and all supporting documents except the Application form must be notarised copies.

(3) One electronic copy of all documents should be submitted along with the physical documents.

Preliminary scrutiny

2.22. Applications for listing must first be submitted to the MSE for preliminary scrutiny and comments and thereafter will be considered by the MSE Listings & Strategy Committee.

Cross-referencing

2.23. The prospectus and constitution documents' contents should be cross referenced to the requirements of the Companies Act, the Securities Act and the requirements herein prior to submission to the MSE.

Company officials to be available

2.24. In the process of preliminary scrutiny, senior officials of the company must be available for consultations.

Final submission of documentation

2.25. (1) MSE shall take a minimum of 10 business days and maximum of 20 business days to consider the final submission of documentation (other than the final offer price) in compliance with these rules. Under no circumstances will a reduction of this period be granted.

(2) The applicant must file a copy of its application with the Registrar of Financial Institutions after receipt of conditional approval from MSE.

Listing to start on a Monday

2.26. A listing will normally start on a Monday or other first working day of the week, but in the case of a new issue the agreed listing date will be such as to allow shareholders to be certain of the number of shares allotted to them. All formalities must be completed before the listing date.

SECTION 3 - METHODS AND PROCEDURES FOR LISTING SECURITIES

Scope of section

This section describes the different methods and procedures by which securities may be brought to listing. The section outlines the different methods of bringing securities to listing and includes specific requirements to be followed in relation to each method. The methods so described are not exhaustive and where there is doubt as to procedure or requirements, the applicant is advised to seek advice from the MSE. The MSE may vary the requirements in a particular case taking into account the context and circumstances of the listing.

Paragraph	Description
3.1	General procedures for listing
3.2	Initial listings
3.3	Initial public offerings (IPO)
3.4	Subscription issue
3.5	Offer for Sale
3.6	Specific Requirements for an offer for sale and an offer for subscription
3.7	Underwriting of an offer for sale and an offer for subscription
3.8	Procedure for IPOs
3.9	Documents to be published
3.10	Timetable for offers for sale or subscription
3.11	Refunds on rejected applications
3.12	Change in the use of funds
3.13	Introductions
3.14	Specific requirements for an introduction
3.15	Documents to be submitted to the MSE
3.16	Documents to be published
3.17	Private placing
3.18	Specific requirements for a private placing
3.19	Documents to be submitted to the MSE
3.20	Documents to be published
3.21	Additional methods of listing securities
3.22	Renounceable offers
3.23	Specific requirements for a renounceable offer
3.24	Documents to be submitted to the MSE
3.25	Documents to be published
3.26	Timetable for Renounceable Offers
3.27	Rights offers
3.28	Specific requirements for a rights offer
3.29	Excess security applications
3.30	Ratio for rights offers
3.31	Electronic payments and banking of cheques
3.32	General requirements
3.33	Documents to be submitted to the MSE
3.34	Documents to be published
3.35	Change in the use of funds
3.36	Timetable for Right Offers
3.37	Claw-back offers
3.38	Specific requirements for a clawback offer
3.39	Capitalisation (bonus) issues
3.40	Specific requirements for a capitalisation issue
3.41	Ratio for capitalisation issues
3.42	Documents to be submitted to the MSE

3.43	Documents to be published
3.44	Timetable for capitalisation (bonus) issue
3.45	Scrip dividend and cash dividend elections
3.46	Specific requirements for a scrip dividend and dividend election
3.47	Ratio for fractional scrip dividends
3.48	Documents to be submitted to the MSE
3.49	Documents to be published
3.50	Timetable for scrip Dividend
3.51	Issues for cash
3.52	Specific requirements for specific issues for cash
3.53	Specific requirements for a general issue for cash
3.54	General requirements
3.55	Voting
3.56	Documents to be submitted to the MSE
3.57	Documents to be published
3.58	Timetable for issue for cash
3.59	Acquisition or merger issues
3.60	Specific requirements for acquisition and merger issues
3.61	Documents to be submitted to the MSE
3.62	Documents to be published
3.63	Vendor consideration placings
3.64	Specific requirements for vendor placings
3.65	Repurchase of securities
3.66	Requirements for specific authority to repurchase securities (“specific repurchase”)
3.67	Requirements for general authority to repurchase securities (“general purchase”)
3.68	Documents to be submitted and published for Repurchase of securities
3.69	Timetable for Repurchase of securities
3.70	General
3.71	Exercise of options to subscribe for securities (including options in terms of executive and staff share schemes)
3.72	Issues with participating or conversion rights
3.73	General provisions applicable to all methods of listing
3.74	Dematerialization of shares
3.75	Share certificates
3.76	Securities to be registered in the name of nominee companies
3.77	Over-allotment options (“green shoes”)
3.78	Application for a listing
3.79	Acceptance of late postal deliveries
3.80	Odd-lot offers
3.81	New applicants issuing securities within six months prior to seeking a listing
3.82	Preferential offers

GENERAL PROCEDURES FOR LISTING

3.1. (1) An issuer may apply for admission on the MSE's Official List either through a primary or a secondary listing.

(2) The MSE may approve applications for listing unconditionally or subject to condition(s), or may reject applications for listing, in line with relevant rules and regulations. The MSE also reserves the right to vary any such condition(s) or impose additional conditions.

(3) An issuer seeking listing of its equity securities must be a going concern or be the successor of a going concern.

(4) In reviewing a listing application, MSE will consider, amongst others the following factors:

(a) the integrity of the management and controlling shareholders, as a priority consideration;
(b) the disclosure provided in the pre-listing statement, prospectus, offering memorandum or introductory document
(c) the specific requirements and qualitative factors set out herein.
(d) the size of an issuer

(5) The Exchange may prescribe additional or other requirements for the listing of specific types of issuers such as Property companies and Mineral companies not specifically addressed by this Chapter.

METHODS OF LISTING

A: INITIAL LISTINGS

3.2. An issuer may seek an initial listing on the MSE either by way of an **Initial Public Offering (IPO), an Introduction** or through a **Private Placement** subject to compliance with the Listing Requirements and such other conditions as the MSE may consider appropriate.

INITIAL PUBLIC OFFERINGS (IPO)

3.3. An IPO can take place either through a subscription issue or an offer for sale.

►Subscription issue

3.4. (1) A Subscription Issue is an invitation to the public, by the company seeking a listing, to subscribe for its securities not yet in issue or allotted and may be in the form of an invitation to tender at or above a stated price. A full prospectus is required to be published.

(2) The issuer must state the minimum level of subscription, below which the issue would be cancelled and the subscription would be refunded.

►Offer for Sale

3.5. (1) An offer for sale is an invitation to the public, by the company for and behalf of the holders of securities, to purchase securities of the issuer already in issue and may be in the form of an invitation to tender at or above a stated price. A full prospectus is required to be published.

(2) The company shall give the MSE an undertaking that the holder/s of securities being offered will not dispose of those securities whilst the offer for sale is pending.

Specific requirements for an offer for sale and an offer for subscription

3.6. (1) An offer for subscription by a listed company is regarded as being an issue for cash and must comply with the requirements set out under issues for cash. (see Paragraphs 3.51 to 3.58.)

(2) An offer for sale by a listed company of securities in the listed company's subsidiary must be made by way of a renounceable offer to the shareholders of the listed company which will be open for three weeks and the listed company must give the MSE an undertaking that it will not dispose of those securities whilst the renounceable offer is open.

Underwriting of offers for sale or subscription

3.7. (1) An offer for sale or subscription may not be underwritten but so however that:

Where an issue is not underwritten-

(a) With respect to new applicants, if an offer for subscription is not underwritten, the offer must be conditional upon the minimum subscription being received that will fulfil the purpose of the offer. A statement to this effect, in bold, must be made in the "Salient details" section of the pre-listing statement or prospectus, and repeated again, in bold, in the section dealing with and detailing the minimum subscription required.
(b) the issuer should demonstrate and submit a plan on how it intends to meet the minimum subscription level.

Where an issue is underwritten-

(a) the underwriter must satisfy the MSE that it can meet its commitments. The MSE accepts irrevocable letters of undertaking in the absence of formal underwriting, also provided evidence is submitted to the MSE that the entities issuing such letters have the capacity to meet their obligation on the due date.
(b) the underwriter must submit sworn affidavits by at least two of its directors confirming that it has the financial resources to meet its commitments in terms of the underwriting; and
(c) the prelisting statement must include a statement by the directors that they have made due and careful enquiry to confirm that the underwriter can meet its commitments in terms of the offer.
(d) the underwriting commission paid to a related party of the company should not be above the current market rate payable to independent underwriters. The applicant must present evidence to the MSE proving the reasonableness of such underwriting commission.

(2) In the event of an oversubscription the formula for the basis of allotment must be calculated in such a way that a person will not, in respect of his application, receive an allocation of a lesser number of securities than any subscriber who applied for a lesser amount.

Procedure for IPOs

3.8. (1) An applicant must submit all Part I documents specified in paragraph 6.8 to the MSE in order to obtain a conditional approval for listing.

(2) After completion of the IPO process, but prior to receiving a formal approval to list on the MSE, the applicant must submit the Part II documents specified in paragraph 6.9 to the MSE.

(3) The Part III documents listed in paragraph 6.10 must be submitted to the MSE as soon as practical after the listing of the Company, but no later than 30 calendar days from the date of listing—

Documents to be published

3.9. The documents to be published regarding an offer for sale or subscription are outlined in Paragraph 8.5 and must be published at the relevant times as specified in Paragraph 3.10 below.

Timetable for offers for sale or subscription

3.10. The table below, whose dates are indicative and may be advanced as long as the sequence of events is not disturbed, sets out the timetable for offers for sale or subscription—

Day	Event
D +0	Offer opens. Publication of press announcement and/or pre-listing statement. Prospectus and application forms made available to the public. (All Part I documents must have been submitted to and approved by the MSE. Listing will have been granted subject to approval of Part II documentation and the results of the offer meeting the requirements for shareholder spread.)
D+21	Offer closes. (All Part II documentation must have been submitted to and approved by the MSE.)
D+23	Results of the offer submitted to the MSE
D+26	Formal decision by the MSE
D+27	Results announcement published by applicant giving date of commencement of dealing in securities if listing has been granted or appropriate negative statement.
D+31	Latest date for refunds to be made and documents of title posted/allocated.
D+34	Last date for uploading of securities into the CSD based on the allocation list submitted to the MSE.
D+40	Securities listed (if listing granted).
D+60	Latest date by which the issuer should have sent written notification to individual applicants informing them of their allocations.
D+61	Part III documents to have been submitted to the Board

Refunds on rejected applications

3.11. (1) The listed company shall make such refund payments to the electronic payment account specified by the applicant, through Electronic Fund Transfer (EFT) and a payment advice shall be issued to the applicant.

(2) If the applicant has not provided his electronic payment details in the application, the listed company shall make such refund payments to the applicant by way of a cheque.

Change in the use of funds

3.12. In the event the Board of Directors of an applicant does not utilise the funds raised through a subscription issue for the objective/s approved by the shareholders and decides to utilise the funds for another objective/s, the listed company shall make an announcement to the Exchange of this decision and shall obtain shareholder approval at a General Meeting.

AN INTRODUCTION

3.13. (1) An introduction is a method of bringing securities to listing not involving an issue of new securities or any marketing of existing securities because the spread of shareholders complies already with the conditions for listing (see Section 2).

(2) Under the terms of the Act, an introduction does not comprise an invitation to the public and a listing provides therefore a mechanism for a market to be established for transactions between existing shareholders instead of by private treaty.

(3) The timetable for an IPO as detailed in paragraph 3.10 above applies to Introductions with modification as appropriate.

Specific requirements for an introduction

3.14. (1) For an Introduction—

(a) the Board will require a certified copy of the share register together with an analysis of shareholders showing the public holding, breakdown of shareholders by residence and securities held by directors, employees and controlling entity; and
(b) the applicant must comply with the conditions for listing as set out in Section 2.

(2) An Introduction will normally be permitted in the following circumstances—

(a) where the security for which listing is sought is already listed on another stock exchange;
(b) where the securities of an issuer such as a wholly owned subsidiary of a listed issuer, are distributed in kind by a listed issuer to the shareholders of that listed issuer or to the shareholders of another listed issuer such as where the first listed issuer has a listed subsidiary; or
(c) where a holding company is formed and its securities are issued in exchange for those of one or more listed issuers.
(d) Where an applicant is an unlisted public company that has the requisite spread of shareholders.

(3) An applicant may not bring securities to listing by way of an Introduction if—

(a) there is a pre-existing intention by holders, other than public shareholders, to dispose of a material number of their securities; or
(b) within six months prior to listing there has been a marketing to public

shareholders of those securities, and which therefore constitutes an invitation to the public under the terms of the Act, save where the applicant is an external company seeking a listing on the MSE.

(4) In the case of an applicant whose listing has been suspended or terminated—

(a) because it was a cash company; or
(b) in connection with a reverse takeover per Section 9 and which is seeking a return to listing;
(c) the Board may not require an introduction but may require some marketing of the applicant's securities thereby constituting an invitation to the public.

Documents to be submitted to the MSE

3.15. (1) The Part I and all available Part II documents described in Paragraphs 6.8 and 6.9 must be submitted and approved by the Board prior to listing being granted.

(2) The Part III documents described in Paragraph 6.10 must be submitted as soon as possible and in any event not later than 21 days from the date of listing.

Documents to be published

3.16. The documents to be published regarding an introduction are outlined in Paragraph 8.3.

PRIVATE PLACING

3.17. A placing is a marketing of securities already held in issue but not listed or not yet in issue, to specified persons or to clients of the sponsoring broker or any other party assisting in the placing, which does not involve an invitation to the public in terms of the Act or to existing holders of the applicant's securities generally and which takes place immediately before the applicant is listed.

Specific requirements for a private placing

3.18. (1) The applicant must comply with the conditions for listing as set out in Section 2.

(2) At least 25% of the securities to be placed must be offered to the sponsoring broker who must, in turn, offer a reasonable proportion of his allocation to other broking members.

(3) The method of distribution must be at the sponsoring broker's discretion.

Documents to be submitted to the MSE

3.19. (1) The Part I and all available Part II documents described in Paragraphs 6.8 and 6.9 must be submitted and approved by the Board prior to listing being granted.

(2) The Part III documents described in Paragraph 6.10 must be submitted as soon as possible and in any event not later than 21 days from the date of listing.

Documents to be published

3.20. The documents to be published on the day listing is granted are set out in Paragraph 8.4.

B: ADDITIONAL METHODS OF LISTING SECURITIES

3.21. (1) Applicants with equity securities already listed may list securities by an offer for sale or subscription, in which case paragraphs 3.4. to 3.12. above will apply depending on the nature of the method of listing.

(2) Only applicants with equity securities already listed may bring securities, whether or not of a class already listed, to listing by any of the following methods—

(a) renounceable offer;
(b) a rights offer;
(c) claw-back offer;
(d) a capitalisation issue;
(e) scrip dividend and cash dividend
(f) an issue for cash;
(g) an acquisition or merger issue or vendor consideration issue;
(h) a vendor consideration placing;
(i) repurchase of securities
(j) an exercise of options to subscribe for securities (including options in terms of executive and staff share schemes); and
(k) such other method as may be approved by the Board either generally or in any particular case.
(l) a listing for other issues of securities approved by the company in general meeting or otherwise conforming with MSE Listing Requirements may also be sought as long as the precise form of document to be produced is agreed with the Board.

RENOUNCEABLE OFFERS

3.22. A renounceable offer is an invitation, by a listed company, to its shareholders to subscribe, by way of rights, for securities in the applicant where the listed company has received the right to subscribe for those securities in the applicant but renounces all or part of that right to its shareholders.

Specific requirements for a renounceable offer

3.23. (1) The applicant must comply with the conditions for listing set out in **Section 2.**

(2) The right by shareholders of the listed company to subscribe for securities in the applicant must be made by means of the issue of a renounceable offer or other negotiable document which may be traded (as “nil paid” rights) for a period of at least 3 weeks before payment is due.

(3) The issued share capital of the applicant and the letters of allotment issued to implement the renounceable offer will be listed at the same time.

(4) Accordingly, the listed company making the renounceable offer and the applicant will be required to prove to the Board that the applicant will comply with the minimum spread requirements.

(5) The requirements of a rights offer will apply to a renounceable offer so far as they are applicable.

Documents to be submitted to the MSE

3.24. The documents detailed in Paragraph 6.12 should be submitted to the MSE according to the timetable set out below.

Documents to be published

3.25. (1) The applicant is required to publish two press announcements and a pre-listing statement according to the timetable set out below.

(2) The listed company is required to—

(a) publish two press announcements giving details of the renounceable offer;
(b) publish press announcements or issue circulars in accordance with Section 9 or Paragraph 7.28; and
(c) dispatch letters of allotment to its shareholders.

(3) The press announcements and the pre-listing statement should comply with the requirements of Paragraph 8.6.

Timetable for Renounceable Offers

3.26. (1) This timetable is for guidance only and may need to be altered, where:

(a) if the listed company is required to obtain the approval of its shareholders to the renounceable offer; or
(b) where the offer is made by the applicant directly to the listed company's shareholders; or
(c) any other reason the Board considers necessary in line with the present Listing Rules

(2) The Applicant or listed company must consult MSE and obtain approval of the proposed Timetable

Day	**Event**	
	Applicant	**Listed Company**
Friday (D+0)	First press announcement of intention to list. All Part I documentation must have been submitted to the MSE	First announcement giving last date for registration of the offer subject to MSE approval.
Monday (D+10)	All Part II documentation is submitted to the MSE having being approved by the Board	Second announcement giving the terms of the renounceable offer.
Tuesday (D+11)	Formal approval by the Board to the listing of the issued securities	Formal approval by the Board to the listing of the letters of allotment.
Wednesday (D+12)	Second announcement giving salient dates for listing, when and from where pre-listing statements can be obtained.	Third announcement giving salient dates of the renounceable offer, when and from where pre-listing statements can be obtained.
Friday (D+14)	Pre-listing statements available.	Last day to register for renounceable offer. Pre-listing statements available.

Day	Event	
	Applicant	**Listed Company**
Monday (D+17)	Issued securities listed on MSE (9h00).	Letters of allotment listed on MSE (9h00
Wednesday (D+19)		Last day for receipt of postal registrations. Renounceable offer opens (9h00).
Friday (D+21)		Pre-listing statements and letters of allotment posted to shareholders.
Wednesday (D+40)		Last day for dealing letters in letters of allotment (14h30)
Thursday (D+41)		Last day for splitting of letters of allotment (9h00). The securities that are the subject of the renounceable offer are listed.
Friday (D+42)		Renounceable offer closes (14h30) (earliest date
Wednesday (D+47)		Last date for postal acceptances (14h30).
Thursday (D+48)	Proceeds of issue received by applicant.	Proceeds of renounceable offer paid to applicant
Friday (D+49)	New share certificates posted.	Final press announcement giving results of renounceable offer The securities that are subject of the renounceable offer are listed.
Friday (D+77)	Part III documents to have been submitted to the MSE	Refund cheques (if any) posted.

RIGHTS OFFERS

3.27. A rights offer is an offer to existing shareholders of securities to subscribe for or purchase further securities in proportion to their holdings made by means of the issue of a renounceable letter or other negotiable document which may be traded (as "nil paid" rights) for a period before payment for the securities is due. Under the terms of the Act, this form of rights issue constitutes an invitation to the public.

Specific requirements for a rights offer

3.28. (1) Letters of application, allocation or acceptance are to be issued for the rights offer and must be renounceable.

(2) The applicant must stipulate how securities not taken up will be dealt with and the time period as may be acceptable to the MSE, in which the offer may be accepted

(3) A rights offer need not be underwritten. However, if underwritten, the following need to be complied with:

(a) the underwriter must submit sworn affidavits by at least two of its directors confirming that it has the financial resources to meet its commitments in terms of the underwriting; and
(b) the prospectus/pre-listing statement/circular must include a statement by the

directors that they have made due and careful enquiry to confirm that the underwriter can meet its commitments in terms of the offer.

(c) the underwriting commission paid to a related party of the company should not be above the current market rate payable to independent underwriters. The applicant must present evidence to the MSE proving the reasonableness of such underwriting commission.

(4) If the rights offer is not underwritten, it must not be conditional on a minimum subscription being received.

Excess security applications

3.29. (1) In a rights offer which includes the right to apply for excess securities, the right to apply for excess securities must be transferable upon renunciation of a letter of allocation.

(2) In respect of applications for excess securities, the pool of excess securities should be allocated equitably, taking cognisance of the number of securities held by the shareholder, including those taken up as a result of the rights offer, and the excess securities applied for by such shareholder and may be used to round up holdings to multiples of 100 securities.

Ratio for rights offers

3.30. The ratios for rights offers must not give rise to fractions of securities and where such ratio gives rise to a fraction then the following is required—

(a) the fractions of securities should not have more than two decimal places; and
(b) the method of rounding such fraction to a 'whole number' should be stated.

Electronic payments and banking of Cheques

3.31. (1) Cheques received in respect of the rights may be banked on receipt.

(2) Cheques in respect of applications for additional rights shall be banked only after the last date of acceptance and payment.

(3) Refunds in respect of rejected/partly rejected applications for shares shall be dispatched to the shareholders as expeditiously as possible but not exceeding seven (7) calendar Days from the last date of acceptance and payment.

(4) The listed company shall make such refund payments to the electronic payment account specified by the applicant, through Electronic Fund Transfer (EFT) and a payment advice shall be issued to the applicant.

(5) If the applicant has not provided electronic payment details account in the application, the listed company shall make such refund payments to the applicant by way of a cheque.

General requirements

3.32. (1) Rights offers priced at above the ruling price as at the date of application by the listed company must give reasons for the pricing decision.

(2) Rights offers priced at above the ruling price require the approval of the Board if it could increase the number of shares held by a shareholder and its associates in that class to more than 50%.

(3) Unless circumstances are such as to warrant a concession being granted by the Board, the Board requires the letters of allocation to be listed.

(4) In respect of the letter of allocation, only Form A (Form of Renunciation) requires the signature of the renouncee.

Documents to be submitted to the MSE

3.33. The documents contained in Paragraph 6.12 should be submitted to the MSE at the relevant times as specified within the timetable set out in Paragraph 3.36 below.

Documents to be published

3.34. (1) Press announcements should be published giving the following information, respectively—

(a) the last date for shareholders to register to participate in the rights offer;
(b) the terms of the rights offer;
(c) the salient dates relating to the rights offer;
(d) the results of the rights offer.

(2) In addition, a prospectus should be sent to shareholders which must specify**—**

(a) how the securities rank for dividend, whether the securities rank *pari passu* with any listed securities;
(b) whether the board of directors has received any information from any shareholders who own more than 10% of the issued shares of their intention to take up securities provisionally allotted or offered to them or to be provisionally allotted to them and the particulars thereof;

(3) The press announcements and prospectus should comply with the requirements of Paragraph 8.7.

Change in the use of funds

3.35. In the event the Board of Directors of an applicant does not utilize the funds raised through a Rights Issue for the objective/s approved by the shareholders and decides to utilize the funds for another objective/s, the listed company shall make an announcement to the Exchange of this decision and shall obtain shareholder approval at a General Meeting.

Timetable for Rights Offers

3.36. The following timetable is a guide and applicable to a listed company making a rights offer—

Day	**Event**
Friday (D+0)	Latest date for the first announcement giving the last day for registration for the rights.
Monday (D+10)	Second announcement giving the terms of the rights offer including the statement referred to in paragraph 5.51.
Wednesday (D+12)	Third announcement giving the salient dates for the rights offer. All documentation described in paragraph 16.14 must have been submitted to and approved by the Board.

Day	Event
Friday (D+14)	Last day to register for the rights offer.
Monday (D+17)	Rights uploaded to CSD with notice to shareholder Letters of allocation listed. Securities listed ex rights. Circular and/or pre-listing statement and letters of allocation posted to shareholders registered for the rights offer. Pre-listing statement published in the press
Wednesday (D+19)	Last day for receipt of postal registrations.
Wednesday (D+40)	Last day for dealing in letters of allocation.
Thursday (D+41)	Last day for splitting letters of allocation (14h30). Securities that are the subject of the rights offer listed (if granted).
Friday (D+42)	Offer closes (14h30) (earliest date).
Tuesday (D+46)	Last day for postal acceptances of the rights offer.
Wednesday (D+47)	Notification to the MSE of the conclusion of the rights offer and approval for listing by the MSE.
Thursday (D+48)	Conversion of rights into shares/uploading of converted rights into the CSD
Friday (D+49)	Fourth announcement giving the results of the rights offer. The securities that are the subject of the rights offer listed (if granted).
Tuesday (D+53)	Latest date for refunds

CLAW-BACK OFFERS

3.37. A claw-back offer is an issue of securities for cash by an applicant to persons where the securities are then offered by such persons to the applicant's shareholders in proportion to their holdings.

Specific requirements for a clawback offer

3.38. (1) The securities must be offered to the applicant's shareholders, by way of a renounceable letter or other negotiable document, which must be listed as "fully paid" or "nil paid" rights, for a period of at least three weeks before payment for the securities is due.

(2) The requirements of Paragraphs 3.27 to 3.36 in respect of rights offers apply also to claw- back offers.

CAPITALISATION (BONUS) ISSUES

3.39. (1) A capitalisation (bonus) issue is an issue of fully paid shares capitalised from the company's share premium, capital redemption reserve fund or reserves (or combinations thereof) to existing shareholders in proportion to their shareholdings at a specific date on the terms set out in 3.40 below.

(2) MSE will not approve any announcement, advertisement or circular in which a capitalisation issue is in any way described or presented as a dividend when shareholders are not entitled to elect to receive a cash dividend.

Specific requirements for a capitalisation issue

3.40. (1) An applicant must ensure that the provisions of Section 105 of the Act are complied with prior to any capitalisation (bonus) issues.

(2) Shareholders' approval must be obtained by the applicant to give effect to the capitalization of the share premium or reserves where the constitution does not permit the directors to do so without approval of the shareholders.

Ratio for capitalisation issues

3.41 The ratios for capitalization (bonus) issues should not give rise to fractions of securities and where such ratio gives rise to a fraction, the method of rounding such fraction to a 'whole number' should be stated.

Documents to be submitted to the MSE

3.42. The documents detailed in Paragraph 6.13 should be submitted to the MSE at the relevant times as specified in Paragraph 3.44.

Documents to be published

3.43 (1) A listed company shall not announce a capitalisation (bonus issue) to shareholders or the public until the scrip issue and listing of shares emanating from such scrip issue is approved, in principle, by the Exchange.

(2) A press announcement must be published and a circular must be sent to shareholders.

(3) The press announcement and circular must comply with Paragraph 8.8 and be issued according to the timetable specified in Paragraph 3.44.

Timetable for capitalisation (bonus) issue

3.44. (1) The timetable for a capitalization (bonus) issue as a guide is set out below—

Day	**Event**
Friday (D+0)	Publication of press announcement and distribution of circular to shareholders
Friday (D+14)	Record date for participation in capitalisation (bonus) issue.
Monday (D+17)	Securities listed ex-entitlement.
Wednesday (D+19)	Securities allotted Lodge signed application for listing detailing actual number of securities issued.
Friday (D+21)	Letters of allotment dispatched / bonus shares uploaded to CSD with notice to shareholders

(2) Should a cash underpin for the capitalisation shares be offered by a third party, the requirements of Paragraphs 3.46 to 3.50 must be adapted accordingly.

SCRIP DIVIDEND AND CASH DIVIDEND ELECTIONS

3.45 (1) A scrip dividend comprises capitalisation (bonus) shares in which shareholders are afforded the option to receive cash dividends.

(2) Dividend and dividend yield statistics issued by the MSE will reflect the full amount of the dividend before shareholder election.

(3) A cash dividend election arises where a capitalisation issue is declared and shareholders are afforded the right to elect to receive a cash dividend in lieu of the capitalisation (or bonus) shares.

(4) The grant of the right of election must not be prohibited by the constitution.

(5) MSE will not approve an announcement or circular in which a capitalisation issue is in any way described or presented as a dividend when shareholders are not entitled to elect to receive a cash dividend.

Specific requirements for a scrip dividend and dividend election

3.46 (1) A form of election must be dispatched with a circular containing the following—

(a) a statement that the election may be made in respect of all or part of the securities held or deemed to be held at the close of business on the record date and fractions will be paid out in cash;
(b) the ratio of entitlement;
(c) a statement if no late postal elections will be accepted.

(2) Shareholders' approval must be obtained by the applicant to give effect to the capitalization of the share premium or reserves where the constitution does not permit directors to do so without the approval of shareholders.

Ratio for fractional scrip dividends

3.47 (1) The ratio should not give rise to fractions of securities that have more than two decimal places.

(2) Where the ratio is proposed to be other than that of whole securities per 100, the MSE will require the following—

(a) the date of payment of the scrip dividend must be at most 21 days, from the last day to register; and
(b) the transfer secretaries must treat applications from nominee companies as stated in Paragraph 3.75.
(c) fractions of securities should be paid in cash or rounded up.

Documents to be submitted to the MSE

3.48. The documents detailed in Paragraph 6.13 should be submitted to the MSE at the relevant times as specified within that paragraph.

Documents to be published

3.49. (1) For a scrip dividend or a cash dividend election two press announcements must be published and a circular sent to shareholders.

(2) The press announcements and circular must comply with Paragraph 8.8 and be issued according to the timetable set out in Paragraph 3.50 below.

Timetable for scrip Dividend

3.50. The timetable as a guide for a scrip dividend is set out below—

Day	Event
Friday (D+0)	Publication of first press announcement.
Monday (D+10)	Publication of second press announcement.
Friday (D+14)	Record date for participation in scrip dividend (All documentation described in paragraph 16.15 must have been submitted to and approved by the Board)
Monday (D+17)	Securities listed ex-entitlement Circular made available.
Friday (D+21)	Last day for posting the circular to shareholders.
Friday (D+42)	Last day for election.
Monday (D+45)	Announcement of results of issue. Lodge signed application for listing detailing actual number of securities issued.
Wednesday (D+47)	Securities allotted and uploaded to CSD with notice and dividend warrants sent to shareholders.
Monday (D+ 52)	Securities listed

ISSUES FOR CASH

3.51. An issue for cash is an issue of securities for cash or the extinction of a liability, obligation or commitment in compliance with Paragraphs 3.52 to 3.58 below—

(a) to persons who are specifically approved by shareholders in general meeting in respect of that particular issue; or

(b) generally approved by shareholders by the giving of a renewable mandate (which should be valid until the company's next annual general meeting provided it shall not extend beyond 15 months) to the directors of the issuer to issue shares for cash subject to the requirements of the MSE Listings Requirements and the Companies Act and to any other restrictions set out in the mandate.

Specific requirements for specific issues for cash

3.52. An applicant may only undertake a specific issue for cash subject to satisfactory compliance with the following requirements.

(1) The equity securities which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue.

(2) If any of the equity securities are to be issued to non-public shareholders, this fact must be disclosed.

(3) The number or maximum number of equity securities to be issued must be disclosed;

(4) Where the equity securities will be issued at a discount to the market price, the discount shall be subject to shareholder's approval.

(5) If the discount at which the equity securities are to be issued is not limited, this fact must be disclosed.

(6) If the discount at which the securities are to be issued is limited, such limited must be disclosed.

(7) If the issue is—

(a) to a related party/ies, and

(b) the price at which the equity securities are issued is at a discount to the weighted average ruling price of such equity securities measured over the 30 business days prior to the date that the price of the issue is agreed in writing between the issuer and the party subscribing for the securities;

then such issue shall be subject to the inclusion of a statement by the board of directors confirming whether the issue is fair in so far as the shareholders (excluding the related party/ies if it/they are equity securities holders) of the issuer are concerned and that the board of directors has been so advised by an independent expert acceptable to the MSE. The board of directors must obtain a fairness opinion prepared in accordance with these Requirements before making this statement;

Specific requirements for a general issue for cash

3.53. (1) The equity securities which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue.

(2) Where an applicant wants to undertake a general issue for cash the equity securities must not be issued to related parties.

(3) The securities which are the subject of general issue for cash may not exceed 15% of the applicant's listed equity securities as at the date of the notice of the general/annual general meeting seeking the general issue for cash authority provided the authority shall be valid for the period as specified under Paragraph 3.51 (b).

(4) The maximum discount at which equity securities may be issued is 10% of the weighted average ruling price of such equity securities measured over the 30 business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities.

General requirements

3.54 (1) The number of securities of a class which may be issued in terms of Paragraph 3.51 shall be based on the number of securities of that class in issue at the date of such application less any securities of that class issued in terms of Paragraph 3.51 during the preceding financial year or three years (as applicable) provided that any securities of that class to be issued pursuant to a rights issue (announced and irrevocable and underwritten) or acquisition (concluded up to the date of application) may be included as though they were securities in issue at the date of application.

(2) MSE may, if it is satisfied that the applicant is in severe financial difficulty or that there are other exceptional circumstances, waive some or all of the requirements contained in Paragraphs 3.52 in relation to an issue of shares for cash.

Voting

3.55 (1) An 85% majority of votes cast is required by shareholders present or represented by proxy at the general meeting to approve the resolution regarding the waiver of pre-emption rights where 35% or more of the applicant's issued securities are held by the public as defined herein under MSE Listings Requirements.

(2) If the applicant has less than 35% of its securities held by the public, a 90% majority of votes cast will be required by shareholders present or represented by proxy to approve the resolution regarding the waiver of pre-emptive rights at the general meeting.

(3) The consequence of any issue for cash should not, in respect of the applicant, constitute an "affected transaction".

Documents to be submitted to the MSE

3.56. The documents detailed in Paragraph 6.14 should be submitted to the MSE at the relevant times as specified within that paragraph.

Documents to be published

3.57. Where approval has been obtained—

(a) in terms of Paragraph 3.51(a), a circular should be sent to shareholders giving details of the issue for cash. The circular should contain the information set out in Paragraph 8.10 (1);

(b) in terms of Paragraph 3.51(b), a circular should be sent to shareholders giving details of the issue for cash. The circular should contain the information set out in Paragraph 8.10 (2)

Timetable for issue for cash

3.58. (1) The documents which require publication regarding issues for cash are set out as per the timetable below.

(2) The dates are indicative and may be altered as long as the sequence of events is not disturbed.

Day	Event
D+0	Submission of the notice to the MSE for approval on the announcement containing notice of general meeting
D + 5	Publication and distribution of circular containing information as prescribed under Paragraph 8.10
D + 26	General meeting to approve the issue
D + 28	Results of the General meeting submitted to the Exchange for notification to the market.
Post-approval	After an issuer has issued equity securities in terms of an approved general issue for cash representing, on a cumulative basis within the period contemplated in Paragraph 3.51(b), 5% or more of the number of equity securities in issue prior to that issue, the company shall publish an announcement containing full details of the issue including the use of funds, the number of securities issued, average discount to the weighted average ruling price of the equity securities over the 30 business days prior to the date that the issue is agreed in writing between the issuer and the party/ies subscribing for the securities. In respect of the issue of convertible securities, the effects of the issue on the statement of financial position, net asset value per share, net tangible asset value per share, the statement of comprehensive income, earnings per share, headline earnings per share and, if applicable, diluted earnings and headline earnings per share. (Applicable only to General Issues for Cash)

ACQUISITION OR MERGER ISSUES

3.59. An acquisition or merger issue (or vendor consideration issue) is an issue of securities in consideration for an acquisition of assets (which shall not include the extinction of a liability, obligation or commitment) or an issue of securities for an acquisition of, or merger with, another company as consideration for the securities of that other company.

Specific requirements for acquisition and merger issues

3.60 (1) Listing will be granted only to securities issued as consideration for an acquisition or merger should the Board determine that their issue be for bona fide purchase of assets and not a circumvention of shareholders' rights of pre-emption.

(2) Accordingly, the MSE must be consulted when a listed company proposes to issue securities as consideration for the acquisition of assets.

(3) Acquisitions and Mergers shall require the prior approval of the Takeover panel as provided for under Part XII of the **Companies Act, 2013.**

Documents to be submitted to the MSE

3.61. The documents detailed in Paragraph 6.15 should be submitted to the MSE at the relevant times as specified within that paragraph.

Documents to be published

3.62. The documents to be published with regard to an acquisition or merger issue are set out under the various categories in Sections 9 and 10.

VENDOR CONSIDERATION PLACINGS

3.63. A vendor consideration placing is marketing on behalf of vendors of securities which are to be issued to them as consideration for an acquisition.

Specific requirements for vendor placings

3.64. In a vendor consideration placing—

(a) all vendors must have an equal opportunity of participating in the placing;
(b) where the securities to be placed are equity securities of a class already listed the placing price must not be at a discount of more than -
  (i) 10% to the weighted average traded price of those securities over the 30 days prior to the date that the price of the placing is determined or agreed by the directors of the company, or
  (ii) 10% discount to the 30 day weighted average trading price, prior to the date of the placing:
  provided that these limits may be exceeded if securities holders give their specific approval of such necessary special resolution, voted on by 75% of all equity securities holders present or represented by proxy at the general meeting convened to approve such resolution, excluding any vendor and its associates or other party participating in the placing;
(c) the MSE should be consulted for a ruling if the company's securities have not traded in the 30-day period referred to under (b).; and
(d) if the securities being placed are a class of equity securities not already listed, the requirements of Section 2 apply (unless the issuer has another class of equity security already listed and the requirement as to the spread of shareholders will apply.

REPURCHASE OF SECURITIES

3.65. An acquisition by an issuer of its own securities or a purchase by a subsidiary of securities in its holding company (in accordance with the Act), will be regarded as a repurchase of securities in terms of the Listings Requirements-

(a) on terms that are approved by securities holders in a general meeting in respect of that particular purchase (a specific repurchase of securities) which shall be valid until such time as the approval is amended or revoked by a special resolution; or
(b) generally approved by securities holders by the giving of a renewable mandate, which shall be valid until the company's next annual general meeting or for 15 months from the date of the resolution, whichever period is shorter, to the directors of the company to repurchase its securities subject to the requirements of the MSE and to any other restrictions set out in the mandate (a general repurchase of securities).
(c) the general repurchase by a company of its own securities shall not, in the aggregate in any one financial year exceed 20% of that company's issued share capital of that class in any one financial year.

Requirements for specific authority to repurchase securities ("specific repurchase")

3.66. In respect of specific repurchases, which includes the grant of an option in terms of which an issuer may or will be required to repurchase its securities in future and a specific offer being an offer from securities holders specifically named, an applicant may only make a specific repurchase subject to the following—

(a) authorization thereto being given by its constitution;
(b) approval being given in terms of a special resolution excluding, in the case of a specific offer, the votes of any shareholder and its associates that are participating in the repurchase;
(c) a statement by the directors that, after considering the effect of such repurchase, the provisions of the Act have been complied with and that the—

(d) a resolution by the board of directors of the issuer that it has authorized the repurchase, that the company and its subsidiary/ies have passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of any company of the group;
(e) if the repurchase is—

(i) from a related party/ies, and
(ii) the price at which the securities are purchased is at a premium to the weighted average ruling price of such equity securities measured over the 30 business days prior to the date that the price of the repurchase is agreed in writing between the issuer and the party selling the securities then such repurchase shall be subject to the inclusion of a statement by the board of directors stating whether the repurchase is fair insofar as the shareholders, excluding the related party/ies if it/they are equity securities holders, of the issuer are concerned and that the board of directors has been so advised by an independent expert acceptable to the MSE.
(iii) For the purpose of (ii) above, the board of directors must obtain a fairness opinion which must be included in the circular prepared in accordance with these requirements before making this statement;

(f) if a company has announced that it will make a specific repurchase, it must pursue the proposal, unless the MSE permits the company not to do so; and
(g) a company or its subsidiary may not repurchase securities during a closed period unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the MSE in writing prior to the commencement of the prohibited period.
(h) The issuer must instruct an independent third party, which makes its investment decisions in relation to the issuer's securities independently of, and uninfluenced by, the issuer, prior to the commencement of the closed period to execute the repurchase programme submitted to the MSE.

Requirements for general authority to repurchase securities ("general purchase")

3.67. A company may only make a general repurchase of securities subject to the following—

(a) the repurchase of securities being effected through the order book operated by the MSE trading system and done without any prior understanding or arrangement between the company and the counter party;

(b) authorisation thereto being given by its constitution;
(c) approval by shareholders in terms of a special resolution of the company, in annual general/general meeting, which shall be valid only until the next annual general meeting or for 15 months from the date of the resolution, whichever period is shorter;
(d) repurchases may not be made at a price greater than 10% above the weighted average of the market value for the securities for the five business days immediately preceding the date on which the transaction is effected.
(e) For the purposes of (d) above, the MSE should be consulted for a ruling if the applicants securities have not traded in such five business day period;
(f) at any point in time, a company may only appoint one agent to effect any repurchase(s) on the company's behalf;
(g) a resolution by the board of directors that it has authorised the repurchase, that the company has passed the solvency and liquidity test and that, since the test was performed, there has been no material changes to the financial position of the group; and
(h) an issuer or its subsidiary may not repurchase securities during a closed period unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and has been submitted to the MSE in writing prior to the commencement of the prohibited period.
(i) The issuer must instruct an independent third party, which makes its investment decisions in relation to the issuer's securities independently of, and uninfluenced by, the issuer, prior to the commencement of the closed period to execute the repurchase programme submitted to the MSE.

Documents to be submitted and published for Repurchase of securities

3.68. The documents detailed in Paragraph 6.21 should be submitted to the MSE and thereafter published and circulated to shareholders.

Timetable for Repurchase of securities

3.69. The timetable for repurchase of securities must be agreed with the Exchange.

General

3.70 (1) Whenever an issuer wishes to use treasury shares, such use must comply with the Listings Requirements as if such use was a fresh issue of securities.

(2) The requirements of Paragraphs 3.65 to 3.68 do not apply in respect of the following—

(a) transactions entered into on behalf of bona fide third parties, either by the company or any other member of its group on arm's length terms; or
(b) any acquisition by an issuer which is a financial services company (for the purposes hereof a company that is an authorised user, a long-term insurer, a short-term insurer and/or a bank as defined in the relevant statute) of its own securities or a purchase by a subsidiary (which is a financial services company) of an issuer of the issuer's securities on an arm's length basis and held by such financial services company for the benefit of or to hedge the financial services company's obligations to third parties and/or as a component of a financial services product made available to clients of that financial services company in the normal course of business. Such securities purchased will not be treated as treasury shares for purposes of the Listings Requirements.

(c) Where there are securities in issue that are high/low voting shares or are convertible into, exchangeable for, or carry a right to subscribe for securities of the class proposed to be repurchased, a separate meeting of the holders of such convertible securities or high/low voting shares must be held and their approval by special resolution obtained before the company enters into any contract to repurchase securities of the relevant class unless the trust deed or terms of issue of the convertible securities provides for the company purchasing its own equity securities.

(d) For the purposes of (c) above, in terms of a specific repurchase and in terms of a general repurchase as applicable, a circular and notice of meeting must also be sent to them as stipulated in the Requirements.

EXERCISE OF OPTIONS TO SUBSCRIBE FOR SECURITIES (INCLUDING OPTIONS IN TERMS OF EXECUTIVE AND STAFF SHARE SCHEMES)

3.71. (1) Applications for listing of securities issued in terms of options must be made in terms of Section 6—

(a) application for listing of shares in terms of executive and staff share schemes may be either for block listings or for specific allotments; and

(b) the MSE will grant a block listing only in multiples of K50 million for securities issued in terms of approved schemes. Subsequent issues of securities in terms of the scheme will be subtracted from the initial block until such time as that block is exhausted, at which time an application for a further block will become necessary.

(2) The following documents pertaining to employee share schemes should be submitted to the MSE for prior approval—

(a) a draft copy of the incentive or option scheme which must comply with Schedule 15;

(b) the trust deed, if applicable; and

(c) a draft of the circular or notice relating to the adoption of or amendment to a scheme by the Company's shareholders.

Issues with participating or conversion rights

3.72 (1) A listed company issuing a security with an attached conversion right to a security already listed on the MSE should obtain the approval of its shareholders prior to the issue of such securities.

(2) Classes of securities which have participating rights to profits or have equity conversion rights must be offered to ordinary shareholders of a company by means of a rights offer unless specifically exempted by shareholders at a general meeting.

C: GENERAL PROVISIONS APPLICABLE TO ALL METHODS OF LISTING

3.73. The paragraphs under this sub-section apply to all listings, irrespective of whether such company is listing by way of an Initial Public Offering or an Additional Method of Listing.

Dematerialization of Shares

3.74. Companies seeking a listing on the MSE shall be required to amend their constitution to facilitate full dematerialization of their securities and that all new securities to be issued shall be issued in electronic form and shall be available for trading on the listing date.

Share certificates

3.75. (1) Where a shareholder wishes to convert their dematerialized shares into a share certificate, the company shall do so at a cost to be approved by the MSE.

(2) Applicants which have not yet adopted Certified Deed Transfer Procedures must effect registration within 24 hours of receipt.

(3) Where it is proposed to issue share certificates which of necessity require to be distinguishable from existing listed securities, it is necessary to submit to the MSE a copy of the proposed certificate and a copy of the existing certificate. The procedures to be adopted thereafter are within the discretion of the MSE Listings & Strategy Committee.

Securities to be registered in the name of nominee companies

3.76 (1) Where a listed company intends entering into a transaction or scheme which may, in its effect, discriminate between shareholders holding securities beneficially through nominee companies (the nominee company) and shareholders holding securities directly in such listed company, the listed company shall procure that, in the former case, the nominee companies timeously provide it with lists, certified as correct by a director of the nominee companies, of the individual shareholdings of such beneficial shareholders, as at the relevant date, by number and not by name, in order to ensure that all shareholders in the listed company receive equal treatment.

(2) The requirement of Paragraph 3.76 (1) above should be applied in respect of all listed company transactions, e.g. distributions in respect of, or subscription for, securities in subsidiary companies or capitalisation issues, which give rise to fractional entitlements.

Over-allotment options (“green shoes”)

3.77 (1) Price stabilisation may be effected through an over-allotment, with or without a greenshoe. Over-allotment is a pre-cursor to a price stabilisation mechanism, aimed at supporting and maintaining the price of newly listed securities or securities the subject of a substantial offer, for a limited period after the listing or offer. The main purpose is to establish an orderly market for securities in the immediate secondary market after an offer.

(2) Price stabilisation may only be effected in respect of an offer of securities, and must comply with the following criteria:

(a) the offer must be an offering or issue of securities for cash, made at a specified price;
(b) the offer must be for securities which are already listed or are to be listed;
(c) the offer must be of sufficient size to satisfy the MSE that price stabilization is warranted. Such size is to be determined in consultation with the MSE.
(d) The over-allotment may not be more than 15% of the issue size.

(e) Disclosure of the fact that stabilisation may take place should be provided in all communications issued by or on behalf of the issuer to prospective investors in the securities in respect of the relevant offer.
(f) It must be in line with schedule 21 on over allotment options
(g) For the preliminary offering circular (or prospectus) and/or final offering circular (or prospectus) the disclosure should contain the following text:

"In connection with this offer [name of issuer] may over-allot or effect transactions which may support the market price of [description of securities] at a level higher than that which
might otherwise prevail for a limited period after the listing date. However, there is no obligation on [name of issuer] to do so. Such stabilising action may under no circumstances continue beyond the 30th calendar day after the listing date."

Application for a listing

3.78 (1) In respect of an application for a listing, notice shall be given to the MSE and from the time of giving such notice until the listing commences or the application is refused no member of the MSE shall deal in the securities in respect of which the application is made.

(2) In the event of the application being refused, a notice to that effect shall be given.

(3) The provisions of Paragraphs 3.78 (1) and (2) shall not apply to an application in respect of additional securities of a class already listed.

Acceptance of late postal deliveries

3.79 (1) Applicants must accept for registration deliveries bearing a postmark up to and including the date of the last day to register, provided these are received within three working days of that date.

(2) The last day to register should be a Friday, but if the Friday is not a business day then the previous business day must be taken as the last day to register.

(3) However, in exceptional circumstances that are well motivated, the Board will consider allowing the last day to register to fall on another day.

Odd-lot offers

3.80 (1) An "odd-lot" offer, interpreted as an odd-lot as a total holding of less than 100 securities, is one where the listed company intends reducing administrative costs resulting from a large number of "odd-lot" holders.

(2) When a listed company proposes to make such an offer, the following criteria will apply—

(a) in all instances a three-way election must be provided for. Holders may—

(i) elect to retain their odd-lot holding;
(ii) elect to top up their holding to 100 securities;
(iii) elect to sell their odd-lot holding;

(b) if the top up and sale prices are not the same, the prices must in all circumstances be to the advantage of the holders concerned;

(c) listed companies may not undertake such an offer where it could lead to a contravention of the minimum spread requirements; and
(d) in any distribution, award or reconstruction contemplated by a listed company where shareholders may receive odd-lot entitlements, shareholders so affected must, where the listed company wishes instead to compensate such shareholders in monetary terms, be given the opportunity to elect to receive such odd-lot entitlement.

New applicants issuing securities within six months prior to seeking a listing

3.81 (1) If a new applicant has issued securities by way of a placing or offer for sale or subscription within six months prior to its application for listing ("the previous issue"), it will be required to offer securities at the same price and on the same terms and conditions to the sponsoring broker as follows—

(a) if it is seeking a listing by way of an introduction then securities must be offered to the sponsoring broker that would equate to 3/7ths of the previous issue, unless agreed otherwise with the MSE;
(b) if it is seeking a listing by way of a private placement then securities must be offered to the sponsoring broker that would equate to 3/7^{ths} of the previous issue, unless agreed otherwise with the MSE. This is in addition to the requirements of Paragraph 3.18(2); and
(c) if it is seeking a listing by way of an offer for sale or subscription or renounceable offer, such that the offer is less than 30% of the previous issues, then securities must be offered to the sponsoring broker that would equate to 3/7ths of the previous issue, unless agreed otherwise with the MSE.

(2) The sponsoring broker must, in turn, offer a reasonable proportion of his allocation to other broking members, the method of allocation to be at the sponsoring broker's discretion.

Preferential offers

3.82. (1) A preferential offer is an offer by an applicant to directors, employees, pensioners and direct business associates (including customers with whom there is a direct and enduring contractual relationship) of the applicant by means of a non-transferable application form bearing the name of a specific party and stating a maximum number of securities which may be subscribed for in that application.

(2) If a preferential offer is made by a new applicant, in conjunction with any other method(s) of issue such preferential offer is limited to a maximum 70% of the total number of securities which are to be issued.

(3) The percentage of shares to be allotted to the different classes of shareholders must be decided on by the applicant subject to the review and approval of the MSE.

SECTION 4 – PRE-LISTING STATEMENTS AND PROSPECTUS

SCOPE OF SECTION

This Section sets out the details which must be contained in the pre-listing statement and the procedure for their approval and publication. In general, an application for listing of securities on the official list for the first time must be accompanied by the relevant pre-listing statement. Subsequent applications for listing securities on the official list once the company's securities are already admitted (further listings) will also require pre-listing statements to be approved by MSE. The pre-listing statement must include information in sufficient detail to enable the targeted investors to have a full and proper understanding of the applicant's business, financial conditions, prospects, and risks. If the pre-listing statement is a prospectus, the presumption is made that, apart from compliance with the Act, such prospectus will also comply with and contain all necessary disclosures as if it were a pre-listing statement subject to compliance with the Listings Requirements. For the purposes of this section any reference to a pre-listing statement includes reference to a prospectus.

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PUBLICATION/ CIRCULATION OF PRE-LISTING STATEMENTS

4.1. (1) A pre-listing statement or supplementary pre-listing statement shall be published in full by the MSE (and issuer) through its website and mailing list and in an abridged form in at least one National newspaper.

(2) Publication of a summary prospectus will be acceptable in lieu of a pre-listing statement so long as such summary—

(a) does not contain or accompany any form for application for shares, debentures or any other security;
(b) states with reasonable prominence where copies of the full prospectus may be obtained and the fact that it has been registered with the Registrar of Companies and the Reserve Bank of Malawi;
(c) restricts application forms for the subscription of shares to the original documents attached to the prospectus.

(3) Notwithstanding subparagraph 4.1(2)(c) above, and as applicable, the full pre-listing statement must be distributed to all shareholders and be available to the public to access.

(4) Where the pre-listing statement is revised or supplementary pre-listing statements are prepared, they will be required to be published and circulated to shareholders at the time of dispatch of the revised pre-listing statement.

(5) The MSE may, in properly justified cases, be prepared to allow pre-listing statements to be published and circulated subsequent to the dispatch of revised pre-listing statement but before listing approval is granted.

PRE-LISTING STATEMENTS

Requirement for pre-listing statements

4.2. When a company applies for listing of its securities it must publish a pre-listing statement containing the particulars referred to in this section, save that a company whose securities are already listed shall not be so obliged in the circumstances set out in Paragraphs 4.10.(1) (a) to (f) (issues not requiring pre-listing statements).

Directors' Responsibility

4.3 (1) Pre-listing statement must include a statement, in the form set out below and modified as required pursuant to Paragraphs 4.23 (responsibility statement), modified as required pursuant to sub section (2) or (3) or in such other form as may be permitted by the MSE—

(2) If the prelisting statement relates to securities issued in connection with a recommended take-over of the listed company and the directors of the other company accept responsibility for the information given on that company in the prelisting statement, then the directors of the applicant may accept responsibility only for the rest of the information in the prelisting statement and the responsibility statement must be adapted accordingly.

(3) The MSE may require responsibility to be extended to additional persons who have made specific statements in, or who have made contributions to, the prelisting statement, in which case the statement must be adapted accordingly.

(4) The prelisting statement must be signed by every director of the applicant (or by his agent or attorney, with a copy of the authority of any such agent or attorney); provided that where responsibility for any information contained in different parts of the prelisting statement has been extended to or accepted by any other

person in accordance with Paragraph 4.3 (2) or (3) above, such other person (or his agent or attorney) shall also sign the prelisting statement and it shall be stated clearly for which part or parts of the prelisting statement each signatory bears responsibility.

Form and content of the pre-listing Statement

4.4. (1) The Pre-listing statement must contain—

(a) the information described in Part B of Section 4 below according to the nature and circumstances of the applicant and the type of security as specified in Part B of Section 4 below;
(b) such additional information as the MSE may reasonably consider investors and their professional advisers to reasonably require for the purposes of making an informed assessment of the prospects and status of the applicant. If the MSE requires additional disclosure, it will inform the applicant of such additional information required;
(c) factual information in words and figures, in an as easily analyzable and comprehensible form as possible.

(2) There is no prescribed format for pre-listing statement except that—

(a) the MSE may require that prominence be given in the pre-listing statement to important information in such manner as it considers appropriate;
(b) in the case of pre-listing statement to be published by a new applicant the following information must appear on the first page—
- Share capital
- Responsibility
- Particulars of issue
- Registration of the issue by the Registrar of Companies and the Registrar of Financial Institutions.

(c) prelisting statements must not contain charts, graphs or other illustrations unless the Board is satisfied that this is the only way in which the information can be presented clearly or is necessary in the interests of succinctness or comprehensibility and does not present the information unfairly.

Shareholder approval

4.5. If the issue of securities in respect of which the prelisting statement is to be issued is made conditional upon shareholder approval, the following statement must appear on the first page of the prelisting statement—

"This prelisting statement has been prepared on the assumption that the ordinary and special resolutions proposed in the Notice of General Meeting forming part of the circular to which the prelisting statement is attached will be passed at the General Meeting of shareholders to be held on…. and registered (if applicable)."

Formal approval

4.6. (1) The prelisting statements must be approved formally by the MSE before publication. Such approval will be given only if the MSE considers that the information in the prelisting statement is complete.

(2) The prelisting statements submitted to the MSE for formal approval must be in the form of a typed document, but the Board may permit manuscript information

relating to the number of securities and the price, and any figures derived from them, when these items are not settled until a later stage.

Supplementary prelisting statement

4.7 (1) The MSE must be advised immediately if, at any time after prelisting statements have been published and before dealings in the relevant securities commence, the applicant becomes aware that—

(a) there has been a significant change affecting any matter contained in the pre-listing statement; or
(b) a significant new matter has arisen, the inclusion of information in respect of which would have required to be mentioned in the prelisting statement if it had arisen at the time of their preparation.

(2) The MSE shall determine the significance of the change or the new matter and whether it warrants publication of a supplementary prelisting statement and the contents thereof.

(3) Supplementary prelisting statements must—

(a) give details of the change or new matter;
(b) contain the statement required by Paragraph 4.3.; and
(c) contain a statement that, save as disclosed, there has been no significant change and no significant new matter has arisen since publication of the previous pre-listing statement.

Omission of information

4.8 (1) If any information required by part B of the Section is not applicable and no equivalent information is available, it need not be included in the prelisting statement provided the Board is informed in writing of this and approves of such omission.

(2) The MSE may authorize the omission of information which is applicable if it considers that—

(a) the information is of minor importance and is not such as will influence assessment of the assets and liabilities, financial position, profits and losses and prospects of the applicant;
(b) disclosure would be contrary to the public interest and omission is not likely to mislead investors with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question; or
(c) disclosure would detrimentally affect the information needs of the market, namely that the inclusion of the information would not be material to an investor's decision to invest and its inclusion would be likely to distort and mislead in relation to matters which are required to be disclosed; or
(d) disclosure would be seriously detrimental to the applicant or would constitute an invasion of the applicant's rights to privacy, and omission is not likely to mislead investors with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question.

(3) Requests to the Board to authorise any omission of information must—

(a) be in writing from the applicant, sponsoring broker or, where appropriate, the

adviser;
(b) identify the information concerned and the reasons for the omission; and
(c) state why, in the opinion of the applicant, one or more of the grounds in Paragraph 4.8(2) apply.

Omission of significant contract from disclosure

4.9. The Board may allow all or part of a significant contract to be withheld from public inspection. The request must—

(a) be in writing from the applicant, sponsoring broker or, where appropriate, other adviser;
(b) state why in the opinion of the applicant one or more of the grounds in Paragraph 4.8(2) apply;
(c) enclose a copy of the contract in question or, if the contract is not reduced to writing, a memorandum giving full particulars of its terms; and
(d) include confirmation by the applicant that the contract is a significant contract not in the ordinary course of business.

Issues not requiring prelisting statements

4.10 (1) Prelisting statements are not required for issues of securities by an applicant whose securities are already listed which fall into the following categories—

(a) securities resulting from the conversion of convertible securities;
(b) securities resulting from the exercise of rights under options;
(c) securities issued in place of securities already listed (provided there is no increase in the nominal value of the share capital as a result);
(d) securities allotted to employees if securities of the same class are already listed;
(e) where the issue relates to the extension of a business contemplated by and previously described in a pre-listing statement, the requirement to issue a pre-listing statement may be waived or the requirements reduced in the sole discretion of the Board;
(f) securities resulting from capitalisation/bonus issues;

(2) In cases where prelisting statements are not required under Paragraph 4.10.(1)(a) to (f), further information which the MSE may reasonably expect investors and their professional advisors to reasonably require for the purpose of making an informed assessment of the prospects and status of the applicant may have to be announced and in some cases a circular to shareholders may be necessary. In this regard, applicants must consult with the MSE at an early stage to determine the MSE's requirements, if any.

(3) In cases where prelisting statements are not required under Paragraphs 4.10.(1)(a) to (f) the following information must be published by way of a press announcement—

(a) where the issue would increase the securities of the relevant class by 30% or more,
(b) where the issue would increase the securities of the relevant class by less than 30% but more than 10%, the number and type of securities to be admitted and the circumstances of their issue.

Acquisition and merger issues

4.11. In relation to an acquisition or merger where the consideration being offered consists of securities for which listing will be sought, a prelisting statement may be required. Prelisting statements may be necessary either as a result of the original terms of the offer or as a result of a revision of the terms during the course of an offer. Where a prelisting statement has been published already and the offer is revised, supplementary prelisting statements may be required (see Paragraph 4.7).

LISTING PARTICULARS –PRE-LISTING STATEMENTS AND PROSPECTUS

Requirements for a prospectus under the Act

4.12. (1) When a company applies for listing of its securities through an offer to the public as defined in the Companies Act, it must publish a Prospectus as defined by the Companies Act.

(2) Issuers should comply with the provisions of the Companies Act disclosure requirements and a statement must appear prominently on the cover page of the Prospectus that—

(a) "A copy of this prospectus has been delivered to the Registrar of Companies and Registrar of Financial Institutions for registration. The Registrar of Companies and Registrar of Financial Institutions accept no responsibility for the accuracy of any statements made or for the financial soundness of the company or the value of the securities concerned".

(b) "An application has been made to MSE for permission to list all the securities of the issuer already issued as well as those securities which are the subject of this issue. Such permission will be granted when the issuer has been admitted to List. Acceptance of applications will be conditional upon issue of the securities and upon permission being granted to list all the issued securities of the issuer. Monies paid in respect of any application accepted will be returned if the said permission is not granted."

Form and Content

The applicant

4.13 For the Applicants details, the following information must be disclosed;

(1) The name, address of its registered office and of its transfer office, date and place of incorporation or if an external applicant, the country in which it is incorporated and the date of registration in Malawi.

(2) The applicant's trading names, and, if applicable, translated names in which, it conducts business.

(3) If the applicant is a subsidiary, the name and address of the registered office of its holding company, or of anybody corporate, which, had it been registered under the Act, would have been its holding company.

(4) If the applicant has changed its name within the last three years, the old name must be printed in bold type under the existing name on the first page.

(5) The date of the applicant's conversion into a public company, if applicable.

Directors, managers and advisors

4.14 For the Directors' Managers and Advisors' details, the following information must be disclosed;

Directors and managers

(1) The following details with regard to managers, directors, alternate and proposed directors whether such directors are executive or not, and of the secretary or proposed secretary of the applicant and each of its material subsidiaries—

(a) full names, including any former or other names (specifying the chairperson and managing director, if any);
(b) occupations (other than that of director);
(c) addresses, both residential and postal;
(d) their nationalities;
(e) any relevant business experience over the past three years.
(f) particulars of all other directorships held in Malawi by each director, including alternate and proposed directors and of the secretary or proposed secretary if an individual.
(g) details of any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person;
(h) details of any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of the Act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s);
(i) details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s);
(j) details of receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event;
(k) details of any public criticisms of such person by statutory or regulatory authorities, including recognized professional bodies, and whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
(l) details of any offence involving dishonesty committed by such person; details regarding such person's removal from an office of trust, on the grounds of misconduct and involving dishonesty; and
(m) details of any court order declaring such person delinquent or placing him under probation or disqualifying him to act as a director in terms of the Companies Act

(2) In the case of a foreign applicant, information similar to that described in Paragraph 4.14.(1) above relative to the local management Board, board or agent, if any. Where the Board considers the parent company is not adequately represented on the directorate of its subsidiaries or associated companies, an explanation is required.

(3) The term of office for which any director has been or is to be appointed, the manner in and terms on which any proposed director will be appointed and particulars of any right held by any person relating to the appointment of any director.

(4) The provisions, or a sufficient summary of the provisions, of the constitution or other corresponding document of the applicant and each of its subsidiaries with regard to—

(a) qualification of directors;
(b) remuneration of directors;
(c) any power enabling a director to vote on a proposal, arrangement or contract in which he is significantly interested;
(d) any power enabling the director to vote remuneration to themselves or any members of their body;
(e) the borrowing powers exercisable by the directors and how much they can be varied.
(f) The company's dividend policy
(g) Retirement or non-retirement of Directors under an age limit

(5) Particulars, in aggregate, of any remuneration paid during the last financial period and any proposed remuneration of directors or proposed directors in their capacity as director, or in any other capacity, whether determined by the constitution or not, by the applicant and any subsidiary distinguishing between executive and non-executive directors earnings and providing separate figures for salary, fees, benefits, pensions for past and present directors, share options and bonuses and the aggregate amount of any compensation paid to directors or past directors in respect of loss of office.

(6) If the remuneration receivable by any of the directors of the applicant will be varied in consequence of the transaction, full particulars of the aggregate variation in the remuneration of the directors shall be stated; if there will be no variation, a statement to that effect. If the business of the applicant or any of its subsidiaries or any part thereof is managed or is proposed to be managed by a third party under a contract or arrangement, the name and address (or the address of its registered office, if a company) of such third party and a description of the business so managed or to be managed and the consideration paid in terms of the contract or arrangement and any other pertinent details relevant to such contract or arrangement.

(7) In the case of a company incorporated during the three years prior to the date of the advertisement, a statement of all sums paid or agreed to be paid to any director or any person who acted in the capacity as a director or to any firm of which he is a member, in cash, shares or otherwise, by any person, either to induce him to become a director or a person acting in the capacity of director, or otherwise, for services rendered by him or by the firm in connection with the promotion or formation of the company.

(8) The total of any outstanding loans by any member of the group to the directors and also of any guarantees provided by any member of the group for their benefit.

(9) Particulars of any arrangement under which a director of the issuer has waived or agreed to waive future emoluments together with particulars of waivers of such emoluments which occurred during the past financial year.

Company Secretary

4.15. For the company secretary details, the full name, street and postal address and professional qualifications, if any, of the company secretary of the applicant must be disclosed.

Auditors, Legal practitioners, Bankers, Stockbrokers, Trustees, Underwriters and Experts

4.16. (1) For the Auditors, Legal practitioners, Bankers, Stockbrokers, Trustees, Underwriters and Experts details, the names, street and postal addresses of the auditors, legal practitioners, bankers and stockbrokers to the applicant, and, if applicable, the trustees, underwriters and any expert referred to in the prospectus and any holding of securities in or agreed to be acquired in the company by such persons must be disclosed.

(2) In the case of auditors to the applicant, there must be disclosure by a statement attesting to the fact the auditors are registered as practitioner public accountants with the Institute of Chartered Accountants in Malawi and Malawi Accountants Board.

Amounts paid or payable to promoter

4.17 Regarding the amounts paid or payable to promoters, the following information must be disclosed;

(1) A brief resume of any promoter's agreement during the preceding three years, including a statement of the issued share capital of any entity acting as promoter, the amount paid thereon, the date of its incorporation, street and postal addresses, the names of its directors, bankers and auditors and any other such particulars as the Board may deem necessary in connection therewith.

(2) The amount paid within the preceding three years or proposed to be paid to any promoter and the consideration for such payment, and any other benefit given to such promoter, partnership, syndicate or other association within the said period or proposed to be given, and the consideration for giving such benefit.

Commissions paid or payable in respect of underwriting

4.18. Regarding the commissions paid or payable in respect of underwriting, the following information must be disclosed;

(1) A brief resume of any underwriters agreement during the preceding three years, including a statement of the issued share capital of any entity acting as an underwriter, the amount paid thereon, the date of incorporation, street and postal addresses, the names of its directors, bankers and auditors, the nature and extent of any beneficial interest, direct or indirect, in such company of any promoter, director or officer of the applicant, and any other such particulars as the Board may deem necessary in connection therewith.

(2) The amount, if any, or the nature and extent of any consideration, paid within the preceding three years, or payable as commission to any person (including commission so paid or payable to any sub-underwriter who is the holding company or a promoter or director or officer of the applicant) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions for any securities of the applicant.

(3) Particulars of the amounts underwritten or sub-underwritten by each and the rate of commission payable for such underwriting or sub-underwriting contract with each such person.

(4) Particulars of any commissions, discounts, brokerages or other special terms granted during the three years preceding that date and the pre-listing statement in connection with the issue or sale of any securities, stock or debentures in the capital of the applicant, where this has not been disclosed in any annual accounts. Commission payable on the issue of shares must not exceed 5% of the price at which the shares were issued and must be authorised in the constitution.

Preliminary expenses and issue expenses

4.19. (1) Where the information has not been disclosed in any annual accounts approved by the shareholders the following disclosure is required with respect to preliminary expenses and issue expenses—

(a) particulars of any preliminary expenses if incurred within three years of the date of the pre-listing statement or proposed to be incurred, under main headings;
(b) the persons by, or to, whom any of those expenses were paid or are payable;
(c) the amount or estimated amount of the expenses of the issue, and separate disclosure of who the individual persons paid or payable are, including separate disclosure of each sponsor, reporting accountant, corporate adviser, attorney, legal adviser, commercial banker, investment banker, accountant, auditor, underwriter, sub-underwriter and any other adviser involved. Where there are two or more of each such advisers per category, and the individual amounts paid or payable to each such individual person/adviser by the applicant should be disclosed. So far as the same are not included in the statement of preliminary expenses, under main headings, including the MSE listing and inspection fee, and the persons by, or to, whom any of those expenses were paid or are payable.

Interest of directors and promoters

4.20. Regarding interests of directors and promoters, the following information must be disclosed;

(1) Full particulars of the nature and extent of any material beneficial interest, direct or indirect, of every director or promoter in the promotion of the applicant and in any property as referred to in Paragraph 4.48 acquired or proposed to be acquired by the applicant out of the proceeds of the issue or during the three years preceding the date of the listing statement, and where the interest of such director or promoter consists in being member of a partnership, company, syndicate or other association, and the nature and extent of such director's or promoter's interest in the partnership, company, syndicate or other association.

(2) A statement of all sums paid or agreed to be paid within the three years preceding the date of the pre-listing statement to any director or to any company in which he is beneficially interested, directly or indirectly, or of which he is a director, or to any partnership, syndicate or other association of which he is a member, in cash or securities or otherwise, by any person either to induce him to become or to qualify him as a director, or otherwise for services rendered by him or by the company, partnership, syndicate or other association in connection with the promotion or formation of the applicant.

Directors' interest in securities

4.21. Regarding Directors' interest in securities, there must be disclosure by a statement showing the aggregate of the direct and indirect interests of the directors in, and the direct and indirect interests of each director holding in excess of 1% of the share capital of the applicant distinguishing between beneficial and non-beneficial interests. The statement should include by way of a note any change in those interests occurring between the end of the financial year and the date of the pre-listing statement, or, if there has been no such change, disclosure of that fact.

Directors' interests in transactions

4.22. Regarding Directors' interest in transactions, there must be disclosure by a statement detailing all relevant particulars regarding the nature and extent of any beneficial interests, whether direct or indirect, of directors of the applicant in transactions which are or were unusual in their nature or conditions or material to the business of the group, and which were affected by the applicant—

(a) during the current or immediately preceding financial year; or
(b) during an earlier financial year and remain in any respect outstanding or underperformed;
(c) an appropriate negative statement.

Directors' responsibility statement

4.23. A Directors' Responsibility statement shall be as follows—

(a) "this Pre-listing statement is not an invitation to the public to subscribe for shares, but is issued in compliance with the rules and requirements of the Malawi Stock Exchange for the purpose of giving information to the public with regard to the company. The directors, whose names are given in paragraph…. on page…, of this document collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts and (if applicable) that the prospectus contains all information required by law.
(b) the directors confirm that the listing particulars include all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as investors and their professional advisers would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer and of the rights attaching to the securities to which the listing particulars relate."
(c) the prospectus/pre-listing statement/circular must be signed by every director of the applicant (or by his agent or attorney, with a copy of authority of any such agent or attorney); provided that where responsibility for any information contained in different parts of the prospectus/pre-listing statement/circular has been extended to or accepted by any other person(s), such other person(s) (or by his agent or attorney) shall also sign the prospectus/pre-listing statement/circular and shall be stated clearly for which part or parts of the prospectus/pre-listing statement/circular each signatory bears responsibility.

THE CAPITAL

Share capital of the company

4.24 Regarding share capital, the following information must be disclosed;

(1) If the applicant's share capital consists of shares of par value the following information must be disclosed—

(a) the authorized and issued or agreed to be issued share capital detailing—

(i) the classes of shares;
(ii) the number of shares in each class;
(iii) the nominal value of each class;
(iv) the number of treasury shares held
(v) the amount paid up for each class; and

(b) share premium.

(2) If the applicant's share capital consists of shares of no-par value the following must be disclosed—

(a) the stated capital;
(b) the classes of shares
(c) the number of shares issued and held in reserve;
(d) the number of treasury shares held; and
(e) the classes of shares.

(3) A description of the respective—

(a) preferential conversion and exchange rights;
(b) voting rights; and
(c) rights to dividends, profits or capital or any other rights of each class, including redemption rights and rights on liquidation or distribution of capital assets.

(4) Information regarding the consents necessary for the variation of rights attaching to securities.

(5) Partly paid shares will not normally be listed.

(6) A summary of any issues or offers of securities of the applicant and its subsidiaries during the preceding five years, including—

(a) the prices and terms at which such securities were issued or offered;
(b) by whom such offers were made;
(c) the number of securities allotted in pursuance thereof;
(d) whether the securities were issued to all shareholders in proportion to their shareholdings or, if not, to whom they were issued, the reasons why the securities were not so issued and the basis of allotment;
(e) the dates of the issues or offers;
(f) the reasons for any premium or discount on the issue or offer, how any premium was dealt with and where some securities were issued or offered at a premium and others at par or a lower premium also the reasons for the differential; and
(g) the value of asset, if any, acquired or to be acquired out of the proceeds of the

issue or offer, together with such further detail as required by the Companies Act.

(h) The details of any share repurchases.

(7) A summary of any consolidations or sub-divisions of the shares during the preceding three years or such lesser period as the company has been trading, together with details of commissions and underwriting costs as required by the Companies Act.

(8) A statement advising who controls the issue or disposal of the authorized but unissued securities i.e., the directors or shareholders in general meeting.

(9) A statement as to what other classes of securities are listed and on which stock exchanges.

Issue price

4.25. Regarding issue price, the following information must be disclosed;

(1) State the issue price of the shares offered to the public. Where the price of the shares offered to the public differs from that at which shares of the same class were allotted within the previous two years, or are proposed to be allotted, state—

(a) the number of such shares allotted, the date of allotment and the issue price per share;
(b) the reasons;
(c) to whom such allotments were made, or are proposed to be made.

(2) Where shares are offered at a price above nominal value, which will not accrue to the company, state—

(a) the reason for the issue above nominal value;
(b) to whom such premium amount accrued, or will accrue;
(c) the total amount of any such premium.

Capital under option

4.26. Regarding Capital under option, there must be disclosure by a statement detailing particulars of any capital which is under option or agreed conditionally to be put under option with the price and duration of the option and consideration for which the option was or may be granted, and the name and address of the grantee. Provided that, where an option has been granted, or agreed to be granted, to all the members or employees or debenture holders or to any class thereof, it shall be sufficient so far as names are concerned to record that fact, without giving the names and addresses of the grantees.

Issues other than for cash

4.27. Regarding issues for cash, there must be disclosure by a statement detailing particulars of the capital which has, during the two years preceding the publication of the advertisement, been issued fully or partly paid up, otherwise than in cash, and the consideration for which the same was issued, and the valuation of any assets acquired.

Prior rights issues

4.28. In the case of any offers of shares to the public during the preceding five years, there must be disclosure of that fact including a summary stating the price and terms upon which the same were issued, together with the following information—

(a) whether issued to all shareholders pro rata their shareholdings, or to whom listed;
(b) the basis of allotment;
(c) if the shares were not issued to all existing shareholders, the reasons for the issue to the allotted.

Loan Capital and Borrowings

Borrowings

4.29. (1) Regarding borrowings, the following information must be disclosed, namely;

(a) The borrowing powers of the applicant and its subsidiaries exercisable by the directors and the manner in which such borrowings may be varied.
(b) description of the circumstances, if applicable, if the borrowing powers have been exceeded during the past three years;
(c) any exchange control or other restrictions on the borrowing powers of the applicant or any of its subsidiaries.

(2) The following additional information must also be disclosed;

(a) Details of loan capital (such as debentures, registered notes etc.), the amount issued and outstanding or agreed to be issued. If no loan capital is outstanding, this fact to be stated.

(b) Details of material loans, including debentures, to the applicant and to any of its subsidiaries at the date of application stating—

(i) whether such loans are secured or unsecured;
(ii) whether such loans are short, medium or long term;
(iii) the amount, terms and conditions of repayment or renewal;
(iv) the rates of interest on each loan;
(v) details of the security, if any;
(vi) the names of the lenders if not debenture holders;
(vii) details of conversion rights; and
(viii) where the applicant or any of its subsidiaries has debts, which are repayable within 12 months state how the payments are to be financed.

a. Information regarding overdraft facilities to be incorporated under this heading.
b. For this purpose, any creditors beyond due settlement date shall be classified as loans.

(c) Particulars relating to debentures or debenture stock issued by way of conversion or replacement of debentures or debenture stock previously issued stating all material differences between the security for the old stock and the security for the new stock (if such be the case) state that the security for the new stock is identical with the security for the old stock.

(d) Details of all material commitments, lease payments and contingent liabilities.

(e) Details of all off-balance sheet financing by the applicant and any of its subsidiaries.

(f) How the borrowings required to be disclosed by Paragraphs 4.29.(1) and (2)(a)-(e) arose stating whether they arose from the purchase of assets by the applicant or any of its subsidiaries.

(g) Full information of all intercompany finance and/or shareholdings in companies not listed on the MSE including;

(i) Details of the extent to which intercompany finance has been at arm's length.
(ii) Where intercompany finance has not been at arm's length, details should be disclosed and adjustments made to the financial information, even where only the issuing company, rather than the group of which it is a part, is affected thereby.

(iii) If no loan capital is outstanding, this fact must be stated.

Loans receivable

4.30. On loans receivables, the following information must be disclosed;

(1) Details of material loans by the applicant or by any of its subsidiaries, stating—

(a) the date of the loan;
(b) to whom the loan(s) was made;
(c) the rate of interest and repayment terms of each loan;
(d) if the interest is in arrears, the last date on which it was paid and the extent of the arrears;
(e) the period of the loan;
(f) the security held;
(g) the value of such security and the method of valuation;
(h) if the loan is unsecured, the reasons therefore; and
(i) if the loan was made to another company, the names and addresses of the directors of such company.

(2) Details (as described in Paragraph 4.30.(1) above) of loans made or security furnished by the applicant or by its subsidiaries made for the benefit of any director or manager or any associate of any director or manager.

(3) Disclose how the loans receivable arose stating whether they arose from the sale of assets by the applicant or any of its subsidiaries.

Working capital and cash flow

4.31. On working capital, the following information must be disclosed;

(1) A statement by the directors that in their opinion the working capital available is sufficient and cash flow requirements adequately satisfied, or if not, how it is proposed to provide the additional working capital thought to be necessary by the directors.

(2) The foreseeable future should normally be construed as the 18 months subsequent to the issue of the pre-listing statement

(3) The working capital statement should be prepared on the group, as enlarged by the acquisition of any assets.

Options or preferential rights in respect of securities

4.32. On options or preferential rights in respect of securities, the following information must be disclosed;

(1) The substance of any contract or arrangement or proposed contract or arrangement, whereby any option or preferential right of any kind was or is proposed to be given to any person to subscribe for any securities of the applicant or any of its subsidiaries, giving the number and description of any such securities, including, in regard to the option or right, particulars of—

(a) the number and description of securities subject to such option or right
(b) the period for which it is exercisable;
(c) the price to be paid for securities subscribed for under it;
(d) the consideration given or to be given for it;
(e) the names and addresses of the persons to whom it was given, other than existing shareholders as such or to employees under a bona fide staff option scheme;
(f) the option premium or consideration given or to be given for receipt of such option or right
(g) if given to existing shareholders as such, material particulars thereof;
(h) any other significant fact or circumstances concerning the granting of such option or right.

(2) Subscribing for securities shall, for the purposes of Paragraph 4.32.(1), include acquiring them from a person to whom they were allotted or were agreed to be allotted with a view to his offering them for sale.

Controlling shareholder

4.33. Regarding controlling shareholders, the following information must be disclosed;

(1) The names of the controlling shareholder(s) so far as they are known to the directors of the applicant, or appropriate negative statement.

(2) Details of any change in controlling shareholder(s) as a result of the issue.

Major shareholders

4.34. On major shareholders, there must be disclosure in so far as is known to the applicant, the name of any shareholder, other than a director who, directly or indirectly, is beneficially interested in 5% or more of any class of the applicant's capital, together with the amount of each shareholder's interest or, if there are no such shareholders, an appropriate negative statement must be disclosed.

Securities for which application is being made

Purpose of the issue/offer

4.35. On purpose of the issue/offer, there must be disclosure by a statement of the purpose of the issue giving reasons why it is considered necessary for the applicant to raise the capital offered or, if it is a sale, the reasons therefor, and if the capital offered is more than the amount of the minimum subscription referred to in Paragraph 4.39., the reasons for the difference between the capital offered and the said minimum subscription.

Particulars of the issue/offer

4.36. On particulars of issue/offer, the following information must be disclosed;

(1) Particulars in respect of the securities issued/offered must be disclosed including—

(a) the class of securities;
(b) the nominal value of the securities, if applicable;
(c) the number of securities issued/offered;
(d) the issue/offer price;
(e) how the new securities rank for dividend;
(f) whether the new securities rank pari passu with any existing listed securities;
(g) any convertibility or redemption provisions;
(h) details of arrangements in the subscription form for the direct crediting of securities into the investors' CSD accounts.
(i) the nature of the document of title;
(j) the treatment of any fractions;
(k) that the securities of the company are freely transferable
(l) that the securities of the company shall be issued and allocated to beneficiaries in electronic form.
(m) the method for listing; and
(n) other terms and conditions of the issue/offer.

(2) Particulars of the debentures issued/offered, including—

(a) the class of debentures;
(b) the terms and conditions of the debentures;
(c) if the debentures are secured, particulars of the security, specifying the assets or property comprising the security and nature of the title to the asset; and
(d) other terms and conditions of the issue/offer.

Timing

4.37. On timing, the following information must be disclosed;

(1) If applicable, the times and dates of the opening and of the closing of the subscription lists or of the issue/offer.

(2) If known, the dates on which the securities will be admitted to listing and on which dealings will commence.

Issue price

4.38 On price, the following information must be disclosed;

(1) The amount payable by way of premium, if any, on each security which is to be issued and, where some securities are to be issued at a premium and others at par or a lower premium, the reasons for the differentiation, and how any such premium is to be dealt.
(2) Where no par value shares are to be issued, the price at which they are to be issued and the reasons for any differentiation.
(3) The methods of payment of the issue or offer price, particularly as regards the paying-up of securities which are not fully paid.

Minimum subscription

4.39. On Minimum subscription, there must be disclosure regarding the minimum amount which, in the opinion of the directors, must be raised by the issue/offer of the securities in order to provide the sums, or, if any part thereof is to be defrayed in any other manner, the balance of the sums required to be provided, in respect of each of the following matters—

(a) the purchase price of any property, as referred to in Paragraph 4.48., purchased or to be purchased, which is to be defrayed in whole or in part out of the proceeds of the issue, including goodwill, if any;
(b) any preliminary expenses payable by the applicant, and any commission payable to any person in consideration for his agreeing to subscribe for, or of his procuring or agreeing to procure subscriptions for or of his underwriting, any securities of the applicant and the amount or estimated amount of the expenses of the issue;
(c) the repayment of any moneys borrowed in respect of any of the foregoing matters;
(d) working capital, stating the specific purposes for which it is to be used and the estimated amount required for each such purpose;
(e) any other material expenditure, stating the nature and purposes thereof and the estimated amount in each case; and
(f) the amounts to be provided in respect of the matters aforesaid otherwise than out of the proceeds of the issue, and the sources from which those amounts are to be provided.

Authorisations

4.40. On Authorisations, a statement of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued must be disclosed.

Dividends

4.41. On Dividends, the following information must be disclosed;

(1) The company's dividend policy;

(2) The time limit (if any) after which entitlement to dividends lapses and an indication of the person in whose favour the lapse operates;

(3) The fixed date(s) (if any) on which entitlement to dividends arise; and

(4) Particulars of any arrangements under which future dividends are waived or agreed to be waived.

Market value of securities

4.42. On market value of securities, where the securities for which application is being made are of a class which is already listed, a table of the aggregate volumes traded and the highest and lowest prices traded in those securities for each month over the twelve months prior to the date of issue of the pre- listing statement or circular; for each quarter over the previous two years; and for each day over the 30 days preceding the last practicable date prior to the date of issue of the pre-listing statement or circular.

Rights offers, Capitalisation issues and Scrip dividends

4.43. On Rights offers, Capitalisation issues and Scrip Dividends, the following information must be disclosed;

(1) where the securities for which application is being made are allotted by way of capitalisation of reserves or undistributed profits or the application of share premium to the holders of an existing listed security, the following information must be given—

(a) the reason for the capitalisation issue or scrip dividend;
(b) the share class and the par value (if any);
(c) if applicable, that the shareholder may receive cash in substitution for the whole or part of their capitalisation issue or scrip dividend and vice versa;
(d) if applicable, the last day on which shareholders must make their election;
(e) a statement pointing out possible tax implications;
(f) in the case of a scrip dividend a statement should appear, in bold and upper case, on the front-page drawing shareholders' attention to the type of election to be made (i.e. whether shareholders will receive cash or scrip if they fail to make the election).
(g) the amount to be capitalised from the share premium or reserves of the applicant to pay up in full for the capitalisation securities;
(h) the ratio in which the capitalisation securities will be allotted to shareholders of the applicant;
(i) the last day on which a shareholder must be registered in order to receive the capitalisation securities or scrip dividend; and
(j) whether or not the documents of title (if any) are renounceable.

(2) In the case of a rights offer, the following information should be disclosed—

(a) the purpose of the rights offer;
(b) the minimum sum to be raised through the rights offer to satisfy its purpose;
(c) the amount to be raised by means of the rights offer, and the number of securities that are proposed to be issued;
(d) the terms of the offer. Where the ratio gives rise to fractions, a table of entitlements must be included in the circular;
(e) a statement regarding fractions of securities. Normally fractions are sold for the benefit of the company. However, should the value of a fraction be in excess of 100 Malawi Kwacha then such amount must be paid to the shareholders concerned;
(f) if underwritten, details of the underwriter. The underwriting commission must be stated clearly;
(g) where the underwriter is a company, the following information must be furnished—

(i) the place and date of incorporation and registered number of the

company;
(ii) the names of the directors of the company;
(iii) the name of the company secretary;
(iv) the bankers to the company; and
(v) the authorised and issued share capital of the company.

(h) details regarding the proposed listing of the Letters of Allocation (LA), the subsequent listing of the new securities and the amount payable in respect of listing fees;
(i) details regarding the letters of allocation such as—

(i) acceptance;
(ii) renunciation;
(iii) splitting; and
(iv) payment (payment must be made in Malawian currency);

(j) a statement detailing any Exchange Control requirements of the Reserve Bank of Malawi.

Simultaneous Issues

4.44. If simultaneously or almost simultaneously with the issue of securities for which application is being made, securities of the same class are issued, or to be issued, details must be given of the nature of such issues and of the number and characteristics of the securities concerned.

Over subscriptions

4.45. On over subscription, there must be disclosure stating the relative facts where it is the intention in the event of over subscription to extend a preference on allotment to any particular company or group such as employees and pension funds.

GROUP'S HISTORY, ACTIVITY AND PROSPECTS

General

4.46. The following paragraphs detail the disclosure requirements relating to the group's activities.

(1) The general history and activities of the applicant and its subsidiaries stating, inter alia—

(a) the length of time during which the business of the applicant and any subsidiary has been carried on;
(b) the name, date, place of incorporation and registration number and the issued or stated capital of its subsidiaries, together with details of the securities held by the holding company together with its percentage both of the total shares issued and of the voting powers and the cost of the investment, indicating those not listed on the MSE and the main business of its subsidiaries and the date on which they became a subsidiary;
(c) brief details of any reconstruction or reduction in capital during the last ten years;
(d) the date of conversion of the applicant into a public company.

(2) A general description of the business carried on or to be carried on by the applicant and its subsidiaries and, where the applicant or its subsidiaries carries on or proposes to carry two or more businesses which are material having regard to the profits or losses, assets employed or to be employed or any other factor, information as to the relative importance of each such business.

(3) A statement that no change in the nature of the business is in contemplation for the business(es) described in Paragraph 4.46.(2) and details of any material changes in the businesses of the applicant since inception or during the past ten years. Further, detail the degree of any government protection and of any investment encouragement law affecting the business(es).

(4) The number of people employed by the group and changes therein in the last financial year (if such changes are significant in the context of the group).

(5) Where a significant proportion of the group's assets are situated outside Malawi, a statement giving the best practicable indication of the amount and situation of such assets and the amount of the assets situated in Malawi. Further, detail:

(a) the situation, area and tenure (including in the case of leasehold property the rental and unexpired term of the lease) of the principal immovable property held or occupied by the applicant and any of its subsidiaries;
(b) where the business of the company or group is primarily conducted from leased premises, whether the continuity of that business is assured. State what accommodation provisions would be made for proposed expansion.

(6) A statement of the new trading objects and the manner in which the new objects will be implemented. If the applicant, or as the case may be, the group, carries on widely differing operations, a statement showing the contributions of such differing operations to its trading results.

(7) The proposed new name, if any, the reasons for the change and whether or not consent to the change has been obtained from the Registrar of Companies

(8) The opinion of the directors, stating the reasons therefor, as to the prospects of the business of the applicant and of its subsidiaries and of any subsidiary or business undertaking to be acquired, together with any material information that may be relevant thereto.

(9) Particulars of any trademarks, patents or other intellectual or industrial property rights which are significant in relation to the group's business and, where such factors are of fundamental importance to the group's business or profitability, a statement regarding the extent to which the group is dependent on such factors.

Adequacy of internal controls

4.47. Regarding adequacy of internal controls, there must be disclosure by a statement containing an opinion of the board, with the concurrence of the committee responsible for audit and assurance on the adequacy of the internal controls, addressing financial, operational and compliance risks.

Capital commitments

4.48. Regarding capital commitments, there must be disclosure by a statement detailing the following information regarding any material acquisitions (capital or lease commitments), within the last three years or proposed by the applicant or any of its subsidiaries, for the

erection or occupation of buildings, plant and machinery, any securities in or the business undertaking of any other company or business enterprise or other property in the nature of a fixed asset (collectively "the property") or any option to acquire such property—

(a) the date of any such acquisition or proposed acquisition;
(b) the consideration, detailing that settled by the issue of securities, the payment of cash or by any other means, and detailing how any outstanding consideration is to be settled;
(c) details of the valuation of the property;
(d) any goodwill paid and how such goodwill was or is to be accounted for;
(e) any loans incurred, or to be incurred, to finance the acquisition or proposed acquisition;
(f) the nature of title or interest acquired or to be acquired; and
(g) the details of the vendors as described in Paragraph 4.65.

Disposal of property

4.49. Regarding disposal of property, there must be disclosure by a statement containing the following details regarding any material property (as described in Paragraph 4.48) disposed of during the past three years, or to be disposed of, by the applicant or any of its subsidiaries—

(a) the dates of any such disposal or proposed disposal;
(b) the consideration received, detailing that settled by the receipt of securities, or cash or other means and detailing how any outstanding consideration is to be settled;
(c) details of the valuation of the property;
(d) the names and addresses of the purchasers of assets sold. If any purchaser was a company, the names and addresses of the beneficial shareholders of the company. If any promoter or director of the applicant or any of its subsidiaries had any interest, directly or indirectly, in such transaction or where any promoter or director of the applicant or any of its subsidiaries was a member of a partnership, syndicate or other association of persons which had such interest, the names of any such promoter or director and the nature and extent of his interest.

Litigation

4.50. Regarding litigation, there must be disclosure by a statement detailing information on any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware) which may have or have had in the recent past (covering at least the previous twelve months) a material effect on the group's financial position or an appropriate negative statement.

Earnings record

4.51. Regarding earnings records, there must be disclosure by a statement in respect of the applicant or the group for the preceding five years, or such lesser period if the company has traded for less than five years, (where the applicant is a holding company, appropriate information should be provided in consolidation form) details of—

(a) the profits or losses before and after tax;
(b) the average earnings per share before and after tax and before and after any extraordinary items;
(c) the dividends paid per share adjusted for bonus issues;
(d) the dividend cover.

Senior management

4.52. Regarding senior management, the following information must be disclosed;

(1) Details of senior management of the applicant and its subsidiaries. Senior management is defined as those persons, by whatever name called, who are appointed to direct and administer the business and affairs of the company;

(2) A brief resume (e.g. term of contract, date of contract expiry, Temporary Employment Permit expiry (if applicable) of employment and other contracts existing or about to be entered into, either written or verbal, relating to executive directors and/or senior managerial terms of employment, by the applicant and its subsidiaries.

FINANCIAL INFORMATION

Accountant's reports

4.53. (1) An accountant's report as set out in Section 5 on the applicant.

(2) If applicable, an accountant's report, as set out in Section 5 on the asset the subject of the transaction.

(3) Where more than six months have elapsed since the end of the financial year to which the last published annual accounts relate, reviewed interim financial statement covering at least the first six months following the end of that financial year must be included in or appended to the Pre-listing statement.

(4) Where an issuer prepares consolidated annual accounts, the interim financial statement must either be a consolidated statement or include a statement that, in the opinion of the issuer's directors, the interim financial statement enables investors to make an informed assessment of the results and activities of the group for the period.

Auditor's reports

4.54. An auditor's report as set out in Section 5 of the applicant must be disclosed.

Report of historical financial information

4.55. Regarding report of historical information, the following information must be disclosed;

(1) The report of historical financial information should include the following historical financial information on a consolidated basis—

(a) statements of comprehensive income;
(b) statements of financial position;
(c) statements of changes in equity
(d) statements of cash flow;
(e) accounting policies and notes thereto;
(f) segmental information; and
(g) a statement that the auditor's report was without qualification or details of such qualification.

(2) The historical financial information required under Paragraph 4.55(1) is to be presented in consolidated form in respect of a period of at least two years up to and including the financial year immediately preceding the issue of the Pre-listing statement/circular where the historical financial information is not available for the prior two-year period, the MSE must be consulted for a ruling regarding disclosure and approval of the transaction.

(3) If the historical financial information required under Paragraph 4.55(1) was not historically prepared in terms of IFRS, such financial information has to be converted into IFRS.

(4) In addition to the historical financial information required to be presented in accordance with Paragraph 4.54(1), the latest audited financial statements included in the pre-listing statement should not be for the year ended more than six (6) months before the date of the pre-listing statement. In the event that six months have passed since year end, audited interim financial information should be included in the Pre-listing statement.

(5) In the case of a company domiciled outside the Republic of Malawi, where the historical financial information required by Paragraph 4.55(1) has not been prepared in compliance with IFRS and the Act, there is to be disclosure of the following—

(a) the reasons for such non-compliance;
(b) the accounting standards and legislation under which the historical financial information has been prepared; and
(c) a comprehensive reconciliation to IFRS of the effect of such noncompliance on the information required to be presented.

(6) Where the financial year-end of the issuer changed at any time during the reporting periods, the historical financial information for the full periods in question is to be provided. Annualized historical financial information is not to be presented in the report of historical financial information.

(7) A statement of adjustments is to be provided, detailing the amounts and reasons therefore, in respect of any adjustments made to previously reported historical financial information used in preparing the report of historical financial information. This is to be provided in the form of reconciliation between the previously reported historical financial information and the adjusted historical financial information presented in the report of historical financial information. If no adjustments are made, there is to be disclosure of that fact. Adjustments are only to be made to give effect to—

(a) retrospective application of changes in accounting policies; and
(b) retrospective correction of fundamental errors.

(8) Particulars of—

(a) the dividend policy to be adopted;
(b) the pro-forma balance sheet prior to and immediately after the proposed issue of securities; and
(c) the effect of the proposed issue of securities on the net asset value per share.

The above particulars must be prepared and presented in accordance with IFRS. If the applicant is a holding company, the information must be prepared in consolidate form.

(9) Particulars of all investments exceeding 10% of the total assets of the applicant.

Acquisitions made from proceeds

4.56. Regarding acquisitions made from proceeds, the following information must be disclosed;

(1) If the application for listing coincides directly or indirectly with the acquisition by the applicant or any of its subsidiaries of securities in or the business undertaking of another company in consequence of which that company will become a subsidiary of, or otherwise part of, the applicant, in respect of each of the preceding five years, the same particulars relating to such company or the business undertaking being acquired as are required mutatis mutandis by Paragraph 4.53 (1) and a general history of such company or the business undertaking as required by Paragraphs 4.46(1) to (3).

(2) If the application for listing coincides, directly or indirectly, with the acquisition by the applicant or any of its subsidiaries of securities in, or the business undertaking of, any other company, then cognisance of such proposed acquisition must be taken in arriving at the particulars described in Paragraph 4.53 (2) above.

(3) If the application for listing coincides, directly or indirectly, with the acquisition by the applicant or any of its subsidiaries of securities in or the business undertaking of, any other company in each of the preceding three years the following particulars must be provided relating to such company or business undertaking being acquired in accordance with Paragraph 4.46(1):

(a) the profits before and after tax; and
(b) its general history.

Statement as to adequacy of capital

4.57. Regarding adequacy of capital, there must be disclosure by a statement that in the opinion of the directors the issued share capital of the applicant (including the amount to be raised in pursuance of this issue) is adequate for the purposes of the applicant and of its subsidiaries for the foreseeable future, and if they are of the opinion that it is inadequate, the extent of the inadequacy and the manner in which and the sources from which the applicant and its subsidiaries are or are to be financed. The statement should be supported by a report from the applicants auditor, reporting accountant, merchant banker, sponsoring broker or other advisor acceptable to the Board.

Material Changes

4.58. Regarding material changes, there must be disclosure by a statement containing a description of any material change in the financial or trading position of the applicant and its subsidiaries which has occurred since the end of the last financial period for which either annual financial statements or interim reports have been published, or an appropriate negative statement.

Profits forecasts

4.59. Profit forecasts should comply with Paragraph 5.10.

Pro-Forma Statements

4.60. Pro-forma statements should comply with Paragraph 5.11.

GENERAL INFORMATION

Significant contracts

4.61. Regarding significant contracts, the following information must be disclosed;

(1) Subject to Paragraph 4.8, the dates and the nature of, and the parties to, every significant contract entered into either verbally or in writing by the applicant or any of its subsidiaries, being a contract entered into otherwise than in the ordinary course of the business carried on or proposed to be carried on by the applicant or any of its subsidiaries and which do not or did not have features (e.g. fixed prices over an extended period) that make the applicant's results dependent thereon, and entered into within the two years prior to the date of the pre-listing statement.

(2) If any contract referred to in Paragraph 4.61(1) above relates to the acquisition of securities in an unlisted subsidiary, or associated company, where all securities in the company have not been acquired, state the reason why 100% of the shareholding was not acquired, and whether anyone associated with the controlling Shareholder(s) of the applicant, or associated companies, or its subsidiaries is interested and to what extent.

(3) A brief summary of existing contracts or proposed contracts, either written or oral relating to the directors' and managerial remuneration, secretarial and technical fees payable by the applicant and any of its subsidiaries and restraint payments, provided that details of the directors and managerial remuneration need only be disclosed in accordance with Paragraph 4.14(5).

(4) Particulars of royalties payable or items of a similar nature in respect of the applicant and any of its subsidiaries.

(5) Brief details of material real and moveable property leases.

Experts' consents

4.62. Where a pre-listing statement includes a report purporting to be made by an expert, a statement that the expert has given and has not withdrawn his written consent to the issue of the pre-listing statement, with the report in the form and the consent in which it is included must be disclosed.

Code of best practice for corporate governance in Malawi

4.63. Applicant issuers must include the following in its prospectus/pre-listing listing statement and comply with the following specific requirements concerning corporate governance and must disclose their compliance therewith:

(a) A narrative statement of how it has applied the principles set out in the Code of Best Practice for Corporate Governance in Malawi, providing explanation that enables its shareholders and potential investors to evaluate how the principles have been applied.

(b) A statement addressing the extent of the company's compliance with the Code of Best Practice and the reasons for each and every instance of non-compliance.

(c) In compliance with the code of best practice, applicant issuers must disclose the following

(i) there must be a policy detailing the procedures for appointments to the board. Such appointments must be formal and transparent and a matter for the board as a whole.
(ii) there must be a policy evidencing a clear division of responsibilities at board level to ensure a balance of power and authority, such that no one individual has unaffected powers of decision making.
(iii) the Chief Executive Officer must not also hold the position of chairperson
(iv) the Audit Board must set the principles for recommending the use of the external auditors for non-audit services.
(v) a brief CV of each director must be provided.
(vi) the capacity of each director must be categorized as executive, non-executive or independent.

(d) All applicant issuers should appoint a committee responsible for audit and assurance and a committee responsible remuneration and if required, given the nature of their business and composition of their board, a committee responsible for risk mitigation. The composition of such committees, a brief description of their mandates, the number of meetings to be held annually and other relevant information must be disclosed.

(e) The committee responsible for audit and assurance must consider, on an annual basis, and satisfy itself of the appropriateness of the expertise and experience of the Financial Director and the applicant issuer must confirm by reporting to shareholders in its annual report that the audit Board has executed this responsibility.

DOCUMENTS AND CONSENTS TO BE AVAILABLE FOR INSPECTION

Documents required for inspection

4.64. The following documents (or copies thereof) where applicable, relating to the applicant and its subsidiary companies, if any, must be available during normal business hours for inspection at a place acceptable to the MSE for a reasonable time (corresponding to the number of days the issue remains open)—

(a) the constitution of the applicant;
(b) any trust deed or agreement affecting the governance of the applicant or the interests of the shareholders;
(c) copies of any special or notarial contract bearing on the trust deed or constitution within the last five years or intended to be executed;
(d) all material contracts (including patent rights, franchises, the latest competent person's report or consulting engineers' reports in the event of a mining

company, being incorporated or registered within two years before the date of application, the latest sworn appraisements or valuations relative to movable and immovable property and items of similar nature;

(e) in the case of a material contract not reduced to writing, a memorandum giving full particulars thereof;

(f) copies of service agreements with directors (or a summary of such agreements, excluding the individual director's remuneration (but stating the aggregate remuneration of the directors), manager or secretary(ies), underwriting agreements, vendor's agreement, promoter's agreements, and all financial accounts and reports and letters relating thereto, entered into during the last five years;

(g) all reports, letters and annual financial statements, income statements, valuations and statements by an expert any part of which is extracted or referred to in the pre- listing statement;

(h) a written statement signed by the auditors setting out the adjustments made in the report on the profits and giving the reasons therefore; and

(i) the audited financial statements since the incorporation of the applicant or for the preceding five years, whichever is the lesser, together with all notes, certificates, or information required by the Companies Act.

(j) Any other document which, in the opinion of the MSE, is necessary to give investors full information on the issuer.

Vendors

4.65. Regarding Vendors, the following information must be disclosed;

(1) The names and addresses of the vendors of any assets (in excess of 15% of shareholders' funds at the time of the transaction) purchased or acquired by the applicant or any subsidiary company during the three years preceding the publication of the pre-listing statement or proposed to be purchased, or acquired, on capital account and the amount paid or payable in cash or securities to the vendor, and where there is more than one separate vendor, the amount so paid, or payable to each vendor and the amount (if any) payable for goodwill or items of a similar nature. Where the vendor is a company, the names and addresses of the beneficial shareholders, direct and indirect, of that company if required by the Board. Where the vendor was or is a related party as defined in the Malawi Accounting Standards, full details are required. Where any of the information required in this Paragraph is not available, the reasons are to be stated.

(2) State whether or not the vendors have guaranteed the book debts or other assets and whether or not "normal warranties" have been given.

(3) State whether the vendor's agreements preclude the vendors from carrying on business in competition with the applicant or any of its subsidiaries; or impose any other restriction on the vendor, also details of any cash or other payment regarding restraint of trade and the nature of such restraint of trade.

(4) State how the liability for accrued taxation, or any apportionment thereof to the date of acquisition, will be settled in terms of the vendors' agreements.

(5) Where securities are purchased in a subsidiary company, a reconciliation between the amounts paid for the securities and the value of the net assets of that company. Where securities are purchased in other than subsidiary companies, a statement as to how the value of the securities was arrived at.

(6) Where any promoter or director had any beneficial interest, direct or indirect, in such transactions which have taken place within three years of the date of the advertisement, or where any promoter or director was a member of a partnership, syndicate or other association of persons which had such an interest, the names of any such promoter or director, and the nature and extent of his interest. Where the vendors or any of them are a partnership, the members of the partnership shall not be treated as separate vendors.

(7) The amount of any cash or securities paid or benefit given within the three preceding years or proposed to be paid or given to any promoter, not being a director, and the consideration for such payment or benefit.

(8) State whether the assets acquired have been transferred into the name of the applicant or any of its subsidiary companies and whether or not the assets have been ceded or pledged.

Restrictions

4.66. A statement of the restrictions, if any, upon the business of the company contained in the memorandum of association, or where there is an objects clause in the style prevalent before the enactment of the Companies Act, an opinion by a legal practitioner of the powers that the company has or does not have must be provided or disclosed.

Experts

4.67. Regarding experts, where required, there must be disclosed a statement—

(a) as detailed in Paragraph 4.62;
(b) specifying the qualifications of such expert and whether such expert has any shareholding in any member of the group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the group, and, if so, a full description thereof; and
(c) the date on which the expert's statement was made and whether or not it was made by the expert for incorporation in the pre-listing statement.

SECTION 5 - FINANCIAL INFORMATION

Scope of section

This section sets out financial information which may be required to be included in Prospectus, Pre-Listing statements, circulars, interim and preliminary reports and the annual financial statements.

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A: ACCOUNTANTS REPORT

Circumstances when an accountants' report is required

5.1. An accountants' report is required—

(a) on an application by a new applicant;
(b) on an application by applicant who is issuing a prospectus;
(c) on an application by any company being acquired by a new applicant or applicant issuing a prospectus if:
  (i) such acquisition is being financed out of all or part of the proceeds of the issue; and
  (ii) if it is a company being acquired and will become a subsidiary of the applicant;
(d) on an application by a company that is not listed and is the subject of a Category 1 or 2 transaction where the transaction is either:
  (i) the acquisition of an interest in the company which will result in consolidation of the assets of that company; or
  (ii) the disposal of an interest in the company which will result in the net assets of that company no longer being consolidated;
(e) where a company intends to apply any part of the proceeds of an issue of securities by a new applicant, directly or indirectly, to the acquisition by the company or any of its subsidiaries of the securities in or the business undertaking of any other company and this acquisition is material to the acquirer;
(f) Where a report of historical financial information is prepared and presented on a voluntary basis (except when it relates to previously published information of the issuer); and
(g) Where pro forma financial effects or pro forma financial statements are prepared (except when that pro forma information only appears in an announcement).

Contents of an accountants' report

5.2. An accountant's report should be addressed to the directors of the applicant (in the case of an application for listing of new securities) or the listed company (in the case of acquisition or disposal) and must include the following basic elements—

(a) state the name of the company, its date and place of incorporation and its registration number, where applicable;
(b) give details of any changes to the name of the company during the period covered by the report and the date of conversion from a private company to a public company, if applicable;
(c) state the names of the companies in which the company has an effective equity interest of 10% or more, as well as the percentage equity interest therein and which are regarded as material to the company;
(d) state the purpose for which the report has been prepared;
(e) give a statement to the effect that the directors of the company are responsible for the preparation of the prospectus, pre-listing statement or circular to which the report relates and the information contained therein;
(f) state the scope of the accountants' examination of the financial information contained in the report;
(g) include a statement that the directors of the applicant or entity which is the subject of the transaction, as applicable, are responsible for the financial statements from which the accountants' report has been prepared and to the extent that any such financial statements have received a qualified audit report or have not been audited, give a statement of such qualifications or identify the periods that have not been audited.

(h) if the accountant was not the auditor for any part of the period under review, then the accountants' report should state the extent to which the financial statements relating to such period(s) have been reviewed to assess their relevance and reliability;
(i) where the accountant has not been the auditor for the whole of the period under review, the accountants' report should state the name(s) of the auditor(s) and the period(s) audited by them;
(j) include the following financial information—

(i) detailed income statements in respect of each of the latest financial year and the previous financial year and summarised in respect of the preceding three financial years;
(ii) summarised balance sheets for the latest financial year and the previous financial year;
(iii) detailed statement of changes in equity for the latest financial year and the previous financial year;
(iv) cash flow statements for the latest financial year and the previous financial year; and
(v) notes to the income statements, balance sheets and cash flow statements;

(k) state the accounting policies used in compiling the financial information contained in the report;
(l) details of any material assets not owned by the company;
(m) particulars of material contingent liabilities and commitments; and
(n) give details of events which have occurred subsequent to the most recent financial year dealt with in (j) above which have, or could reasonably be expected to have, a material impact on the financial information contained in the report.

Basis of preparation of financial information

5.3. (1) The basis of preparation of financial information is to include the following historical financial information, prepared in accordance with the applicable IFRS as follows—
(a) Statement of comprehensive income;
(b) Statement of financial position;
(c) Statement of cash;
(d) Statement of changes in equity
(e) Accounting policies;
(f) Notes to the financial information should be prepared according to the basis of the respective income statement, balance sheet or cash flow statement to which they relate; and
(g) Segmental information.

(2) The historical financial information required under paragraph 5.3(1), is to be presented in consolidated form in respect of period of at least three years up to and including the financial year immediately preceding the issue of the prospectus/pre-listing statement/circular. Where the historical financial information is not available for the prior three-year period, the MSE must be consulted for ruling regarding disclosure and approval of the transaction.

(3) If any of the shares, debentures or monies of the applicant are to be applied directly or indirectly in the purchase of—
(a) a business or portion of a business or securities in a company which is, or will, by reason of such purchase, become a subsidiary or associate of the applicant,

a report made by auditors who shall be named in the advertisement-

(i) as to the profits or losses of the business or to the profits or losses attributable to the interest acquired or being acquired by the applicant, in the subsidiary or associate in respect of each of the five completed financial years preceding the publication of the advertisement or in respect of each of the years since commencement of the business or the incorporation of such subsidiary or associate if this occurred less than five years prior to such advertisement, and, if in respect of a period ending on a date earlier than six months before the publication of the advertisement, no accounts have been made up, a statement of that fact; or

(ii) as to the assets and liabilities of the business or company or of the subsidiary or associate covering the matters referred to in paragraph 5.4, and where such subsidiary or associate itself is a holding company, the report shall be extended to the assets and liabilities of that company and of its subsidiary or associate companies in the manner laid down in sub-paragraph b. of paragraph 5.4);

(b) In making such report, the auditors shall make such adjustments (if any) as are in their opinion necessary for the purposes of the advertisement. Where the effect of such adjustment is to convert a loss in any one year to a profit, details of this fact to be disclosed. Provided that where any such subsidiary or associate is itself a holding company, the report shall be extended to the profits or losses of that company which shall be ascertained in the manner laid down in paragraph 5.4 in its entirety.

(c) Other assets, excluding those enumerated in paragraph 5.3(3)(a), a brief description of valuation and purchase price.

Other information: Auditor's report

5.4. (1) A report prepared by qualified auditors giving an opinion on the truth and fairness of financial statements or any other assurance assignment conducted in accordance with IFRS and the Companies Act, with respect to—

(a) the profits or losses of the company in respect of each of the three completed financial years immediately preceding the publication of the advertisement or in respect of each of the years since the incorporation of the applicant, if this occurred less than five years prior to the publication of such advertisement, and, if in respect of a period ending on a date earlier than six months before the publication of the advertisement, no financial statements have been made up, shall contain a statement of that fact.

(b) In making such report, the auditors shall make such adjustments (if any) as are in their opinion necessary for purposes of the advertisement. Where the effect of such adjustment is to convert a loss in any one year to a profit, details of this fact shall be disclosed. Earnings per share should also be stated and the basis of calculation;

(c) the pro forma financial information as to whether the pro forma financial information has been compiled, on the basis required by the Listings Requirements

(d) a profit forecast as to:

(i) whether the assumptions, barring unforeseen circumstances, are not an unreasonable basis for the preparation of the forecast;

(ii) whether the forecast has been properly compiled on the basis stated;

and

(iii) whether the forecast has been properly presented and all material assumptions are adequately disclosed; and

(iv) whether the profit forecast is presented on a basis consistent with the accounting policies of the company or group in question.

(e) a profit estimate as to:

(i) whether the estimate has been properly compiled on the basis stated;

(ii) whether the estimate has been properly presented and all material matters are adequately disclosed; and

(iii) whether the estimate is presented on a basis consistent with the accounting policies of the company or group in question.

(f) the rates of dividend, if any, paid by the applicant in respect of each class of share for each of the said five years or shorter periods as the case maybe;

(g) any writing up of the book value of assets of the parent, subsidiary and/or associate companies during the past three years;

(h) the assets and liabilities of the applicant. In the case of an issue by a holding company a similar report with respect to the assets and liabilities of the company and, separately, of its subsidiary and associate companies so far as is attributable to the interests of the applicant.

(i) In making the reports above, the auditors shall make such adjustments as are in their opinion necessary for the purpose of the advertisement and shall state reasons for such adjustments.

(j) The report referred to in 5.3(5) above must incorporate an audited balance sheet and where the applicant is a holding company, a consolidated balance sheet signed in the same manner as the applicant's balance sheet, drawn up to a date not more than six months prior to the date of application for listing is required.

(k) In addition, a statement signed in a similar manner is required, giving the following information where applicable—

(i) statement of all material changes in the assets, liabilities and capital structure of the applicant and its subsidiary companies between the date of the balance sheet and the date of application;

(ii) a statement that the debtors and creditors do not include any accounts other than trade accounts, any additional items other than those shown to be shown separately;

(iii) a statement that in their opinion the provision for doubtful debts is adequate;

(iv) a statement that the directors have certified that adequate provision has been made for obsolete, damaged or defective goods, and for supplies purchased at prices in excess of current market prices;

(v) a statement of the basis of valuation of supplies, raw materials, work in progress and finished goods, fixed property, shares and securities in other companies;

(vi) a statement as to the extent of inter-company profits that have and have not been eliminated;

(vii) a profit forecast and cash flow projection (prepared by the directors and certified by auditors) covering the ensuing two years.

(2) In the case of an issue by a holding company, in lieu of the report in paragraph 5.4(1)(a) above, a similar report with respect to the profits or losses of the applicant and each of its subsidiary and associate companies indicating the

extent to which such profits or losses are attributable to the interests of the holding company shall be prepared.

(3) For the purposes of the report in paragraph 5.4(1)(a) above, the financial year of each company shall mean as regards that company the financial years immediately preceding the publication of the advertisement.

(4) In making the report in paragraph 5.4(1)(a) above, the auditors shall make such adjustments, if any, as are in their opinion necessary for purposes of the advertisement.

(5) Where the effect of the adjustment in paragraph 5.4(4) above is to convert a loss in any one year to a profit, details of this fact to be disclosed.

(6) With prior approval of the MSE based on details provided to it, individually insignificant subsidiaries and/or associates may be aggregated for the purpose of the report.

Date of reports

5.5**.** The accountants' reports should be dated on the same day that the directors authorise the issue of the pre-listing statement or circular or the date that the pre-listing statement or circular is lodged with the Registrar of Companies and the Registrar of Financial Institutions, whichever is the earlier.

Review of pre-listing statement or circular

5.6. The reporting accountant should review the pre-listing statement or circular so as to ensure that the contents thereof are not contradictory with the information contained in the report of historical financial information and where any contradictions or inconsistencies are noted, the reporting accountant must inform the MSE, in writing, of any such contradictions or inconsistencies.

Consent letters

5.7. Accountants should submit a letter to the directors giving their consent to the inclusion of-

(a) their accountants' report(s) in the prospectus/pre-listing statement or circular; and

(b) references to or extracts from the accountants' report(s) included in the prospectus/pre- listing statement or circular.

5.8. (1) The consent letter should be dated on the same day that the directors authorise the issue of the pre-listing statement or circular, or the date that the pre-listing statement or circular is lodged with the Registrar of Companies and the Reserve Bank of Malawi, whichever is the earlier, if applicable.

(2) A statement is to be included in the prospectus/pre-listing statement/circular that the reporting accountant has given and has not withdrawn its written consent to the issue of the prospectus/pre-listing statement/circular, containing the reporting accountant's report in the form and context in which it appears.

Further contents if a prospectus is to be issued

5.9. If the accountants' report is being prepared for inclusion in a prospectus then the

following additional disclosures are required—

(a) if no dividends were paid out on any class of shares during the periods referred to in paragraph 5.2(j) and 5.3(2) particulars of such cases;
(b) if no financial statements were prepared in respect of any part of the period of five years ending on a date three months before the issue of the prospectus a statement of that fact

B: FINANCIAL INFORMATION

Profit forecast and estimates

5.10. (1) The requirements in this part apply equally to forecasts or estimates of profits or losses, cash flows or net asset values (collectively defined as "profits or losses") of an issuer or an undertaking/acquisition that is or will become a significant part of an issuer's group.

(2) There are two types of profit forecasts:

(a) A general profit forecast is a statement which expressly or by implication states a minimum or maximum for the likely level of profits or losses for a period subsequent to that for which the audited accounts have been published, or contains data from which a calculation of an approximate figure for future profits or losses may be made, even if no particular figure is mentioned and the word "profit" is not used. A general profit forecast is usually made when an applicant issuer uses the following words or terms: improvement, increase, growth, decline, decrease, similar or in line with.
(b) A specific profit forecast is a form of words which expressly states a figure for the likely level of profits or losses for the current financial period and/or financial periods subsequent to that period, or contains data from which a calculation of such a figure for profits or losses may be made. A specific profit forecast is usually made when an applicant issuer includes a number, percentage, range or refers to "real" or any other term that has a recognised value.

(3) A profit estimate bears the same meaning as a general or specific forecast, with the exception that it relates to a financial period ended but for which no financial information has yet been published.

(4) The issuance of a specific or general profit forecast or estimate of an issuer or an undertaking that is or will become a significant part of the issuer's group which is included in any communication with shareholders is the sole responsibility of the directors and must-

(a) include the key assumptions and/or bases that have been used in arriving at the forecast or estimate; and
(b) refer to the relevant previously published information (line item/s in the statement of comprehensive income, statement of financial position or the statement of cash flows) to which it relates.

(5) A dividend forecast must be treated as a profit forecast where the company has a known policy of relating dividends to earnings, or has an insufficient level of retained earnings or the forecast otherwise implies a forecast of profit and where there is uncertainty the MSE must be consulted.

(6) In the event of an issuer publishing a specific or general profit forecast or estimate in an announcement, the issuer must either-

(a) produce and submit to the MSE a profit forecast or estimate and a reporting accountant's report thereon in accordance with the relevant accounting reporting standards; and
(b) include a statement (which is not deemed to be a cautionary statement and which does not give rise to the commencement of a closed period) in the announcement advising securities holders that the forecast financial information has not been reviewed and reported on by a reporting accountant in accordance with paragraph 5.9(6)(a).

(7) The MSE reserves the right to insist on sign-off by the reporting accountant in accordance with paragraph 5.9(6)(a), where it believes that it would be in the interests of securities holders.

(8) The period of the forecast or estimate should normally be to the end of the financial period and where it is not possible, then the period of the forecast or estimate must be in respect of a period for which the results will be published.

(9) If a forecast is being presented for the purposes of bringing securities to listing as per section 5, the forecast shall be for a period of two financial years immediately preceding the listing.

(10) If a listed company has made a profit forecast or estimate for any period for which the results have not yet been published, and subsequently is required to produce:

(a) a pre-listing statement;
(b) any circular containing proposals to be put to shareholders in a general meeting concerning a refinancing or reconstruction of the listed company or its group;

a forecast or estimate complying with paragraphs 5.10(6) (a) or (b) and prepared in accordance with IFRS must be included in the pre-listing statement or the relevant circular and must be reported on by the auditors or reporting accountants.

(11) The report by the accountants must comply with guidelines issued by the Institute of Chartered Accounts in Malawi, and include confirmation that the forecast or estimate has been properly compiled on the basis stated and that it is presented on a basis consistent with the accounting policies of the company or group in question, and that report must be included in the document.

(12) A profit forecast included in any of the documents referred to in paragraph 5.10(10) must include a statement of the principal assumptions upon which it is based and the assumptions must be-

(a) Clearly segregated between assumptions about factors that Directors can control and factors which are outside the control of the directors and which have a material effect on the achievement of the forecast and must:
(b) be readily understandable by investors by avoiding technical language/jargon and or by presenting the profit forecast in both English and any local language;
(c) be specific about the particular aspect of the forecast to which they refer and about the uncertainty attaching to that aspect;
(d) be subjected to a sensitivity analysis;
(e) relate only to material uncertainties; and
(f) not include the business estimates (e.g. sales forecast etc.) underlying the forecasts.

(13) If a profit estimate, for a financial period which has expired but for which the results have not yet been published, is included in any of the documents referred to in paragraph 5.10(10), the estimate may only be subject to assumptions in

exceptional circumstances and such exceptional circumstances should be explained.

(14) Any statement or information in any of the documents referred to in paragraph 5.10(10) relating to the future prospects of a listed company must be clear and unambiguous. by avoiding technical language/jargon and or by presenting the statement or information in both English and any local language;

(15) The listed company must determine in advance whether such a statement in paragraph 5.10(14) above will constitute a profit forecast or estimate and make sure that such forecast or estimate is presented in an explicit manner, avoiding technical language/jargon and or by presenting the statement or information in both English and any local language.

(15) Where a listed company publishes a forecast and/or estimate, the directors of the company must ensure that they comment on whether the forecast/estimate was achieved or not and disclose the scale of such variance if any and the reasons for the variance if applicable when releasing the next interim or annual financial statements.

Proforma statement

5.11. (1) If the issuer publishes pro forma financial information, including but not limited to financial effects, in any document requiring submission to the MSE, that information must be compiled in terms of the Listings requirements and IFRS and a reporting accountant's report must be included in the relevant document.

(2) The correctness, truth and accuracy of the pro forma financial information is the responsibility of the directors of the issuer and this fact is to be stated with the pro forma financial information.

(3) Pro forma financial information is to provide investors with information about the impact of the corporate action the subject of the pre-listing statement/circular, by illustrating how that corporate action might affect the reported financial information, had the corporate action been undertaken at the commencement of the period being reported on, or in the case of a pro forma balance sheet, at the date reported on.

(4) The pro forma financial information presented is not to be misleading, is to assist investors in analysing future prospects of the issuer and is to include all appropriate adjustments, of which the issuer is aware, and which are considered necessary to give effect to the corporate action as if the corporate action had been undertaken at the commencement of the period being reported on or, in the case of the pro forma balance sheet, at the date reported on.

(5) The pro forma financial information must state clearly:
- (a) the purpose for which it has been prepared;
- (b) the basis upon which it is prepared;
- (c) the source of each item of information and adjustment;
- (d) that it is prepared for illustrative purposes only; and
- (e) that because of its nature, it may not fairly present the issuer's financial position, changes in equity, results of operations or cash flows.

(6) Pro forma figures must be given no greater prominence in the document than unadjusted financial figures.

(7) Pro forma financial information is to be presented in a manner consistent with both the format and accounting policies adopted by the issuer in its report of historical financial information, in line with applicable IFRSs.

(8) In quantifying pro forma adjustments, the issuer is to apply accounting policies on the same basis as the issuer would normally adopt in preparing its annual financial statements, in line with applicable IFRSs.

(9) The requirement to apply the issuer's accounting policies in preparing pro forma financial information applies to adjustments made in respect of a material acquisition.

(10) Pro forma financial information is to be prepared in accordance with the policies adopted in presenting the unadjusted financial information of the issuer at the relevant date or for the relevant period, even where new accounting standards will apply subsequently.

(11) Pro forma financial information may be published only in respect of:
- (a) the most recent completed financial period;
- (b) the most recent interim period for which unadjusted information has been published or is being published in the report of historical financial information; and
- (c) in the case of a pro forma balance sheet, as at the date on which such periods end or ended.

(12) No adjustments may be made to pro forma financial information in respect of post balance sheet events except:
- (a) as provided for in IFRS on Events After the Balance Sheet Date;
- (b) in respect of the particular corporate action for which the pro forma financial information is being presented;
- (c) in respect of any previously published financial effects; and
- (d) in respect of any post balance sheet corporate action of the issuer or the target, where it would be misleading not to make an adjustment, and in such instance, in addition to providing full details of the adjustment, details must be provided as to why the issuer believes it would be misleading not to make an adjustment.

(13) Where a pro forma income statement or cash flow statement is presented for two or more entities or business undertakings, such as may be the case in a significant acquisition, the unadjusted information about the issuer and the adjustments in respect of the other entity or entities are to cover similar periods of the same length.

(14) The unadjusted information of the issuer is to be derived from the most recent:
- (a) published audited annual financial statements, published interim report, preliminary reports or provisional reports;
- (b) previously published report of historical financial information;
- (c) previously published pro forma financial information; and
- (d) profit forecast which has been published and reported on in terms of Section 5 or Section 12 for income statement purposes, and Paragraph 5.11 (14) (a) to (c) for balance sheet purposes.

(15) The unadjusted information of the subject matter of the acquisition or disposal is to be derived from the-
- (a) recent published audited annual financial statements, published interim report, preliminary report or provisional report;

(b) forecast which has been issued and reported on in terms of paragraph Section 5 or Section 12 for income statement purposes and Paragraph 5.11(15) (a) or (c) for balance sheet purposes; and
(c) Unpublished management accounts provided that-
(i) the issuer is satisfied with the quality of those management accounts and a statement is included in the announcement confirming this;
(ii) shareholders are warned about the source of the information; and
(iii) in the case of a circular to shareholders where the circular either includes those management accounts and/or uses them for the purposes of the pro forma financial effects, a reporting accountant's review or audit opinion (whichever is applicable) must be obtained on those management accounts.

(16) Any adjustments which are made to the information referred to in sub-paragraphs 5.11(14) and (15) above in relation to any pro forma statement are to be-
(a) Expressly stated, highlighted and explained;
(b) directly attributable to the transaction concerned and not relating to future events or decisions;
(c) supported by facts presented and available for verification; and
(d) in respect of a pro forma income statement or cash flow statement, clearly identified as those adjustments which are expected to have a continuing effect on the issuer and those that are not.

(17) In order to comply fully with Paragraph 5.11(16), issuers must include notes to the pro forma financial information providing the explanations required in terms of Paragraph 5.11(16) as well as-
(a) any assumptions and justification of such assumptions on which the adjustments are based; and
(b) where relevant, how adjustments have been aggregated or allocated to financial statement captions.

(18) In respect of pro forma income or cash flow statements, issuers are to specifically identify those adjustments which are expected to have a continuing effect on the issuer and those which are not.

(19) An issuer is not permitted either-
(a) to omit adjustments which are directly attributable to a corporate action and are factually supportable, on the grounds which do not have a continuing effect; or
(b) to make adjustments to eliminate items solely on the grounds which are considered not to have a continuing effect.

(20) Where pro forma earnings and headline earnings per share information is given for a transaction, it must be provided in compliance with IFRS.

Net asset statement

5.12. (1) Where a proforma net asset statement is prepared in accordance with the Appendix to Section 9 or where it is included in pre-listing statements or any other document published by a listed company, it must be derived, save as provided for in sub-paragraph 5.12(3) below, from information taken from the most recent—
(a) audited financial statements;
(b) accountant's report; and
(c) previously published pro-forma statement.

(2) A net asset statement should detail the items that comprise the net assets and the adjustments to those items.

(3) Where a balance sheet has been published in interim results, the net assets included in that balance sheet may be used in a pro-forma net asset statement, if it is confirmed in the statement that the balance sheet has been prepared in accordance with the listed company's accounting policies and practices.

(4) A listed company may, subject to the consent of the Board, use the net assets in its preliminary statement of annual results if the relevant figures will be included in the published accounts.

(5) Any adjustments which are made to the figures derived from published sources, in order to make the statement consistent with the events or circumstances which it is designed to illustrate must be shown and explained.

(6) The statement must identify—

(a) the basis upon which it is prepared;

(b) the source of each item of information; and

(c) any significant differences between the accounting policies of the listed company and those of any company acquired or being acquired and any such differences should be quantified if possible and adjustments made to the figures of the company acquired or being acquired.

Profit statement

5.13. (1) Save in exceptional circumstances, such as newly formed property companies, newly emerged groups of companies, acquisition of business which formed part of a group and investment type companies, a historical pro-forma profit statement will not be allowed.

(2) The only adjustments which may be made in such a historical pro-forma profit statement should relate to the historic costs of funding charged against profit during the year and to any accounting entries arising as a direct consequence of adjusting the historic costs of funding, for example in respect of tax on profit on ordinary activities.

(3) The adjustments made in a historical pro-forma profit statement, which must be explained clearly, must be made on the basis that the reorganisation of the applicant's funding consequent on admission is assumed to have occurred prior to the commencement of the financial year to which the pro-forma profit statement relates.

(4) A pro-forma profit statement must be reported on by the accountants, either in a separate section of the accountant's report or in a separate report in the pre-listing statement, in the terms described in sub-paragraphs 5.3(4) to (12) and the report must, in addition, include confirmation that the adjustments are appropriate in the circumstances.

(5) The annual financial statements must—

(a) be in consolidated form if the listed company has subsidiaries, unless the Board agrees otherwise;

(b) the listed company's own financial statements must also be published if they contain significant additional information; and

(c) if annual financial statements do not fairly present the state of affairs, profit or loss and cash flows of the group, provide more detailed and additional information.

Minimum contents of interim reports, preliminary reports, provisional annual financial statements and abridged annual financial statements

5.14. Interim reports must be prepared in accordance with and containing the information required by IAS 34: Interim Financial Reporting. Similarly, preliminary reports, provisional reports and abridged reports must be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRSs. The minimum contents are as hereunder:

Statement of Comprehensive Income

5.15. The statement of comprehensive income should include at least, where applicable, the following information—

(a) income before crediting items in b. and charging items in c., d. and e.;
(b) dividends received (including dividends from associated companies and non-consolidate subsidiaries);
(c) depreciation;
(d) interest paid;
(e) net income before taxation and extraordinary items;
(f) net income;
(g) net income of the group;
(h) extraordinary items;
(i) Non-controlling shareholders' interest; and
(j) Dividends payable

Statement of Financial Position

5.16. The Statement of Financial Position should include at least, where applicable, the following information—

(a) Fixed assets;
(b) Investments-
    (i) listed;
    (ii) unlisted;
    (iii) market value of listed investments;
    (iv) directors' valuation of unlisted investments;
(c) other non-current assets;
(d) current assets;
(e) ordinary shareholders' funds;
(f) preference shareholders;
(g) Non-controlling shareholders;
(h) deferred taxation;
(i) current liabilities; and
(j) intangibles.

Supplementary information

5.17. The following supplementary information should, where applicable and material, be included—

(a) capital expenditure for the period;
(b) capital expenditure committed or authorised;
(c) finance and operating lease commitments;
(d) contingent liabilities;
(e) interest capitalised;
(f) full disclosure of all borrowings and off balance sheet borrowings;
(g) any exceptional increase in borrowings during the period under review, and where possible the effect of such increased borrowings on the earnings per

share. Should it not be possible to disclose this effect on the earnings per share the reasons must be stated; and

(h) details of any Category 4 transactions as required by Paragraph 9.11 which have not been disclosed previously to shareholders.

Change of financial year

5.18. If a change in the financial year is proposed, the MSE must be notified in writing and consulted to provide a no-objection as to the periods to be covered by the interim report.

Audited interim reports

5.19. Where the figures in the interim report have been audited, the report of the auditors including any qualifications must be reproduced in full.

Basis of presentation

5.20. Interim and preliminary reports should be presented on a consolidated basis.

Minimum contents of Annual Financial Reports

5.21. (1) Every listed company in addition to complying with statutory requirements concerning annual reports, must prepare and present financial information therein as per applicable and prevailing IFRS.

(2) In addition listed companies are required to disclose and include the following information in their annual financial statements—

(a) A statement must be included confirming that the accounting policies conform to IFRS and that the financial statements have been audited as per International Standards on Auditing and are consistent with the previous financial statements and where this is not the case, the statement should include details of the changes between the current and the previous financial statements;

(b) A statement that all disclosures as required by the Companies Act have been adhered to must be made by the board of directors. Any omissions and the reasons therefore must be listed;

(c) A statement commenting on the extent of their compliance or non-compliance with the Code of Corporate Practices and Conduct contained in the Code of Best Practice for Corporate Governance in Malawi and the reasons for non-compliance with specific sections of the code if any.

(d) The statement in (c) above may be contained in a separate section of the annual report and need not be audited.

(e) The issuer should include disclosures as required by the p Code on Corporate Governance;

(f) **A Management Discussion and Analysis/commentary** must be written by the management of the company and give information to investors on the nature of the business and its prospects for the coming year taking into account the relevant industry environment and the economy;

(g) **A report on Headline Earnings per Share:**

In respect of the current financial year and the immediately preceding financial year, headline earnings per share and diluted headline earnings per share figures must be disclosed;

(h) Sectoral/Segmental and geographical analysis of revenue as applicable;

(i) Borrowings-

(i) full disclosure of all borrowings, and off balance sheet borrowings;
(ii) where, during the period under review, a listed company or any of its subsidiaries incurs an exceptional increase in its borrowings it must disclose the nature of and purpose for such borrowings; and

(iii) disclosure must be made of the level of borrowings in relation to those authorised by the constitution of the listed company and its subsidiaries;

(j) disclosure of unconsolidated investments in an unlisted company or group of companies—
(i) should a listed company derive in excess of 50% of its pre-tax earnings in any financial period from unconsolidated investments in an unlisted company or group of companies, and/or have 50% or more of its total assets at balance sheet or market value invested in such company or group of companies, the Board will require that the listed company publish, in addition to its statutory financial statements for such financial period, audited financial statements of the unlisted company or group of companies; and
(ii) this information may be disclosed by presenting annual financial statements in a consolidated form as if the unlisted investments were subsidiaries;

(k) disclosure of directors' interests—
(i) the aggregate of the direct and indirect interests of the directors in and the direct and indirect interest of each director (include his or her associates) in the share capital of the listed company distinguishing between beneficial and non-beneficial interests.
(ii) The statement in (c) above should include by way of a note any change in those interests occurring between the end of the financial year and a date not more than one month prior to the date of the notice of meeting or, if there has been no such change, disclosure of that fact;
(iii) comparative figures for the previous year must be shown also; or

(l) Shareholders spread:
(i) the number and the percentages of each class of listed security that are held by the public and non-public shareholders;
(ii) the disclosure for non-public shareholders must be analysed according to the categories set out in paragraph 2.16;

(m) major shareholders:
the interest of any shareholder other than a director who, in so far as is known, is directly or indirectly beneficially interested in 5% or more of any class of the listed company's capital, together with the amount of each such shareholders interest, or if there are no such shareholders, an appropriate negative statement;

(n) share incentive schemes:
The listed company must, in respect of its or its subsidiary companies' share incentive schemes, summarize the details and terms of options in issue at the

beginning of the financial period, cancelled or issued during the financial period and in issue at the end of the financial period, the number of securities that may be utilized for purposes of the scheme at the beginning of the financial period, changes in such number during the financial period and the number of securities available for utilization for purposes of the scheme at the end of the financial period, as well as any other relevant information in this regard.;

(o) profit forecasts:
If the results for the period under review differ by 20% or more from any published forecast or estimate by the company for that period, an explanation of the difference must be given;

(p) unlisted securities:
if applicable, a statement in accordance with sub-paragraphs 2.14(b) and (c) detailing the number and status of the unlisted securities must be made;

(q) special resolutions:
full details of all special resolutions passed by the company's subsidiaries since the date of the previous directors' report relating to the capital structure, borrowing powers, the object clause contained in the memorandum of association if applicable or any other material matter which affects the understanding of the company and its subsidiaries.

(r) issues for cash:
details of all issues of securities for cash during the period under review, distinguishing between general and specific issues, and including, at least, the number of securities issued, the price at which and (in the event of a specific issue to non-public shareholders as defined in paragraph 2.16 to whom they were issued.

(s) intergroup contracts:
particulars of any significant contracts between the company, or one of its subsidiary undertakings, and a controlling shareholder subsisting during the period under review.

(t) Disclosure of director's emoluments:
An analysis in aggregate of emoluments paid in respect of each current financial year and the immediately preceding financial year by the company, or receivable by the directors in their capacity as director, or any other capacity whether determined by the constitution or not .

(u) Repurchased equity securities:
Details must be disclosed in respect of the repurchase by an issuer of its own equity securities during the period under review.

(v) In respect of the above repurchase of equity securities by the issuer and/or subsidiary the following should be disclosed—

(i) the total number of equity securities repurchased; or
(ii) the average price paid for the repurchased equity securities, calculated by dividing the total amount paid by the number of repurchased equity securities.

SECTION 6 - DOCUMENTS TO BE SUBMITTED TO THE MSE

SCOPE OF THE SECTION

This section outlines the documents to be submitted to the MSE. In addition, the schedules to the listings requirements, set out the prescribed contents of documents that are referred to in this section.

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GENERAL

6.1. All companies, members and other market players should take note that—

(a) documents submitted by companies must be copies which will become the property of the MSE and therefore are not returnable;

(b) any documentation including proposed amendments should be submitted for approval by the MSE before they are published;

(c) if an application for listing is not made within six months of the submission of listing documents, the documents will have to be resubmitted for examination for which a further fee may be payable;

(d) drafts of documents to be sent to shareholders which have been approved by the MSE will not be regarded as final documents until the document dispatched to shareholders is the same version of the draft approved by the MSE; and

(e) In the instance where a document is required to be signed by Secretary and Director, it must be signed by two separate persons, one holding position of Secretary and the other holding position of Director. It shall not be acceptable for a Secretary who is also Director to sign the document twice in his or her two capacities. Therefore, a director, other than the company secretary must always sign the document.

Documents to be submitted through sponsoring broker

6.2. Any documentation pertaining to the following matters, which is subject to prior approval of the MSE, or requiring action to be taken by the MSE, must be submitted through the medium of a sponsoring broker—

(a) New listings and acquisitions;
(b) Liquidation and judicial management;
(c) scrip dividend and cash dividend elections
(d) specific issues for cash
(e) press announcements;
(f) applications for additional securities/amendments to listings/termination of listings;
(g) “backdoor” listings;
(h) capitalisation issues;
(i) vendor consideration placing
(j) changes of name
(k) conversion of securities;
(l) debenture issues;
(m) disposals;
(n) explanatory statements;
(o) amendments of memorandum and articles of associations
(p) new classes of securities;
(q) delistings;
(r) pyramid companies/changes of control;
(s) “rescue “operations;
(t) rights and claw-back offers;
(u) schemes of arrangements/reorganisations/restructuring;
(v) specific repurchase of securities
(w) share incentive/option schemes/amendments;
(x) “cash companies” operations and reverse take overs;
(y) standby offers;

(z) sub-divisions/consolidations of securities;
(aa) takeovers and mergers;
(bb) termination of listings at the company's request;
(cc) transfer of listings (sector or board);
(dd) any other document bearing the logo of a sponsoring broker;
(ee) Price stabilization;
(ff) Voluntary liquidation
(gg) Pre-issue trading; and
(hh) Redemption of securities

Procedure for approval

6.3. (1) Publication of all announcements must follow the procedural requirements as detailed in Section 8 (Circulars and Press Announcements).

(2) The procedure for approval of documents is as follows:-

(a) **Informal comments**

(i) A copy of the documentation required to be approved in terms of the listing requirements ("documents") should be submitted to the MSE as early as possible for informal comments, together with payment of the appropriate fee if applicable;

(ii) If the documents are received by the MSE on or before **10.00 hours** on such business day they will be deemed to have been lodged at **10.00 hours** on such business day; and if they are received by the MSE after **10.00 hours** on a business day, they will be deemed to have been lodged at **10.00hours** on the following business day ("the deemed lodgment time"); and

(iii) Within **5 business days** of the deemed lodgment time, the MSE will provide the relevant sponsoring broker with its informal comments.

(b) **Informal approval**

(i) Once the informal comments of the MSE have been incorporated, the draft documents may be submitted to the MSE for informal approval.

(ii) Within 5 business days of the deemed lodgment time for informal approval, the MSE may—

a. grant informal approval, if the documents are found to be in accordance with the listings requirements; or;

b. refuse informal approval and return the documents to the relevant sponsoring broker with comments (if they are not found to be in accordance with the listings requirements) or without comments (if an incomplete set of documents was submitted or the inspection fee was not paid)("omission").

(c) In the event of 6.3(2)(b)(ii)(2) above, the sponsoring broker may resubmit the documents after incorporating the MSE comments or rectifying the omission, whereupon 6.3(2)(b) will apply again.

(d) The procedures under 6.3 (2) (b) to (c) will reapply until the MSE grants informal approval, provided that if the documents are returned to the sponsoring broker after the third submission, the MSE will charge an additional inspection fee amounting to 50% of the original inspection fee for every subsequent submission.

(e) **Formal approval by MSE**

Once the informal approval of the MSE has been obtained, three copies, unless otherwise stated, of the final documents must be submitted to the MSE for formal approval.

(f) Upon submission for formal approval, the MSE may:

(i) within 5 business days of the deemed lodgement time for formal approval, grant formal approval (if necessary, subject to conditions); or

(ii) within 5 business days of the deemed lodgement time for the formal approval, refuse formal approval (with comments, if the documents are capable of repair).

(g) It is the responsibility of practitioners and companies to ensure that the above procedure regarding the approval of documents can be accommodated within the time tables set out in the listings requirements. In addition, practitioners are advised to structure their timetables relating to extremely complex submissions, so as to allow the MSE, upon request, to have an additional 24 hours per submission to consider the relevant documents.

(h) Applicant issuers and sponsors must not assume approval of any aspect of a transaction, including documentation relating thereto, until formal approval has been formally granted by the MSE.

(i) All submissions must be accompanied by the relevant corporate actions checklist duly completed by the sponsor indicating clearly where the specific section and paragraph numbers of the Listings Requirements have been complied with.

Annotation of drafts

6.4. (1) All submissions up to, and including, submission for informal approval must be annotated in the margin to indicate which specific paragraph numbers of the listings requirements have been complied with.

(2) All submissions subsequent to the first submission must be marked up to reflect changes from the previous submission.

(3) A draft submitted by facsimile transmission or other electronic means is acceptable.

Applications for waiving of listings requirements

6.5. (1) Any requirements for a waiver shall be approved by the Board through the MSE Listings & Strategy Committee.

(2) The Board where necessary and applicable shall take 5 business days to consider any waiver application. The MSE shall then communicate the Board's ruling to the applicant issuer within 2 business days.

Documents requiring approval

6.6. (1) The following documents must be approved by the Board—

(a) All announcements that are required to be made in terms of the Listings Requirements must be approved by the MSE before they are released and published in the press; and

(b) All circulars, pre-listing statements/prospectuses and notices of general/annual

general meetings may not be distributed to shareholders or placed on any website unless they have been approved by the MSE.

(2) The documents referred to in Paragraph 6.6(1) will be scrutinized by the MSE in order to ensure, as far as may be possible in the circumstances, that all relevant facts are adequately disclosed in the clearest manner possible, and informal approval of the documents will be granted on this basis.

(3) Unless otherwise specified, three copies of the documents referred to in Paragraph 6.7 must be submitted for formal approval by the Board.

(4) Approval of documents by the Board will not in any way reflect the Board's views as to whether the underlying transactions which are the subject of such documents are fair or reasonable. Neither does such approval constitute a guarantee by the Board or its officials of the accuracy of the contents of such documents.

Documents to be submitted by new applicants

6.7. New applicants are required to submit the documents as described under Paragraphs 6.8., 6.9. and 6.10. for review by the MSE according to relevant timetable.

Part I Documents

6.8. The following Documents are classified as Part I Documents

(a) Formal application form showing details of capital etc. as per the Schedule 1.
(b) An explanation of how the required spread of shareholders (see Paragraphs 2.17 (e) and (f)) is to be achieved.
(c) the proposed pre-listing statement/prospectus dated and signed by the directors of the applicant including their respective alternates, or under power of attorney, together with a statement of the proposed date and details relating to its publication in the press;
(d) if the pre-listing statement is a prospectus a certificate from the applicant's attorneys stating that the requirements of the Act have been complied with;
(e) if the pre-listing statement/prospectus contains an accountants' report, a statement from the accountant that the contents of the pre-listing statement are not contradictory with the information contained in the accountant's report;
(f) where an offer is not being made in conjunction with the application for listing, the following information must be submitted:
    (i) a list of shareholders; and
    (ii) an analysis of shareholders certified by the auditors or transfer secretaries;
(g) where applicable, a notarised copy of the underwriting agreement, if any, and a statement containing the following:
    (i) a statement that the underwriting agreement will become irrevocable no later than 1630 hours on the day prior to: the pre-listing statement being made available, or the last day to register where a rights offer circular is being made available;
    (ii) evidence that the underwriter is in a position, at the date of signing the underwriting agreement, to meet the commitments in terms of the underwriting agreement in conjunction with any other underwriting or similar agreements running concurrently with the present commitment;
    (iii) the number of securities offered to the public and the number of securities offered other than to the public;
    (iv) the number of securities offered as a preferential right to any other

persons. A brief summary of such offer to be given;

(v) the minimum subscription, if any, in terms of the pre-listing statement; and

(vi) confirmation that the underwriting agreement provides that the underwriting consideration will not be paid until the underwriting commitments have been met;

(h) a notarised copy of the constitution complying with Schedule 12;

(i) a notarised copy of the debenture trust deed, if debentures are to be listed;

(j) confirmation in writing from the CSD that the applicant has been approved in terms of the Rules of the CSD;

(k) a specimen, which must be cancelled by mutilation, of the share certificate, allotment letter, or other document in which it is desired to deal prior to the issue of shares or other securities;

(l) a statement whether the applicant's securities are listed on any other exchange outside Malawi and particulars of that listing. In the event of any application for listing on any stock exchange having been refused or deferred details are to be stated;

(m) full particulars of the nature and extent of the interest (if any) of every director in the promotion proposed to be acquired by the applicant, if applicable, and where the interest of such a director consists of being a partner in a firm, the nature and extent of the interest of the firm;

(n) list of other directorships held directors in other companies and nature of business conducted by such companies; and

(o) all details concerning any planned price stabilisation exercise;

(p) the draft placing document, where an issue of securities is being made by means of a placing;

(q) a notarised copy of certificate of registration (or copies where the applicant has converted into a public company within a period of five years preceding the date of application). (A company registered outside Malawi must furnish a notarised copy of the certificate of registration as an external company);

(r) Notarised copies of:

(i) vendors' contract, if any

(ii) share pool agreement, if any

(iii) promotes' agreement, if any

(s) if there has been a vendors' contract, auditors' report on the status of transfer of assets into name of applicant (property, securities, etc.);

(t) copy of the financial statements with auditors' report. (Where an applicant has not issued a balance sheet, a copy of statements of revenue and expenditure and of assets and liabilities to a date not more than 7 days prior to date of lodgement);

(u) a statement that in the opinion of the directors the applicant has sufficient working capital for the purposes of its business or, if not, showing how the necessary working capital is to be provided. This statement shall be signed by all of the directors or their authorised agents.

(v) Resolution of board of directors (Schedule 2)

(w) Proposed basis for allotment of securities in the event of over subscription;

(x) the general undertaking by the applicant in the form of a resolution of the board of directors, certified by the chairperson, complying with **Schedule 8**;

(y) certified copies of experts' consents (Paragraph 4.62) appearing in the pre-listing statement;

(z) three copies of a statement by the applicant's secretary stating:

(i) the registered street address and post office box number;

(ii) the street address and post office box number of the transfer office;

(iii) the name of the official authorised to deal with all matters relating to the applicant's listing;

(iv) the date on which the financial year ends;

(v) the approximate date on which the annual financial statements will be

issued;

(vi) the approximate date on which the annual general meeting will be held;

(vii) the approximate date on which notices of the annual general meeting will be issued; and

(viii) regarding dividends, the approximate date of declarations, date of closing of transfer registers and date of payment;

(ix) that a copy of the financial statements will be sent to registered shareholders at least 21 days prior to the Annual General Meeting;

(x) its next financial reporting period; and

(xi) the names of the Chief Executive Officer, Financial Director and Chairperson;

(aa) a letter signed by the chairperson of the board of directors and by the chairperson of the committee responsible for audit and assurance stating that: the financial information contained within the circular has been considered by the committee responsible for audit and assurance.

Part II Documents

6.9. (1) **Part II** documents must be received by the MSE no later than 48 hours before the date of listing, unless the listing timetable, which has been approved by the MSE, precludes such submission, in which case the relevant Part II documents must be submitted to the MSE at such time that is acceptable to the MSE—

(2) Where any of the documents listed in **Part II** are available at the date of submission of **Part I** of the application, they should be submitted together with **Part I** documents.

(3) The following documents are classified as **Part II** documents

(a) a certificate by the applicant's sponsoring brokers certifying that the pre-listing statement/ prospectus (in full or abridged form) published was in accordance with the signed pre-listing statement approved by the Board or, if not, then in what respects it did not so agree;

(b) a notary certified copy of any prospectus or pre-listing statement to be published in connection with the issue, dated and signed by the directors of the applicant, or in their absence, by their respective alternates, or person(s) making the offer;

(c) one copy of the newspaper(s) in which the pre-listing statement or announcement was published

(d) three copies of the pre-listing statement or circular published are required;

(e) the statutory declaration complying with **Schedule 2**;

(f) a copy of every prospectus or statement in lieu of a prospectus issued during the past three years;

(g) where the issue of securities was achieved by way of a placing, the sponsoring broker must submit a letter stating that the provisions of Paragraph 3.18 have been complied with;

(h) Payment of listing fee as set out in the MSE fees schedule;

(i) details of any dividend recommended or declared, but not yet paid at the date of application;

(j) mechanical signatures on certificates of title (**Schedule 11***)*; and

(k) requirements for certified deeds and other temporary documents of title (**Schedule 15**).

(l) In the case an external company, confirmation that it has opened and will maintain a transfer office in Malawi during such time as the securities are listed on the MSE;

(m) a statement detailing:
  (i) the number of securities applied for by the public;
  (ii) the number of securities applied for by local investors;
  (iii) the number of securities applied for by institutional investors;
  (iv) the number of securities allotted and the basis of allotment;
  (v) the number of securities taken up by any underwriter, sub- underwriter or place;
  (vi) the number of securities allotted for a consideration other than cash;

(n) an analysis of securities held by shareholders including:
  (i) public and non-public shareholding post the issue
  (ii) the number of shareholders in Malawi and total number of securities held exclusive of those referred to in iii. and iv. below;
  (iii) the number of shareholders other than in Malawi and total number of securities held exclusive of those referred to in iv. and v. below;
  (iv) the number of shareholders who are employees and are beneficiaries of any any trust or scheme for their benefit, and the total number of securities held by them;
  (v) details of securities held by directors and any controlling shareholder and any associate of such director or controlling shareholder, and any associates of the company. Also, the securities held by the vendor(s), promoter(s) and underwriter(s);
  (vi) the combined total;

(o) A letter provided by the Sponsoring Broker to the MSE 24 hours before the date of listing confirming that—
  (i) the funds raised pursuant to the granting of allocations of shares in respect of the listing have been earmarked for settlement on the listing date and have been matched, in favour of the applicant; and
  (ii) that the required spread of shareholders has been achieved.
  (iii) that the minimum subscription has been received;

Part III Documents

6.10. The following documents are classified as **Part III** documents-

(a) a certificate signed by the auditors, certifying that the capital and premium thereon, if any, issued since the date of the last annual financial statements presented to shareholders, or if no annual general meeting has yet been held, since the date of incorporation of the applicant, have been subscribed and deposited for the applicant's account, with the applicant's bankers; and

(b) an audited list of share and/or debenture holders as at the date listing was granted;

(c) Confirmation, where applicable, that the purchase of any assets has been completed, their transfer registered in the name of the issuer and the purchase money was paid subsequent to registration of transfer. Where any such purchase has not been completed or registered an undertaking that completion will be conditional upon registration; and

(d) Confirmation that all monies refundable in respect of any application or where no allotment has been made have been refunded to the applicants

(e) In addition to the above requirements for **Part I, Part II and Part III,** applicants shall supply such other information and documents as may be required by the MSE from time to time.

Documents for Offers for sale and subscription

6.11. The following information is required to be submitted to and approved by the MSE before listing can be granted:

(a) the circular or pre-listing statement;
(b) a certified copy of the signed reporting accountant's report(s) and relevant consent letters;
(c) the information with respect to underwriting described in Paragraph 6.8.(g);
(d) the application for listing complying with Schedule 1 to this Section;
(e) certified copies of experts consents appearing in the circular pre- listing statement;
(f) the appropriate documentation and listing fee as per Section18.
(g) the director's declaration for each director of the applicant as set out in schedule 2;
(h) all details concerning any planned price stabilisation exercise; and
(i) the detailed valuation reports prepared in terms of Section 12.

Documents for Rights and Claw-back offers

6.12. The following information is required to be submitted to and approved by the Board before listing can be granted-

(a) the circular or pre-listing statement;
(b) the information with respect to underwriting described in Paragraph 6.8.(g);
(c) the application for listing complying with Schedule 3;
(d) the provisional allotment letter;
(e) copies of any experts' consents appearing in the circular or pre- listing statement;
(f) the appropriate documentation and listing fee as published by the MSE.

Documents for Capitalisation issues and scrip dividends

6.13. The following information is required to be submitted to and approved by the MSE before listing can be granted:

(a) the circular or pre-listing statement
(b) the application for listing complying with **Schedule 4** of this Section;
(c) the form of election which must contain atleast:
    (i) a statement that the election may be made in respect of all or part of the shares held, or deemed to be held, at the close of business in the record date;
    (ii) the ratio of application;
(d) certified copies of any experts' consents appearing in the circular;
(e) the appropriate documentation and listing fee as published by the MSE
(f) in the event that the default position or election is cash, a resolution by the board of directors that the company has passed the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the group; and
(g) board resolution authorising the capitalisation issue.

Documents for Issues for cash

6.14. The following information is required to be submitted to and approved by the MSE before listing can be granted:

(a) the circular;
(b) the application for listing complying with **Schedule 7** to this Section;
(c) a statement detailing all issues of securities in the previous three years;
(d) certified copies of any experts consents appearing in the circular; and
(e) the appropriate documentation and listing fee as published by the MSE

Documents for Acquisitions and disposals

6.15. The following information is required to be submitted to and approved by the Board before listing can be granted:

(a) the circular or pre-listing statement;
(b) the acquisition or disposal agreement;
(c) any vendor placing agreement;
(d) constitution of the listed company and the company being acquired;
(e) the application for listing, if applicable, complying with **Schedule 5**;
(f) an audited analysis of shareholders subsequent to the transaction;
(g) certified copies of any experts' consents appearing in the circular or pre- listing agreement; and
(h) Approval from the Takeover Panel
(i) the appropriate documentation and listing fee as set out in the MSE listing and other fees schedule
(j) the detailed valuation reports.

Letters of application and letters of allotment

6.16. Where listing is desired in respect of letters of application and/or letters of allotment, or other similar documents, the proposed timetable (schedule of dates) should be submitted to the MSE for approval prior to the closing of the transfer registers of the company from which the issue accrues. The procedure to be adopted should be discussed with the MSE by the sponsoring broker.

Extensions of listed options

6.17. The company must submit for approval:

(a) a draft of the press announcements announcing the extension and the results of the shareholders' meeting. The press announcements announcing the extension should be published at least six weeks prior to the expiry date;
(b) a draft of a circular to registered option holders and to shareholders. The circular should be in the form of a notice to shareholders to obtain their sanction or, if the power of extension has been delegated to the directors, notification of the extension of the options and the authority under which the extension was made. The circular must also state the procedure for recording the extension on the option certificates;
(c) a copy of the proposed alteration and/or endorsement, to be used on the option certificate;
(d) a written application for the extension of the listing, stating:
    (i) number of options to which extension applies;
    (ii) the period of extension
    (iii) the amounts of the nominal and issued capital and the number of securities issued;
    (iv) that all options issued have been granted a listing; and
(e) the application must be accompanied by:
    (i) a certified copy of the resolution extending the options;
    (ii) a certified copy of the relevant resolution of shareholders, or if extended by the directors, a copy of the resolution empowering the directors to extend the option;

(iii) a copy of the circular, approved by the Board and issued to registered option holders and shareholders;
(iv) three hard copies and one electronic copy of the circular are to be sent to the MSE for distributing to broking members.

Expiry of listed options on securities or on other conversion rights

6.18. (1) Notice must be given to the MSE at least 30 days before the expiry date of the option or conversion rights stating-
(a) the date on which the options or conversion rights expire, and requesting the removal of the options from the list as and from the close of business on the date of expiry;
(b) that all registered option holders or registered holders of the securities with conversion rights have been notified of the date on which the option or conversion rights expire and that after that date, the option or conversion right will have no value. This notification should be published at least six weeks prior to expiry date.

(2) Application must be made for the listing of securities issued on the exercise of options.

Change of name of a listed company

6.19. (1) Preliminary approval must be obtained from the MSE for the proposed new name and the proposed new abbreviated name to be used on the board (the abbreviated name must not be more than eight letters in length).

(2) An application must then be submitted to the MSE together with the drafts of both circulars (see Paragraph 8.14*)* for approval of-
(a) the new name;
(b) consequent amendment of the listing.

(3) The application is to embody an undertaking that, for a period of not less than one year, the former name of the company will be shown on the document of title in brackets under the new name of the company.

(4) The application must be accompanied by-
(a) a copy of the certificate from the registrar of Companies giving approval of the new name. If this is not available at the time the application is made, the application should state that the name has been reserved or approved by the registrar of Companies; and
(b) a specimen of the proposed new share certificates.

Executive and staff share schemes

6.20. The following documents pertaining to executive and staff share schemes should be submitted to the MSE for prior approval-
(a) a draft copy of the incentive or option scheme which must comply with Schedule 15;
(b) a trust deed, if applicable; and
(c) a draft of the circular or notice relating to the adoption of or amendment to a scheme.

Repurchase of securities

6.21. The following information is required to be submitted to and approved by the MSE before approval (where applicable) will be granted for a repurchase of securities, as contemplated in Paragraph 3.65 to 3.70-

(a) the circular;
(b) the application for removal of securities;
(c) certified copies of any experts' consents appearing in the circular;
(d) the board of directors' resolution approving the repurchase and confirming that the company has passed the solvency and liquidity test and that, since the test was performed, there has been no material changes to the financial position of the group; and
(e) the appropriate documentation and listing fee.

Alteration in the share capital, authorised shares and rights attaching to a class of shares

6.22. (1) The following information is required to be submitted to and approved by the MSE before preliminary approval will be granted for an alteration in the share capital of the company, number of authorised shares and/or the rights attaching to a class/es of shares as applicable:

(a) the circular;
(b) the application for listing, detailing the amendments to the listing including, the new number of securities;
(c) the effective date required for the alteration to the share capital, number of authorised shares and/or the rights attaching to a class/es of shares;
(d) the appropriate documentation and listing fee.

(2) Notwithstanding the effective date, the MSE shall only grant final approval for the alteration of the share capital, number of authorised shares and/or the rights attaching to a class/es of shares, upon receipt of a certified copy of the special resolution.

PART C: POST LISTINGS REQUIREMENTS

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SECTION 7 - CONTINUING OBLIGATIONS

SCOPE OF SECTION

This section sets out the continuing obligations which a listed company is required to observe once any of its securities have been admitted to listing. The fundamental principles of continuing obligations in the Listings Requirements are timely disclosure and transparency. The listed entity should provide all information that would be material to an investor's investment decision.

Observance of the continuing obligations is essential for the protection of investors, maintenance of an orderly market in securities and to ensure that all users of the market have simultaneous access to the same information. Failure by a listed company to comply with any applicable continuing obligation may result in the MSE taking any or all of the steps described in Section16.

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COMPLIANCE WITH THE LISTING REQUIREMENTS

7.1. (1) Every company whose securities are listed shall comply with the listings requirements.

(2) Where there is an overlap between any requirements or dispensations that may be required by or granted in terms of any law, or by any statutory body or organ such as the Registrar of Companies, a listed company must, notwithstanding such other requirements or dispensations, nonetheless comply with these listings requirements.

(3) Every listed company must designate one of their senior executives as the Compliance Officer for the purposes of the Listings Requirements. It is recommended that the Compliance Officer should also function as the Investor Relations Officer and thus the contact person between the investing public and the listed company. The MSE must be updated whenever there are changes to these positions.

(4) All necessary correspondence pertaining to continuing listing obligations and any potentially price sensitive communication must be communicated to the MSE through the Compliance Officer.

(5) Listed companies must take all reasonable care to ensure that any information they notify to the MSE and any other securities exchange is complete and not misleading, false or deceptive.

General Obligations of Disclosure

7.2. An issuer must, without delay, subject to approval by the MSE, publish a press announcement giving details of—

(a) circumstances or events that have or are likely to have a material effect on the financial results, the financial position or cash flow of the issuer and/or information necessary within 30 days prior to the reporting period to enable holders of the issuer's listed securities and the public to avoid the creation of a false market in its listed securities; and

(b) any new developments in its sphere of activity which are not public knowledge and which may by virtue of the effect of those developments on its assets and liabilities or financial position or on the general course of its business, lead to material movements in the ruling price of its listed securities. Save where otherwise expressly provided, the requirements of this paragraph are in addition to any specific requirements regarding notification contained in the listings requirements.

Trading Statements

7.3. (1) All issuers must publish a Trading Statement as soon as they are satisfied (within 30 days prior to the reporting period) that a reasonable degree of certainty exist that the financial results for the period to be reported upon next will differ by at least 20 percent from the most recent of the following—

(a) The financial results for the previous corresponding period; or

(b) A profit forecast (in terms of Paragraph 5.10) previously provided to the market in the prospectus/circular in relation to such period.

(2) Issuers may publish a trading statement if the differences referred to are less than 20%, but which are viewed by the issuer as being important enough to be made the subject of a trading statement.

(3) The determination of a reasonable degree of certainty in terms of Paragraph 7.3(1) is a judgmental decision which has to be taken by the issuer and its directors and is one in which the MSE does not involve itself. This determination may differ from issuer to issuer depending on the nature of business and the factors to which they are exposed.

(4) Trading Statements must provide specific guidance by the inclusion of the period to which it relates and include the comparative numbers for the previous published period, and—

(a) a specific percentage and number to describe the differences; or
(b) a range (i.e., XYZ is expecting an increase of between 15% and 25%) and numbers to describe the differences. Where an issuer elects to use a range, the range may not exceed 20% (e.g., 20% to 40%, 25% to 45% etc.); or
(c) a minimum percentage difference and number difference, together with any other relevant information that the issuer has at its disposal at the time. This will only be applicable in instances where the issuer has reasonable certainty in respect of Paragraph 7.3(1) above, but it does not have the reasonable certainty to provide guidance in accordance with Paragraphs 7.3(4) (a) or (b). Once the issuer obtains this reasonable certainty, it must provide the guidance referred to in Paragraphs 7.3(4) (a) or (b); and
(d) If, after publication of a trading statement but before publication of the relevant periodic financial results, an issuer becomes reasonably certain that its previously published number, percentage or range in the trading statement is no longer correct, then the issuer must publish another trading statement providing the revised number, percentage or range in accordance with paragraph 7.3(4).

(5) Where a company submits the Trading Statement after the reporting period to which it relates to, written confirmation must be provided by the Reporting Accountant that the circumstances only became clear after the reporting period. Details of the Reporting Accountants confirmation must be included in the Trading Statement.

(6) Listed companies must take all reasonable care to ensure that any information they notify to the MSE and any other securities exchange is complete and not misleading, false or deceptive.

Confidentiality

7.4. (1) Information that is required to be announced in terms of Paragraph 7.2 to 7.3 or any other listings requirement, and information which is not required to be announced in terms of the listings requirements but which is price sensitive and which the company wishes to release, may not, subject to Paragraphs 7.4(2) to (5) be released (even subject to a time embargo) to any third party **(**which for the purposes of clarity, includes, inter alia, an analyst, the media (including the Internet) or a printer**)** —

(a) during MSE operating hours (07.30hrs to 16.30hrs Monday to Friday excluding Malawi public holidays; this is subject to changes by MSE), until such time as information has been released through and approved by the MSE; and

(b) outside MSE operating hours, until such time as information has been

authenticated and, if necessary, approved and arrangements have been made for such information to be released through the MSE prior to the next opening of MSE operating hours

(2) An issuer may give information in strict confidence to its advisers and to persons with whom it is negotiating with a view to effecting a transaction or raising finance; these persons may include prospective underwriters of an issue of securities, providers of funds or loans or the placees of the balance of a rights issue not taken up by shareholders. In such cases, the issuer must advise, preferably in writing, the recipients of such information that it is confidential and that they must not deal in the company's securities before the relevant information has been made available to the public.

(3) Information required by and provided in confidence to, and for the purposes of, a government department, the Registrar of Financial Institutions, or any other statutory or regulatory body or authority need not be published.

(4) Where the information relates to a proposal by the issuer, which is subject to negotiations with employees or trade union representatives the issuer may defer publication of the information until such time as an agreement has been reached as to the implementation of the proposal.

(5) When a company intends to release price sensitive information at any meeting of holders of listed securities, arrangements must be made for the notification of such information to the MSE so that the release of such information at the meeting is made at the same time that such information is released by the MSE. In addition, if the nature of the information would require an announcement to be made by the company in terms of the listings requirements, the company should as soon as possible thereafter publish the same announcement in the press in accordance with Paragraph 7.28. If any price sensitive information is disclosed during the course of a meeting of holders of listed securities, immediate steps should be taken for an appropriate announcement to be released through the MSE and, if necessary, in the press

Cautionary announcements

7.5. (1) An issuer must publish, by way of a cautionary announcement, complying with Paragraph 8.18(1) as soon as possible after it is in possession of any material price sensitive information if at any time the necessary degree of confidentiality of such information cannot be maintained, or if the company suspects that confidentiality has or may have been breached. An issuer that has published a cautionary announcement must publish updates as per Paragraph 8.18(2).

(2) Whenever the information is being temporarily withheld, the strictest confidentiality must be maintained, and the entity should be prepared to make an immediate public announcement if required by the Exchange.

(3) If rumours concerning such information should develop, immediate public disclosure is required.

Exception

7.6. The following circumstances where disclosures can be withheld are limited and constitute an infrequent exception to the normal requirement of immediate public

disclosure. Thus, in cases of doubt, the presumption must always be in favour of disclosure—

(a) When immediate disclosure would prejudice the ability of the entity to pursue its corporate objectives.

(b) When the facts are in a state of flux and a more appropriate moment for disclosure is imminent.

(c) When the listed entity is holding negotiations and has not reached an agreement in principle.

Power to require information

7.7. (1) The MSE may require a listed company to disclose to it within a period specified by it, such information at the company's disposal as the MSE may determine, and if the MSE is satisfied, after such company has had an opportunity of making representations to it, that the disclosure of that information to the registered holders of the securities in question will be in the public interest, the MSE may by notice in writing require such company to so disclose that information within the period specified in the notice.

(2) The MSE may require a listed company to provide for the publication or dissemination of any further information not specified in the listings requirements in such form and within such time limits as it considers appropriate. The listed company must comply with such requirement, and, if it fails to do so, the MSE may publish the information after having heard the representations of the listed company or after having granted the listed company the opportunity to make such representations.

Periodic returns

7.8. (1) Compliance officers are requested to diarize all periodical information and documents required by the Board as set out in Paragraphs 7.8(2) to (4). It is essential, in the interests of registered, unregistered and future shareholders that the information and documents be sent to the MSE in order that accurate information concerning the company may be disseminated promptly.

(2) The MSE must be advised in writing of—

(a) all corporate actions and that the applicant issuer is proceeding therewith in accordance with the relevant timetable;
(b) changes in directorate;
(c) change of company secretary;
(d) change of address of registered or transfer offices;
(e) “stops” placed against transfer of securities;
(f) liquidation or reconstruction of the company and the dates of the closing of the transfer registers.

(3) The MSE must be furnished promptly with the following—

(a) three copies of-

(i) notices of annual general meetings and other general meetings.
(ii) the annual financial statements and annual report;
(iii) all notices, pre-listing statements and circulars issued to shareholders or debenture holders;
(iv) interim and preliminary reports; and
(v) quarterly statement of profits, where applicable.

NOTE: In order to obviate any delay that might be caused in making the immediate

disclosure of information by the printing of three copies, it is suggested that three copies of the announcement are sent immediately to the MSE.

(b) a copy of the minutes of annual general meetings or general meetings should be furnished within 72 hours of request therefore.

(c) evidence that special resolutions have been registered by the Registrar of Companies, where special resolutions have been passed by shareholders;

(d) notifications of any preliminary or other announcements required by any other stock exchange on which the listed company, or any of its subsidiaries, relisted; and

(e) three copies of all notices issued to the press which may be regarded as being of importance to investors.

(4) Companies must submit for the MSE's prior approval:

(a) draft circulars, timetables etc., as enumerated in the various sections;

(b) proposed alterations to the constitution;

(c) proposed alterations to share certificates or proposed new share certificates. All specimen certificates submitted must be cancelled by mutilation

Disclosure of periodic financial information

Dividends and interest

7.9. (1) The declaration of dividends and/or interest payments in respect of listed securities should be released immediately and, in any case, not later than 7 days after declaration at the AGM or by Directors (for interim dividends) and a copy of such announcement should be sent to MSE for approval. Three copies of the press announcements must be delivered to the MSE at least 14 days prior to the last day to register and must contain the following minimum information:

(a) the last day to register;

(b) ex-dividend date;

(c) the date on which the dividend/interest will be paid; and

(d) the cash amount that will be paid for the dividend/interest.

(2) In the event of a scrip dividend the press announcements must contain the following minimum information:

(a) The number of shares to be issued;

(b) The proportion in which shares are to be issued;

(c) The consideration for which the shares are to be issued;

(d) The current stated capital of the Entity;

(e) The value of reserve/s to be capitalised for the issue of shares; and

(f) A statement that "The scrip dividend is subject to the Exchange approving in principle the issue and listing of shares and obtaining shareholder approval (if required in terms of the Constitution of the Company).

(3) If a listed company decides not to declare dividends or interest, this must be released through the MSE immediately after such decision is taken if such decision is likely to be price sensitive.

(4) A listed company declaring a final dividend prior to the publication of the annual financial statements or preliminary report must ensure that the dividend notice published contains a statement of the ascertained or estimated consolidated profits before taxation of the listed company and its subsidiaries for the year, and also particulars of any amounts appropriated from reserves, capital profits, accumulated profits of past years, or other special sources, to provide wholly or partly for the dividend.

(5) At least fourteen days' notice must be given to shareholders and the MSE prior to the last day to register for the dividend or interest.

(6) The last day to register should be a Friday, or if that day is a public holiday, the immediately preceding such business day. The Board may, in its sole discretion, agree to a different day where reasonable and sufficient grounds have been provided for such a change.

(7) Payment of dividends and interest must be effected within 21 days after the last day to register.

(8) Where a dividend/interest declaration is expressed as a percentage, the Malawi Kwacha equivalent must be shown in parenthesis.

(9) The MSE must be notified of any late declarations of dividend and the matter resolved with it.

Interim reports

7.10. (1) Interim reports shall be published in the press as early as possible after the expiration of the first six-month period of a financial year, but not later than three months after that date. Where the financial year end has been changed, resulting in the financial period being longer than 12 months, interim reports shall be published in the press in respect of the first six-month period commencing on the first day of the financial period; and a twelve-month period commencing on the first day of the financial period. Paragraphs 5.14 to 5.17 deal with the requirements and contents of interim reports in greater detail.

(2) Listed companies in sectors which the industry regulator mandates the provision of quarterly financial statements shall be required to publish the same at the same time the financial statements are submitted to the industry regulator.

Annual financial statements

7.11. (1) Every listed company shall, within four months after the end of each financial year publish in the press the abridged version of its audited financial statements; and

(2) Within six months after the end of each financial year, every listed company shall at least fourteen calendar days before the date of the annual general meeting, distribute to all shareholders and submit to the MSE in accordance with Paragraph 7.8(3) —

(a) a notice of annual general meeting;
(b) the annual report for the relevant financial year which financial statements will have been reported upon by the company's auditors including a director's report prepared in line with the Companies Act; and
(c) and such delivery may be made by electronic means.

(3) In the instance where an applicant issuer restates previously published results, for whatever reason, they must submit a restatement notification to the MSE containing details of the restatement and the reasons therefor.

Preliminary financial statements

7.12. (1) If a listed company has not published annual financial statements within four

months of its financial year-end, it must publish in the press within four months of its financial year-end preliminary financial statements (even if the information is unaudited at that time).

(2) The publication of preliminary financial statements does not absolve the listed company from any sanctions that may be imposed by the MSE.

(3) The listed company which has published a preliminary financial statement must publish Audited Financial Statements as soon as they are ready.

(4) If an issuer published a preliminary report, at the date of publication of its annual financial statements, pursuant to Paragraph 7.11(1), such issuer must release an announcement confirming that:

(a) There were no changes to any financial information or auditor's report previously published in the preliminary report; or

(b) That there were changes to the financial information or auditor's report previously published in the preliminary report. Such changes must be highlighted along with detailed explanations provided and a revised abridged report must be published.

Minimum contents of the interim, preliminary and abridged annual reports

7.13. (1) The preparation of interim, annual, preliminary and abridged financial statements must conform to IFRS. In addition to the IFRS, the following supplementary information must, where applicable and material, be included—

(a) In respect of the period under review and the immediately preceding comparable period, a headline earnings per share and a diluted headline earnings per share figure must be disclosed; and

(b) Disclosure where there is a significant change to the initial estimates of a contingent consideration payable or receivable in terms of an acquisition or disposal.

(2) For the minimum contents of the Annual Report, refer to MSELR Section 5, Paragraph 7.41 to 7.42 and the Act.

Requirement for review by auditors

7.14. The following provisions apply in respect of unaudited interim reports, unaudited quarterly reports (applicable to mineral companies) and unaudited preliminary reports—

(a) subject to (b), unaudited interim reports are not required to be reviewed by a listed company's auditors;

(b) unaudited interim reports shall be reviewed by a listed company's auditors if the company's auditors have disclaimed their opinion, qualified or produced an adverse opinion, on the company's latest financial statements, unless the Board otherwise decides;

(c) unaudited preliminary financial statements shall be reviewed by a listed company's auditors;

(d) in the case of a listed mineral company, its unaudited financial reports are not required to be reviewed by its auditors, unless otherwise requested by the Board. In such an instance, the listed company must publish the reviewed interim report within 90 days of the end of the interim period;

(e) when conducting a review of an unaudited interim or preliminary report, the auditor shall follow any guidelines issued by the Institute of Chartered Accountants in Malawi;

(f) if an interim report has been reviewed by an auditor, the review report shall form part of the interim report published by the issuer.; and

(g) if during the course of a review of a preliminary financial statement, the auditor becomes aware of any unresolved matter, which could result in the qualification of the auditor's report on the annual financial statements for the period under

review, that fact shall be stated.

Qualified or disclaimed auditor's opinion

7.15. The following procedure shall prevail for a listed company whose financial statements have been the subject of an audit qualification or disclaimer on an issuer's annual, provisional or preliminary financial statements:

(a) When the auditors' report contains an emphasis of matter paragraph, the issuer's listing on the MSE trading system will be annotated with an "E" to indicate that the auditors' report contains an emphasis of matter paragraph.
(b) When the auditor's report contains a paragraph on material uncertainty relating to going concern, the issuer's listing on the MSE trading system will be annotated with a "G".
(c) When the auditors' report is qualified, the issuer's listing on the MSE trading system will be annotated with a "Q" to indicate that the auditors' report is qualified.
(d) When the auditors' report contains an adverse opinion:
    (i) the issuer's listing on the MSE trading system will be annotated with an "A" to indicate that the auditors' report contains an adverse opinion; and
    (ii) the MSE may decide to follow the steps set out in paragraph 7.15(e)(ii). below.
(e) When the auditors' report contains a disclaimer of opinion:
    (i) the issuer's listing on the MSE trading system will be annotated with a "D" to indicate that the auditors' report is disclaimed; and
    (ii) the MSE will consider the continued listing, suspension and possible subsequent removal of the issuer's listing.
(f) When the auditor's report includes additional paragraph/s in terms of some additional reporting responsibilities of the auditor, such as the obligation to report reportable irregularities in terms of the Public Accountants and Auditors Act, No. 5 of 2013, this must be notified by the issuer to the MSE and the MSE may decide to take further action.

PROCEDURE FOR NON-COMPLIANCE

Interim and preliminary reports

7.16. Where a listed company fails to comply with Paragraphs 7.10 and/or 7.12—

(a) on the day following the due date of issue of the listed company's interim/preliminary report, a letter reminder will be sent by registered post or facsimile or physically delivered or electronically communicated to the listed company requesting that it rectify the situation and advising that it has been granted a period of one month, from the date of such reminder, in which to issue its interim/preliminary report, failing which the company's listing will be suspended and a special meeting of the Board will be convened to consider the continued suspension or termination of the company's listing;
(b) failing compliance within fourteen days of dispatch of the reminder to the listed company, the MSE will publish a press announcement informing shareholders that the listed company has not issued its interim or preliminary report and cautioning shareholders that the listing of the listed company's securities are under the threat of suspension and possible termination;
(c) on the date of publication of the announcement, the company's listing will be annotated on the main board with an "RE" to indicate that it has failed to submit its interim/preliminary report timorously;

(d) the listed company will be invoiced the cost of publication of the press announcement which invoice will be payable on presentation; and
(e) where the listing is suspended, the lifting of the suspension will only be effected upon receipt by the MSE of the listed company's interim/preliminary report.

Annual financial statements

7.17. (1) The following procedure shall prevail for a listed company, which fails to comply with Paragraph 7.11(2) above—

(a) five months after the issuer's financial year end, the MSE will send to the issuer a letter of reminder, advising that the issuer still has one month within which to submit its annual financial statements, failing which its listing may be suspended as per Paragraph 7.17 (1) (d) below until such time as the annual financial statements have been submitted;
(b) six months after the listed company's financial year end the company's listing will be annotated on the main board with an "RE" to indicate that it has failed to publish its annual financial statements timeously;
(c) the Board will publish a press announcement informing shareholders that the listed company has not submitted its annual financial statements and cautioning shareholders that the listing of the listed company's shares is under threat of suspension and possible termination;
(d) if the listed company has not complied with Paragraph 7.11(2) by the end of the seventh month after its financial year end the company's listing will be suspended by the Board and the Board will be convened to consider the continued suspension or termination of the company's listing;
(e) the listed company will be invoiced the cost of publication of the paid announcement; and
(f) the listed company's suspension will be lifted upon receipt by the Board of the listed company's annual financial statements.

(2) Discretionary authority shall vest with the Board to waive the requirement for automatic suspension of a company's listing where it has not submitted its annual financial statements timeously.

NOTIFICATION RELATING TO CAPITAL

Notification relating to capital

7.18. A listed company must, within 7 days (unless otherwise indicated), publish a press announcement containing details of the following information relating to its capital—

Alteration to capital structure

(a) any proposed change in its capital structure (for example any increase in the level of issued securities) other than allotments of new shares in terms of paragraph 3.71 and save that an announcement of a new issue may be delayed while marketing or underwriting is in progress (see also paragraph 7.4 (2))

Changes of rights attaching to securities

(b) any proposed change in the rights attaching to any class of listed securities or to any securities into which any listed securities are convertible;

Basis of allotment

(c) the basis of allotment of listed securities offered generally to the public for cash and of claw- back offers to shareholders; in the case of public offers an additional press announcement must appear before dealings commence;

Issues affecting conversion rights

(d) the effect, if any, of any issue of further securities on the terms of the exercise of rights under options and convertible securities; and

Results of new issues

(e) the results of any new issue of listed securities or of a public offering of existing securities must be made as soon as they are known. The issuer may, at its discretion, delay such publication until the obligation by the underwriter to take or procure others to take securities is finally determined or lapses.

RIGHTS AS BETWEEN HOLDERS OF SECURITIES

Equality of treatment

7.19. A listed company must ensure that all holders of any class of its securities receive fair and equal treatment.

Voting Rights

7.20 A listed company shall not issue any securities with a voting right differing from other securities of the same class.

Pre-emptive rights

7.21 (1) Subject to Paragraph 7.22., a listed company proposing to issue equity securities for cash must first offer those securities by rights offer to existing equity shareholders in proportion to their existing holdings. Only to the extent that the securities are not taken up by such persons under the offer may they then be issued for cash to others or otherwise than in the proportion mentioned above.

(2) To the extent permitted by the Registrar of Companies and subject to the prior approval of the Board, a listed company need not comply with Paragraph 7.21(1) with respect to securities which the directors of the listed company consider necessary or expedient to exclude from the offer on account of either legal problems under the laws, or the requirements of a regulatory body.

Waiver of pre-emptive rights

7.22. (1) To the extent that shareholders of a listed company give their authorisation by way of ordinary resolution, issues by a listed company of equity securities for cash made otherwise than to existing shareholders in proportion to their existing holdings will, subject to the requirements of paragraphs 3.55, be permitted in respect of a specific issue of shares for cash, for that share issue, and in respect of a general issue of shares for cash, for a fixed period of time thereafter in accordance with that authority.

(2) However, in exceptional circumstances (such as rescue operations), the Board, in its sole discretion, may grant a company a waiver of shareholder's pre-emptive rights that does not comply with the requirements of Paragraphs 3.52 to 3.58.

The Board, in its sole discretion, may require the publication of such information relating to the waiver as it deems appropriate.

Issues by major subsidiary

7.23. (1) A listed company must obtain the specific approval (determined in accordance with Paragraph 3.55) of its shareholders before any major unlisted subsidiary of the listed company undertakes an issue of shares for cash, which would materially dilute the listed company's percentage interest in the equity securities of that subsidiary. For the purposes of this paragraph and Paragraphs 7.23(2) and (3) below, a subsidiary which represents 30% or more of the aggregate of the share capital and reserves (excluding any minority interests, unrealized reserves not supported by a valuation, prepared in the last 6 months by an independent professional expert acceptable to the Board and intangible assets) or profits (after deducting all charges except taxation and excluding extraordinary items) of the listed company's group will be regarded as a major subsidiary.

(2) The obligation to obtain the consent of shareholders set out in Paragraph 7.23(1) does not apply if the major subsidiary is itself listed in which event the major subsidiary must obtain the consent (determined in the manner referred to in Paragraph 7.23(1)) of its own shareholders.

(3) When a listed or unlisted major subsidiary of a listed holding company has a rights offer and the listed holding company does not intend to follow its rights which would materially dilute its percentage interest in the equity securities of that subsidiary, an arrangement must be made for the rights to be offered first to its shareholders so that they can avoid a material dilution in their effective percentage equity interests.

Options for cash

7.24. (1) Where options over securities (excluding executive and staff share schemes) are granted for cash, it is required that such options shall be issued to all shareholders on the share register as at the business day immediately prior to the date of the grant of the listing in proportion to their shareholding in the listed company. Where this procedure is not to be adopted, the Board's consent should be obtained.

(2) The total number of options granted or issued may not, except in the case of a mineral company (as defined in Section 11), exceed 20% of the listed company's issued capital unless offered to all shareholders in proportion to their existing shareholdings.

Shareholder spread

7.25. (1) All listed companies are required to ensure that a minimum percentage of each class of securities is held by the public as described in Paragraphs 2.17(1)(e) and(f).

(2) If the percentage of a class of securities held by the public does not comply with the minimum spread requirements the Board may suspend or terminate the listing of a company in accordance with Section 1. The Board may allow a reasonable time to restore the percentage, unless this is precluded by the need to maintain the smooth operation of the market or in order to protect investors.

(3) A listing will not be granted to any issue of securities that would reduce the

percentage level of securities held by the public.

(4) If any listed company does not comply with the minimum spread requirements, any application to list new securities will be granted only if, as a result of the issue, the minimum spread requirements will be achieved as far as possible given the size of the issue.

(5) Notwithstanding the above, the Board may allow a reduction in the minimum spread requirements if it considers such a reduction is in the best interests of the listed company and does not unduly prejudice investors, for example in a rescue situation.

Notification on shareholder spread

7.26. A listed company must inform the Board, in writing, within 7 days, when it becomes aware that the proportion of any class of listed securities in the hands of the public has fallen below the said minimum spread requirements.

COMMUNICATION WITH SHAREHOLDERS

Prescribed information to shareholders

7.27. A listed company must ensure that all the necessary facilities and information are available to enable holders of securities to exercise their rights. In particular it must—

(a) inform holders of securities of the holding of meetings which they are entitled to attend;
(b) enable them to exercise their rights to vote, where applicable; and
(c) publish notices in the press or distribute circulars in terms of the listings requirements.

Publication of Press announcements

7.28. (1) All press announcements must be published in English language in a newspaper of wide national circulation.

(2) Where the registered office of the listed company is situated outside the Malawi, the requirements of the MSE should be ascertained from the Board.

Publication of Circular and listing particulars

7.29. Circulars and pre-listing statements must be printed in English and be distributed to all shareholders.

Blantyre/Lilongwe/Mzuzu transfer office or a receiving and certification offices

7.30. All listed companies are required to maintain a transfer office or a receiving office in either Blantyre, Lilongwe or Mzuzu. Certification must be completed within 24 hours of lodgment. With respect to the dematerialised environment, the listed company must comply with the Central Securities Depository Rules.

Transfer offices for other stock exchanges

7.31. If a listed company has applied for and been granted permission for its securities to be listed on another stock exchange, it is required to ensure that the securities will be accepted for transfer, without delay, if presented in any of the centres in which the

securities are listed.

Proxy forms

7.32. A proxy form must be sent, together with the notice convening a meeting of holders of listed securities, to each person entitled to vote at such meeting.

Other classes of security

7.33. If a circular, listing particulars or press announcement is dispatched to the holders of any particular class of security, the listed company must dispatch a copy or summary of such document to the holders of all other listed securities in such company unless the contents of such document are irrelevant to them.

Communications with holders of bearer securities

7.34. If there is a need to communicate with holders of listed bearer securities the listed company must publish a press announcement referring to the communication and giving an address or addresses from which copies can be obtained.

Dematerialization

7.35. All listed companies are required to be registered with a Central Securities Depository (CSD) in Malawi.

Documents of title

7.36. Share certificates emanating from listed companies must be sent by registered post.

Receipts

7.37. On request, receipts will be issued for all securities lodged with the listed company, whether for registration or otherwise.

MISCELLANEOUS OBLIGATIONS

Redemption of redeemable preference shares in terms of the Act

7.38. (1) A redemption of listed redeemable preference shares in terms of the Act must be authorised and conducted in accordance with the listed company's constitution and the provisions of the Act.

(2) A circular must be sent to holders of the securities containing the information set out in paragraph 8.13(1) unless waived in terms of Paragraph 8.13(2).

(3) Written application must be submitted to the MSE for removal from the List of the securities to be redeemed as from a specified time and date.

Transfer from one section of the List to another section

7.39. (1) Written application must be submitted to the MSE, stating the reasons for the request of the company to be transferred from one section of the List to another section. Details must be given regarding the assets employed in and income

derived from the various activities of the applicant and its subsidiaries. These details must be expressed in value and on a percentage basis.

(2) In addition, the following requirements will apply—

(a) the transfer of the applicant from one section of the List to another section must always take place on the first business day of the week; and

(b) the written application in respect of the transfer must be accompanied by a directors' resolution authorising such transfer.

Listing and other fees

7.40. A listed company must pay the listing and other fees including its annual charge for listing, as set out in Section 16, as soon as such payment becomes due.

Corporate governance

7.41. (1) A listed company must comply with the provisions of the prevailing Malawi Code sector guidelines for listed companies in Malawi.

(2) In addition, issuers must comply with other sector specific guidelines on Corporate Governance that may be applicable to their specific line of business

(3) Listed Companies shall in their annual report clearly specify which provisions of the prevailing Malawi Code sector guidelines for listed companies, if any, have not been adhered to and provide clear reasons why.

(4) The annual report should also provide the contact details of the company's compliance officer to whom any concerns over non-compliance with the prevailing Malawi Code sector guidelines for listed companies can be addressed.

Environmental, Social and Governance (ESG) Reporting

7.42. (1) The issuer shall be required to disclose the relevance of sustainability in the context of environmental, social and governance standards to the company and the company's strategy for addressing sustainability issues.

(2) (a) The issuer must disclose its sustainability policy, including mitigation of risks, sustainability performance data and other material information which deepens stakeholders' understanding of corporate performance.

(b) The issuer should provide a balanced and objective view of their performance by including both positive and negative impacts on the environment and society, how it relates to its stakeholders and contributes to sustainable development.

(c) The issuer is encouraged to apply Global Reporting Initiatives (GRI) Guidelines or Standards on ESG reporting

(d) Where other frameworks are adopted, consideration should be taken that the framework provides—

(i) benchmarks and performance measurement systems that allow comparison over time; and

(ii) guidance on key performance indicators and data which should be measured.

(3) (a) The MSE recommends the adoption of the Global Reporting Initiatives (GRI) Sustainability Reporting Guidelines or Standards, in disclosing the company's sustainability performance. The GRI Sustainability Reporting Guidelines or Standards are globally applicable and sets out general principles and indicators

that listed companies can use to measure and report their economic, environment and social performance.

(b) The issuer shall apply the latest versions of GRI Guidelines or Standards to the level applicable to its context and nature of operation.

(4) The issuer shall provide sustainability information either-

(a) in an annual report, showing a holistic presentation combining or integrating financial and non-financial disclosures (environmental and social issues) reflective of the company's corporate practices;

(b) where an integration framework has been used, both frameworks and standards for integration and sustainability reporting should be acknowledged. In the event that a company adopts an integrated reporting framework, all sustainability information should be referenced to a standalone comprehensive sustainability report prepared separately and available to stakeholders; or

(c) a standalone sustainability report giving a comprehensive disclosure of environmental and social issues and the report should be referenced in any reporting of annual financial statements by providing a summary of sustainability information linked to the standalone report.

(5) Independent assurance is not a mandatory step in the process of sustainability reporting. Where an independent assurance report is provided, the following should be provided—

(a) an independent assurance statement published along the sustainability report, with the following information provided—

(i) sustainability assurance standards used;

(ii) qualification and expertise of the practitioner, reporting standards used, signature and name of assurance practitioner, employing organisation and reporting date.

Appointment and retirement of Directors

7.43. (1) All directors, other than managing directors, must retire by rotation at least once in every three years. No more than half of the directors may be appointed as managing directors

(2) The Board expects the Board of Directors of a listed company to be so constituted that the interest of the general body of shareholders in the company is represented.

(3) The MSE must be notified within 21 days from the decision taking date of the changes in directorate, and where the changes include the chairperson or chief executive, shareholders should be advised also through an advertisement in the press.

(4) Directors who have attained the age of 70 years (or less if provided for in the constitution) must retire at the next Annual General Meeting after which they may be re-appointed on a year-to-year basis.

Dealing in securities by Directors and Senior Staff of Listed Companies

7.44. (1) Directors or members of the management team (including their associates) must not deal in shares during the period 30 days prior to the end of the reporting period until the announcements of the company's year-end results. Likewise, directors may not deal during the 30 days prior to the half year reporting period.

(2) Directors or members of the management team (including their associates) must not deal in their listed securities when in possession of unpublished price

sensitive information.

(3) Directors or members of the management team (including their associates) may not deal in any securities relating to the issuer on the day of the release of price sensitive information by the company and for 24 hours thereafter.

(4) Directors must advise the chairperson and receive his clearance before trading in the securities.

(5) The chairperson must receive the board's approval for any trading in its listed company securities. Where a director is a trustee, s/he should obtain board approval for trading in the securities.

(6) In cases including trading by senior employees, board approval is required during the periods prior to publication of results and price sensitive periods.

(7) All purchases and sale of shares by Directors, directly or indirectly, as beneficial owners to be notified to the MSE **within 48 hours** of the completion of the transactions.

(8) An issuer through its compliance officer must provide MSE with the following information which shall also be disclosed in the annual report—

(a) a list of all transactions in securities of the issuer by or on behalf of:
   (i) A key person (held beneficially, whether directly or indirectly) of the issuer;
   (ii) A key person (held beneficially whether directly or indirectly) of a major subsidiary company of the issuer;
   (iii) or any associate of the directors; and.

(b) such notice shall contain the following information—
   (i) the name of the director;
   (ii) the name of the company of which the person is a director;
   (iii) the date on which the transaction was effected;
   (iv) the price, number, value and class of securities concerned;
   (v) in the case of options or any other similar right or obligation, the option strike price, strike dates and periods of exercise and/or vesting;
   (vi) the nature (buy/sell) of the transaction; and
   (vii) the nature and extent of the director's interest in the transaction.

(9) The company shall require each of its Directors to disclose to it all information, which the company needs in order to comply with the above (insofar as that information is known to the director or could with reasonable diligence be ascertained by the Director). Such information should be disclosed by the Director to the issuer without delay and, in any event, by no later than 1630hrs on the day following the trade date (T+1). The issuer must in turn submit such information to the MSE without delay and, in any event, by no later than two days following the trade date (T+2).

(10) The Board of any Listed Company should put in place an insider trading policy that complies with the Paragraph 7.44(1) to (9) and requirements of the Securities Act. Listed companies are required to provide a framework to Directors, key management personnel and other employees when dealing in securities of the company.

(11) The Company's insider trading policy must cover—

(a) When employees may not deal in the company's securities;

(b) When employees may not deal in listed securities of another entity (because they may obtain inside information about another entity's securities while performing their duties for their company); and
(c) Procedures to reduce the risk of insider trading.

Appointment of auditors and reporting accountants

7.45. (1) An issuer shall only appoint as its auditor and reporting accountant an audit firm, individual auditor and reporting accountant who is registered as such with the Malawi Accountancy Board. This requirement must be considered by the committee responsible for audit and assurance when recommending an auditor for appointment at the annual general meeting.

(2) Within 90 days of an audit firm or individual auditor registration with the Malawi Accountancy Board being terminated, an issuer must replace its auditor with an auditor who is registered with the Malawi Accountancy Board.

(3) The change of Auditor should be made before the auditor signs the next audit report, failing which the issuer must caution shareholders as to the status of its auditor and this caution/ warning must appear whenever reference is made to the audit report in an announcement or in the financial statements themselves.

Change of name

7.46. Preliminary approval must be obtained from the MSE for the proposed new name and the proposed new abbreviated name to be used on the board (the abbreviated name must not be more than eight letters in length). Documents to be submitted are stipulated under paragraph 6.19.

Companies also quoted on another stock exchange

7.47. A listed company whose securities are listed on any other stock exchange must ensure that equivalent information is made available at the same time to the market of each exchange on which the company's securities are listed unless prohibited by or in terms of the rules or requirements of any other stock exchange.

Continuing obligations for Secondary listings

7.48. The MSE will allow the requirements of the primary exchange to take precedence in relation to applicant issuers with a secondary listing on the MSE, with the following exceptions—

(a) Compliance with the requirements of the primary market must not lead to actions which conflict with the General Principles of the MSE stated in the introduction unless otherwise authorized in writing by the MSE.
(b) the annual financial statements and any other communication with shareholders must state where the primary and secondary listings of the issuer's securities are;
(c) In circumstances where the issuer's financial statements are not prepared and reported in accordance with IFRS, the issuer must always publish an addendum to the reports published in the primary market which discloses and reconciles the same report with IFRS.
(d) Issuers must advise, and obtain approval from, the MSE with regard to the timetables for all corporate actions. Issuers must ensure that the MSE is notified in advance in order to ensure that the MSE can accommodate the

processing of these corporate actions for shareholders on the Malawi share register.

Information to be processed by the MSE

7.49. Listed companies shall ensure that information, which is provided to the MSE for processing, is the same as that provided to other parties such as transfer secretaries.

SECTION 8 – CIRCULARS, AND PRESS ANNOUNCEMENTS

SCOPE OF SECTION

This section sets out—

a) the general requirements which apply to all circulars, pre-listing statements, prospectuses and press announcements published by listed companies; and
b) the specific requirements relating to the method of issue of securities to be listed;

Where the circular, pre-listing statement, prospectus or press announcement, or the transaction or matter to which it relates, has unusual features or where it is not possible to comply with the relevant requirements set out in this section, the Board must be consulted immediately. Sections 9 and 10 detail the information to be included in pre-listing statements, announcements and circulars relating to transactions and related party transactions.

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CONTENTS OF ALL CIRCULARS

8.1. Circulars and pre-listing statements sent by a listed company to holders of its listed securities must:

(a) provide a clear and adequate explanation of the subject matter;
(b) if voting or other action is required:
  (i) contain all the information necessary to allow the holders of the securities to make a properly informed decision; and
  (ii) contain a heading drawing attention to the importance of the document and advising holders of securities who are in any doubt as to what action to take to consult appropriate independent advisors;
(c) state that where all the securities have been sold or transferred by the addressee, the circular and any other relevant documents should be passed to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee;
(d) include all the information published, or to be published, simultaneously with the circular or pre-listing statement, in any press announcement issued in connection with the transaction to which the circular or pre-listing statement relates; and
(e) where new securities are being issued in substitution for existing securities, explain what will happen to existing documents of title.

Formal approval

8.2. All press announcements, interim and preliminary reports and financial statements, must not be published until they have received the approval of the Board; and circulars must not be published until they have been approved by the Board.

CONTENTS OF PRESS ANNOUNCEMENTS AND CIRCULARS FOR EACH LISTING METHOD

INTRODUCTIONS

8.3. Applicants seeking a listing by way of an introduction are required to publish the following on the day of the commencement of listing;

Press Announcement:

(a) A press announcement which should include the following—

  (i) the number and description of the securities concerned;
  (ii) the name, date of registration and registration number of the applicant;
  (iii) the general nature of the main business or proposed main business actually carried on or to be carried on by the applicant and its subsidiaries;
  (iv) the names and addresses of the directors of the applicant; and
  (v) the places at and times during which copies of the pre-listing statement may be obtained, and if the press announcement is not a full pre-listing statement a statement of such;

Circular

(b) A pre-listing statement which should in addition to the requirements of Section 4, include the statements contained specifically in Paragraph 4.23;

PRIVATE PLACINGS

8.4. Companies seeking a listing by way of placing should publish, on the day of the commencement of listing, the documents together with the respective contents as set out for an introduction in Paragraphs 8.3 (a) and (b).

OFFERS FOR SALE OR SUBSCRIPTION

8.5. Applicants seeking a listing by way of an offer for sale or subscription are required to publish the following:

Press announcements

(a) A press announcement which should either contain the contents of the prospectus (as set out in Section 4) or should contain an abridged prospectus with the following information—

(i) the number and description of the securities concerned;
(ii) the name and date of registration of the applicant;
(iii) the general nature of the main business or proposed main business actually carried on or to be carried on by the applicant and its subsidiaries;
(iv) the names and directors of the applicant;
(v) the places at and times during which copies of the prospectus may be obtained;
(vi) where all the securities which are the subject of an offer are intended to be offered only to members of a company or debenture holders as the case may be, with or without the right to renounce in favour of other persons—
a. the issue price of such securities;
b. the ratio in which such securities will be offered to the members or debenture holders entitled to accept the offer; and
c. the last day on which members or debenture holders must register as such in order to be entitled to receive the offer; and
(vii) the last day for subscribing.

Circular

(b) The circular for an offer for sale or subscription should take the form of a prospectus and comply with Section 4 and the Companies Act.

RENOUNCEABLE OFFERS

8.6. (1) The applicant in a renounceable offer is required to publish two press announcements and pre-listing statement as set out below—

(a) the first press announcement must contain at least the information required in Paragraph 8.5 (a);
(b) the second press announcement must give the following information—
(i) the date from which the pre-listing statement will be available and from whom it can be obtained: and
(ii) the date the applicant's issued securities and the letters of allotment will be issued;

(2) The listed company renouncing the securities to its shareholders must publish

four press announcements, according to the timetable set out in Paragraph 3.26, containing the information referred to in Paragraph 8.7 (a).

(3) The press announcements issued by the applicant and the listed company must be published together provided that the applicant's pre-listing statement contains all the information contained in press announcements issued by the listed company and the responsibility statement from the directors of the applicant covers such information

RIGHTS OFFERS AND CLAW BACK OFFERS

8.7. Listed companies seeking a listing for securities issued by way of a rights offer or claw-back offer are required to publish the following;

Press Announcements

(a) four press announcements in accordance with the timetable set out in Paragraph 3.34 and complying with the following;

(i) Provision of the last date to register for shareholders to participate in the offer;
(ii) the second press announcement must give the terms of the offer and a statement that application has been made to the Board for a listing of the renounceable letters and subsequent securities (the advertisements in a. and b. could be combined)
(iii) the third press announcement must—

a. advise that the Board has granted a listing for the renounceable letters of allocation and subsequent securities; or
b. state that copies of the circular or pre-listing statement will be available for inspection at the company's sponsoring brokers, transfer office, registered office and such other locations as may be appropriate, by the
c. be released the Friday prior to the Monday on which the listing of the letters of allocation commences;

(iv) the fourth press announcement must give the number of securities taken up by the shareholders of the applicant and the number of securities taken up by the underwriter.

Circular

(b) comply with the following—

(i) If a pre-listing statement is to be published in accordance with Section 4 it should contain the information set out in that section.
(ii) A pre-listing statement must contain a statement that "This rights issue circular incorporates listing particulars and is issued in compliance with the Listing Requirements of the MSE, for the purpose of giving information to the public with regard to the company";
(iii) If a pre-listing statement is not required by Section 4 a circular should be published containing the information required by the following Paragraphs of Section 4—

The applicant and its capital	4.13(1),4.24(1)or 4.24(2)
Directors, manager and advisers	4.14(1), 4.14(6),4.21,4.22
Securities for which application is being made	4.42, 4.43(2)
Group's activities	4.46(2),4.46(8),4.50
Financial information	4.55, 4.58
General information	4.62
Documents to be available for inspection	4.64

(iv) In addition, the circular should contain details of all Category 3 or 4 transactions (as described in Section 9) not previously notified to shareholders by way of a circular.

CAPITALISATION AND SCRIP DIVIDENDS

8.8. Companies seeking a listing for securities issued by way of a capitalisation of reserves and/or an application of share premium or capital redemption reserve fund are required to publish and or comply with the following:

Press Announcements

(a) For a scrip dividend or cash underpin by a third party for a capitalisation issue, three press announcements are required—
  (i) the first press announcement must give the last date on which shareholders must be registered in order to participate in the scrip dividend (or capitalisation issue where applicable) and the exact cash value of the dividend or the exact ratio of the capitalisation issue;
  (ii) the second press announcement must give the ratio of new securities offered to existing securities or the exact cash value of the underpin; and
  (iii) the third press announcement must give details of the results of the scrip dividend and the fact that the dividend has now been declared or the level of acceptances of the cash underpin.

(b) For other capitalisation issues a press announcement is required giving details of—
  (i) the proposed capitalisation issue;
  (ii) the last date on which shareholders must be registered in order to participate in the capitalisation issue;
  (iii) the date on which the scrip arising out of the capitalisation issue will be issued;
  (iv) the number of shares that will be issued in relation to the number of shares already in issue; and
  (v) the date on which the new number of shares generated by the capitalisation issue will be listed.

Circular

(c) A circular should be published containing the information set out in Paragraph 4.43 and complying with the requirements of Paragraphs 3.45 to 3.46 in the case of scrip dividends and with Paragraphs 3.39 to 3.44 in the case of capitalisation issues.

ACQUISITION ISSUES

8.9. (1) The requirements for the contents of press announcements and circulars relating to Category 1, 2, 3 and 4 transactions can be found in Section 9.

(2) If the transaction is an offer to shareholders—

(a) which is recommended by the board of directors of the offeree company at the time of the publication of the offer document, the applicant must include a working capital adequacy statement in respect of the proposed enlarged group and details of material loans on the basis that the offer has been completed 100% successfully ("the combined basis");

(b) Which has not been recommended by the board of directors of the offeree company at the time of publication of the offer document, the applicant must include a working capital adequacy statement and details of material loans in respect of its own group only.

(c) The MSE will allow the statement on the combined basis to be provided in a late announcement, circular or supplementary pre-listing statement, within 28 days after the offer is declared unconditional.

ISSUES FOR CASH

8.10. (1) Specific issues for cash

Companies seeking a listing for securities issued for cash should publish a circular containing the following—

(a) the notice of general meeting
(b) Disclosure if any of the equity securities are to be issued to non-public shareholders;
(c) disclosure on the number or maximum number of equity securities to be issued;
(d) disclosure if the discount at which the equity securities are to be issued is not limited; or if the discount at which the securities are to be issued is limited, such limit must be disclosed;
(e) disclosure if the issue is —
  (i) to a related party/ies, and
  (ii) the price at which the equity securities are issued is at a discount to the weighted average ruling price of such equity securities measured over the 30 business days prior to the date that the price of the issue is agreed in writing between the issuer and the party subscribing for the securities;

then such issue shall be subject to the inclusion of a statement by the board of directors as well as an independent professional expert (complying with Schedule 6) acceptable to the MSE certifying that in their opinion after due and careful enquiry, such issue is fair and reasonable and in the interests of the shareholders (excluding the related party/ies if it/they are equity securities holders) of the issuer;

(f) full disclosure of the detailed effects of the proposed issue including the effect on net asset value per share;
(g) a statement by the directors of the company;
(h) an explanation for any discount to prevailing and recent market prices;
(i) a statement that to the knowledge of the directors and controlling shareholders (if any), the company is not the subject of an announced or expected takeover bid;
(j) the name(s) and address(es) of the subscribers to the issue for cash; and
(k) the paragraphs of Section 4 described in Paragraph 8.8 except for the information required by Paragraph 4.35.

(2) General issues for cash

If an issuer is seeking a general authority for issues for cash, a circular must be sent to securities holders including the following:

(a) the notice of general/annual general meeting; and
(b) the disclosure referred to in paragraph 3.53.
(c) After an issuer has issued equity securities in terms of an approved general issue for cash representing, on a cumulative basis within the period contemplated in paragraph 3.51(b), 5% or more of the number of equity securities in issue prior to that issue, the company shall publish an announcement containing full details of the issue, including:
  (i) the number of securities issued;
  (ii) the average discount to the weighted average traded price of the equity securities over the 30 business days prior to the date that the issue is agreed in writing between the issuer and the party/ies subscribing for the securities;
  (iii) an explanation, including supporting information (if any), of the intended use of the funds.
  (iv) impact on net asset value and earnings per share

Letters of allocation

8.11. (1) The salient details of the rights or claw back offer or capitalisation issue must be printed on the front page of the letter.

(2) The instructions in respect of acceptance, renunciation, splitting and payment and the sections to be completed by the renouncer and renouncee must be printed on the subsequent pages.

(3) Where excess securities are made available the application form must be printed indifferent colour to the letter of allocation.

Voluntary liquidation

8.12. (1) Where a listed company proposes to enter into voluntary liquidation, a circular should be dispatched with the notice of general meeting incorporating the following—

(a) a summary of the mechanics of the liquidation distribution and the payment procedure to be adopted;
(b) any exchange control rulings/procedural guidelines;
(c) the taxation implications of the distribution;
(d) a proforma net asset statement (see Paragraphs 5.11 or 5.12) if the listed company has entered into any Category 1 to 4 transactions or, if not, the information required by Paragraph 4.55(1);
(e) the effect on capital and earnings to the shareholder; and
(f) the information required by Paragraph 4.42.

(2) Should shareholders approve the voluntary liquidation a written application must be submitted for the termination of the listing on a stated date. The listing will be terminated at the close of business on that date.

Redemption of securities

8.13. (1) Where a listed company proposes to redeem securities, a circular should be dispatched with the notice of general meeting incorporating the following—

(a) a summary of the salient features, dates, rationale and action required;
(b) any exchange control rulings;
(c) the taxation implications of the redemption;
(d) the effect on capital and earnings to the shareholder; and

(e) the information required by Paragraph 4.42.

(2) The requirements of Paragraph 8.13(1) may be waived by the Board where such redemption does not contain any options and must be redeemed on specific terms and at specific times.

Change of name of a listed company

8.14. (1) Two circulars should be sent to shareholders where a company proposes to change the name—

(a) the first circular should call for the necessary meeting and give details of the resolutions shareholders will be asked to pass an order to effect the proposed change of name; and
(b) the second circular must give the results of the resolutions and, if the resolutions have been passed, state—
(i) whether the change of name has been registered with the Registrar of Companies;
(ii) the date from which the MSE will give effect to the change of name;
(iii) the abbreviated name of the company; and
(iv) instructions as to the procedure to be adopted regarding existing share certificates.

(2) Where share certificates are being recalled the second circular must be sent to shareholders at least two weeks prior to the date on which the company's securities are listed under its new name;

(3) The day from which the listing is amended must always be a Monday, or if this is not a business day from the next business day.

Subdivision/consolidation of securities

8.15. (1) Two circulars should be sent to shareholders where a company proposes to consolidate or subdivide its securities—

(a) the first circular should call for the necessary meeting and include the following:

(i) details of the resolutions shareholders will be asked to pass in order to effect the consolidation or subdivision;
(ii) the reasons for the subdivision/consolidation;
(iii) the ratio of the subdivision/consolidation;
(iv) a statement that application has been made to the Board for the amendment of the company's listing; and
(v) the procedure to be adopted regarding existing share certificates if the special resolution is passed by shareholders and the Board has agreed to the amendment of the listing;
(b) a second circular must be sent to shareholders immediately after the general meeting and should contain—
(i) the outcome of the meeting;
(ii) whether the application for the listing of the subdivided/consolidated securities has been granted by the Board;
(iii) the date from which the listing is to be amended; and
(iv) the procedure to be adopted in respect of the recall of the existing share certificates.

(2) a press announcement embodying details contained in b. above must be

published.

(3) The Board will consider only applications in respect of share splits from companies whose securities have a high market price and/or are poorly traded so as to improve the marketability of the securities.

(4) No company in the "Cash Companies" section of the List will be permitted to split its securities, if, as a result of such split the net asset value or indicated market price after the split is reduced to below One Malawi kwacha per share.

(5) The date from which the listing is amended must always be a Monday or if this is not a business day from the next business day.

Issue of authorised but unissued shares which are under the control of the directors

8.16. Where a company is contemplating an increase of capital and the authorised but unissued shares are being placed under the direct control of the directors with no indication as to whom they will be issued; the notice to the shareholders must contain the following statement:

"No issue of these shares is however contemplated at the present time and no issue will be made which could effectively transfer the control of the company without prior approval of shareholders in General Meeting."

Change of transfer secretaries or CSD

8.17. The following procedures are required when there is a change in the transfer secretary/secretaries or CSD of a listed company—

(a) a notice advising members of the listed company's change of transfer secretary/secretaries or CSD, together with the relevant details, must be sent to all registered members;

(b) a press announcement detailing the changes must be published at least two weeks before the due date of change; and

(c) the listed company must advise the MSE, in writing, of the change and must include details in respect of the listed company's new transfer secretary/secretaries or CSD.

Cautionary announcements

8.18. (1) Cautionary statements, which should be published as soon as possible, should contain all available details regarding the negotiations and a warning to shareholders that they should consult their professional advisors before dealing in their shares until such time as the result of the negotiations is known.

(2) In all instances where a cautionary announcement has been published, the company must publish a progress report at least every 30 days, unless the MSE allows otherwise, until negotiations have either been finalised and shareholders informed of their outcome in the manner required in the Listings Requirements or have been terminated and shareholders informed accordingly.

Electronic copies of all announcements, Prospectuses, Pre-listing Statements and Circulars

8.19. (1) Electronic copies of all Press Announcements, Prospectuses, Prelisting Statements and Circulars (regulatory publications) must be provided to the MSE for publication through the mailing list and website or other approved mobile applications and platforms at least a day prior to publication in the newspaper to enable the publication of electronic announcements and newspaper publications to be made simultaneously.

(2) Issuers are encouraged to update their websites with regulatory publications but can only release the announcements on their websites after such publications have been approved by the Exchange.

(3) Issuers cannot release regulatory publications to the public through any other media, including social media, unless such publications have been approved by the Exchange.

(4) Listed companies may either send hard copies or electronic copies of circulars, pre-listings statements and prospectuses to shareholders. Shareholders may elect to receive hard copies of prelisting statements, prospectuses and circulars.

Indemnity

8.20. (1) The MSE will endeavour to ensure that regulatory publications made through the mailing list, the website or other approved mobile applications and platforms are published in the form submitted by the listed company. The MSE, however, makes no undertaking, representation or warranty, either in this regard or as to the accuracy or completeness of the information published.

(2) No liability shall attach to any Committee member or employee or agent of the Exchange for any loss or damage sustained by any person, member or by any employee or agent of the Exchange, as a result of the information published.

(3) Each Issuer indemnifies the MSE and holds the MSE harmless against all and any loss (direct, indirect or consequential), liability, action, suit, proceeding, cost, demand and damage of all and every kind or nature, directly or indirectly arising from reliance on or receipt or use of the service or from the provision of the service (or its failure) as well as, but not limited to, the circumstances set out above, save when such loss, liability, action, suit, proceeding, cost, demand or damage is directly attributable to the MSE's own wilful default or gross negligence.

Copyright

8.21. Any person submitting regulatory publications for publication is deemed to warrant to the MSE that such person is the owner of the copyright and other intellectual property rights in such information ("the rights") or, if such person is not the owner of such rights, that it has submitted such information with the owner's consent. The owner shall, in submitting or causing such information to be submitted to MSE for publication, be deemed to have licensed the MSE to disseminate such information and the MSE shall, accordingly, not infringe any of the owner's rights by so doing.

Embargo on company announcements

8.22. To obviate leakage of information, companies are not permitted to release for publication company announcements (including press announcements, circulars and pre-listing statements) under a time embargo and release dates should be in agreement with the MSE.

Name or logo of a broking firm

8.23. (1) The names of the members of the MSE may appear in any advertisement or document issued by or on behalf of any company. Where the names of members appear the following words must be added after their names: "Member of the

MSE".

(2) Where the name or logo of a broking firm appears on an advertisement or document, irrespective of whether the advertisement or document is in respect of a listed or unlisted company, the following should be noted—

(a) the document/advertisement must be cleared with the Board;
(b) the document/advertisement must conform to the listings requirements; and
(c) the document will be subject to normal documentation fees (if applicable).

Availability of pre-listing statements or circulars

8.24. Members of the MSE may obtain copies of the pre-listing statements or circulars by submitting a request to the sponsoring broker for the number of copies required. It will be the duty of the sponsoring broker to pass on such applications to the company who will be responsible for posting these promptly to the applicants.

APPENDIX TO SECTION 8

Guidelines on the Publication of Information

The following table provides a summary of the requirements for the publication of information relating to listed companies.

Reference (section paragraph unless otherwise stated	Information	No. of copies for MSE	Distribute to shareholders	Publish in press
7.1 and 7.4	Voluntary price sensitive announcements	3	No	No
7.3	Trading Statements	3	No	Yes
7.5	Cautionary announcement	3	No	Yes
7.9	Dividend or Interest Announcements	3	Note 4	Yes
7.10	Interim Reports	3	No	Yes
7.11	Annual Financial Statements (Audited)	3	Yes	Note 2
7.8(3) and 7.11(2)(a)	Notices of Annual General Meetings and the Minutes	3	Yes	Yes and Note 1
7.12	Preliminary Financial Statements	3	Yes	Yes
7.18	Notification relating to capital	3	Yes	Yes
7.28	Press announcements	3	Note 5	Yes
7.43	Changes to directorship	3	No	No and Note 7
7.44	Directors' dealings in securities	3	No	No
7.45	Appointment or change in auditor and reporting accountant	3	No	No
7.46 and 6.19	Change of name	3	Yes	Yes
Section 4	Pre-listing statements and Prospectuses	3	Yes	Yes

NOTES:

1. Details concerning the date, time and venue of the annual general meeting must be included in the abridged report.
2. An abridged version of the Annual financial statements is required to be published in the press.
3. Dividend announcements must be published in the press and/or be distributed to all shareholders. If published in the press, it must be published in English (see Paragraph 7.28).
4. Guidance must be obtained from the MSE as to whether the nature of the press announcement requires that it should be sent to all shareholders.
5. If the change in directorship involves the chairperson, the change must be published in the press.

SECTION 9 - TRANSACTIONS

SCOPE OF SECTION

This section deals with transactions, principally acquisitions and disposals, by a listed company. It does not matter whether the consideration paid or received is cash, shares, other securities, other assets, or any combination of these. It describes how they are categorised, what the requirements are for announcements and circulars and whether shareholder approval is required. It then considers additional requirements for take- overs and mergers.

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GENERAL

9.1. (1) References in this section to a transaction by a listed company—

(a) include a transaction by any subsidiary of the listed company;

(b) exclude a transaction in the ordinary course of the company's trading activities; and

(c) exclude an issue of securities or a transaction to raise finance which, in either case, does not involve the acquisition or disposal of any asset of the listed company or its subsidiaries.

(2) A listed company which is in any doubt as to the application of the Listings Requirements contained in this section must consult the Board before taking actions or step which may be affected by the listing requirements.

Categorisation and explanation of terms

9.2. (1) Any listed company considering a transaction must, during such consideration, also consider the categorisation of the transaction.

(2) A transaction is categorised by assessing its size relative to that of the listed company proposing to make it and the listed holding company of such listed company, if applicable.

(3) The comparison of size is made by use of the percentage ratios set out in Paragraph 9.3. The different categories of transactions are—

(a) Category 4 - a transaction where either of the percentage ratios are less than 10% but more than 5%;

(b) Category 3 - a transaction where any percentage ratio is 10% or more but each is less than 20%;

(c) Category 2 - a transaction where any percentage ratio is 20% or more but each is less than 30%;

(d) Category 1 - a transaction where any percentage ratio is 30% or more; and

(e) Reverse takeover - any transaction, or series of transactions, involving an acquisition by a listed company of a business, an unlisted company or assets which would result in a fundamental change in the business or in a de jure change in board or voting control of the listed company except in the circumstances outlined in Paragraph 9.7.

Percentage ratios

9.3. (1) The percentage ratios are the figures, expressed as a percentage, resulting from each of the following calculations—

(a) consideration to market capitalisation - the consideration divided by the aggregate market value of all the equity securities of the listed company. Consideration in this case must be equivalent to an open market value of the asset or the appropriate proxy of the asset, in cases where consideration was determined from a closed door (private) negotiation, the consideration to book value of the company must be used instead; or

(b) Dilution - the number of securities issued by a listed company as consideration for an acquisition compared to those in issue prior to the transaction.

(c) In circumstances where the transaction falls within the definition of a "substantial transaction" as defined in the Companies Act, such transaction shall be categorised by the MSE as a Category 1 transaction irrespective of the resulting percentage ratios, and shall be subject to a Special Resolution as defined in these Requirements.

(2) In circumstances where either of the above calculations produces an anomalous result or where the calculations are inappropriate to the sphere of

activity of the listed company, the Board reserves the right to—

(a) request a fairness opinion on transaction values; or

(b) take into account other appropriate percentage ratios; or

(c) use any other relevant indicators of size to determine the categorization.

Consideration

9.4. When calculating the consideration—

(a) where all or part of the consideration is in the form of securities to be listed, the consideration attributable to those securities means the aggregate market value of those securities based on the ruling price of such securities at the time the terms of the transaction are agreed;

(b) the consideration is the amount paid to the vendors, but the Board may require the inclusion of further amounts in such cases as where the purchaser agrees to discharge any liabilities, whether actual or contingent, of the vendors as part of the terms of the transaction and other cases;

(c) if deferred consideration is or may be payable in the future, the consideration is the maximum possible total consideration payable under the agreement. If the total consideration is not subject to any maximum the transaction will normally be regarded as category 1, notwithstanding the category into which it otherwise falls; and

(d) in respect of a new class of securities for which an application for listing will be made, the consideration will be the issue price of such securities or, if no price is attributable thereto, the expected aggregate market value of all those securities, determined by the MSE in the absence of evidence of same provided by the listed company.

Figures used for categorisation

9.5. Figures used for categorisation purposes must be the aggregate market value of all those securities before the announcement or in the case of consideration in the form of a new class of securities for which an application for listing will be made, the issue price of such securities or, if no price is attributable thereto, the expected aggregate market value of all those securities.

Change in percentage ratios

9.6 . If either of the percentage ratios changes to the extent that the categorisation of the transaction is altered between the time the transaction is first discussed with the Board and the announcement, the Board must be consulted for a determination.

Exceptions to categorisation rules

9.7. (1) In the case of a reverse takeover, if all the following conditions are satisfied, the acquisition will be treated as Category 1—

(a) the subject of the acquisition is of a similar size to that of the acquiring company;

(b) the subject of the acquisition is in a similar line of business to that of the acquiring company;

(c) the enlarged group is suitable for listing; and

(d) there will be no change of board or voting control.

(2) Special requirements apply in the case of mineral companies (see Section 11) and property companies (see Section 12).

Indemnities and similar arrangements

9.8. (1) Any agreement or arrangement with a party, not being a member of the listed company's group—

(a) under which a listed company agrees to discharge any liabilities for costs, expenses, commissions or losses incurred by that party, whether or not on a contingent basis;

(b) which would be exceptional; and

(c) under which the maximum liability is unlimited:

will be treated as a Category 1 transaction. For the purpose of this rule, indemnities such as those customarily given in connection with sale and purchase agreements and indemnities given to advisors against liabilities to third parties arising out of providing advisory services are not "exceptional". In cases of doubt the Board must be consulted for a determination before the proposed action is taken.

Aggregation of transactions

9.9. (1) All transactions completed during any of the following periods must be aggregated with the latest transaction for the purpose of determining the categorisation to apply to the latest transaction—

(a) the 12 months prior to the date of the latest transaction;

(b) the period since the date on which the most recent published audited balance sheet was prepared; and

(c) the period since the publication of the latest pre-listing statement or circular, whichever is the shorter.

(2) In cases of doubt the Board must be consulted for a determination before the proposed action is taken.

(3) If under Paragraph 9.8. above the aggregation results in a Category 1 requirement for shareholder approval, then that approval is required only for the latest transaction.

Application of Reverse Take Over Provisions

9.10. (1) Where acquisitions are entered into during a period of 12 months which cumulatively exceed 100% in either of the percentage ratios, the provisions relating to a reverse takeover will apply.

(2) Without prejudice to the generality of Paragraphs 9.9. and 9.10.(1), transactions will normally only be aggregated in accordance with those paragraphs if they—

(a) are entered into by the company with the same party or with parties connected with one another;

(b) involve the acquisition or disposal of securities or an interest in one particular company; or

(c) together lead to substantial involvement in a business activity which did not previously form a part of the company's principal activities.

Category 4 requirements

9.11. (1) In the case of a Category 4 transaction the company must immediately, and in any event within 7 days, disclose the details of the transaction to the MSE and include details of the transaction in its next interim report, annual financial statements, announcement, circular or other document issued to shareholders. Such details must include—

(a) particulars of the transaction, including the names of any company or

business, the subject of the transaction, and if an acquisition, the vendors;

(b) a description of the business carried on by, or using, the net assets the subject of the transaction;

(c) the consideration, and how it was satisfied, including the terms of any arrangements for deferred consideration;

(d) the value of the net assets which are the subject of the transaction and the effect on the net assets (per share) of the company, if material. For the purposes of this paragraph, the Board will regard 3% as being material;

(e) the profits attributable to the net assets the subject of the transaction and the effect on the net profit (per share) of the company, if material. For the purpose of this paragraph, the Board will regard 3% as being material;

(f) any benefits which are expected to accrue to the company as a result of the transaction;

(g) in the case of an acquisition where not all the securities have been acquired, state the reason why all the securities were not acquired and whether, and to what extent, anyone associated with the controller of the applicant, its subsidiaries or associates has an interest in the company being acquired;

(h) in the case of a disposal, if share or other securities formed part of the consideration received, a statement whether such securities are to be sold or retained.

(2) In addition, if securities have been acquired in a company which, as a result becomes a subsidiary company as defined in the Act, the listed company must confirm, in writing to the Board, that the constitution of such subsidiary company will be amended to conform with Schedule 11 where necessary.

Category 3 requirements

9.12. (1) In the case of a category 3 transaction the company must, immediately and in any event within 7 days, after the terms of the transaction are agreed, publish, in compliance with Paragraph 7.28, a press announcement giving such details of the transaction as set out in Paragraph 9.11.

(2) The press announcement must include those details required in a Category 4 transaction as stated above and include such details on all Category 4 transactions made since the last document or circular sent to shareholders.

Supplementary notification

9.13. (1) MSE must be advised, and a supplementary press announcement made, if, at any time after the notification referred to in Paragraph 9.12.(1) has been made, the listed company becomes aware that—

(a) there has been a significant change affecting any matter contained in that earlier notification; or

(b) a significant new matter has arisen which would have been required to be mentioned in that earlier notification if it had arisen at the time of the preparation of that notification.

(2) In Paragraph 9.13.(1), “significant” means significant for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses, cash flow and prospects of the listed company and the rights attaching to any securities forming part of the consideration. It will include a change in the terms of the transaction such that the percentage ratios are affected and the transaction requires re-categorisation into a higher category.

(3) The supplementary notification must give details of the change or new matter and also contain a statement that, save as disclosed, there has been no significant change affecting any matter contained in the earlier notification and no other significant new matter has arisen which would have been required to be mentioned in that earlier notification if it had arisen at the time of the preparation of that notification.

Category 2 requirements

9.14. (1) Upon the terms of a Category 2 transaction being agreed the company must-

(a) immediately and in any event within 7 days, comply with the requirements of a Category 3 transaction and state within the announcement that a circular to shareholders will be issued in compliance with sub rule (b) below; and
(b) within 28 days dispatch such a circular to shareholders.

(2) The Category 2 circular must comply with the general requirements relating to circulars as set out in Section 8 and must include—

(a) the information required under Category 4 transaction (see Paragraph 9.11.(1));
(b) details of any service contracts of proposed directors of the listed company;
(c) where goodwill is involved, a statement regarding the company's accounting policy towards goodwill as well as the reasons for such goodwill payment;
(d) a statement giving the directors' opinions on the transaction;
(e) the information required by the Appendix to this section in relation to Category 2 circulars (see Paragraph 9.17.(1));
(f) in the case of an acquisition of an interest in an undertaking which will result in the consolidation of the net assets of that undertaking or a disposal of an interest in an undertaking which will result in the net assets no longer being consolidated, an accountant's report as set out in Section 5;
(g) in the case of a transaction not falling within f. above, a summary of any relevant financial information (or a statement that none exists) together with confirmation that the directors consider that the value to the company justifies the price paid or received by it; and
(h) as an appendix, details of all Category 4 transactions (as specified in Paragraph 9.11 (1)) and copies of all Category 3 announcements made since the publication of the company's last annual financial statements or interim report, or pre-listing statement, category 2 or 1 circulars, whichever is the most recent.

Category 1 requirements

9.15. (1) In the case of a Category 1 transaction the company must comply with Paragraph 9.14. (the Category 2 requirements).

(2) In addition, the company must obtain the approval of its shareholders in general meeting, and any agreement affecting the transaction must be conditional upon such approval being obtained and the circular should include a statement giving the directors' opinions on the transaction, a recommendation as to how shareholders should vote at the general meeting to approve the transaction and an indication as to how the directors intend to vote, if applicable, at the general meeting.

(3) Upon the terms of a Category 1 transaction being agreed, the issuer must within 28 days, dispatch a circular to shareholders containing a notice of general meeting to obtain their approval and any agreement effecting the transaction must be conditional upon such approval being obtained.

(4) In addition, if the Category 1 transaction results in an issue of securities which, together with any other securities of the same class issued during the previous three months, would increase the securities issued by more than 30%, then the company must include in the Category 1 circular the information required to be disclosed for a pre-listing statement.

Reverse takeover requirements

9.16. (1) The listed company, as enlarged by the acquisition, must be suitable for listing as if it was a new applicant and satisfies the conditions for listing as set out in Section 2.

(2) The announcement of a reverse takeover must contain adequate warning as to the uncertainty of whether the Board will allow the listing to continue following the acquisition.

(3) The company must prepare a category 1 circular and listing particulars as though the company were a new applicant. If such Category 1 circular and listing requirements are not provided to the shareholders within 30 days of the announcement, the Board will suspend the listing of the company's securities.

(4) The category 1 circular must clearly advise shareholders whether or not the Board will continue to grant a listing to the listed company if shareholders approve the acquisition. Also refer to Paragraph 9.18.(1).

Contents of circulars

9.17. (1) In addition to the requirements of Paragraphs 9.14. to 9.16., a category 1 or 2 circular must include the information required by the table set out in the Appendix to this Section. Where the circular is accompanied by or forms part of a pre-listing statement which itself contains the information required, such information need not be repeated.

(2) The working capital statement and, where relevant, information on group prospects and any profit forecast must be on the basis of the enlarged group in the case of an acquisition and on the basis that the disposal has taken place in the case of a disposal.

(3) Where the listed company is issuing securities for which listing is sought, the information regarding major interests in securities and directors' interests in securities must be given in relation to the share capital both as existing and the share capital as enlarged by the securities for which listing is sought.

(4) Where a circular is required by this section and pre-listing statements are required by Section 4, a single document may be issued which comprises pre-listing statements provided that—

(a) it contains all the information required by this section and Section 4; and

(b) the document is submitted to the Board for formal approval prior to its publication (see Paragraph 4.7.(1)).

(5) If securities are being issued as consideration for an acquisition and a Category 2 circular is required, then listing will not be granted for those securities until the circular has been dispatched.

(6) In the case of a Category 1 transaction, listing will not be granted until shareholders approval has been obtained.

Detailed requirements for takeovers and mergers

General requirements

9.18. (1) All parties involved in negotiations for mergers and takeovers should aim for the ideal situation, that is, that negotiations should be carried out in such secrecy that no suspension of listing would be necessary and the company would be able at the conclusion of negotiations to make an announcement giving full details of the transaction.

(2) If the situation described in 9.18.(1) above is not attainable the parties must submit

to the MSE a draft press announcement for approval.

(3) Such announcement, which must be published as soon as possible after Board approval, should contain all available details regarding the negotiations and a warning to shareholders that they should consult their professional advisors before dealing in their shares until such time as the result of the negotiations is known. In these circumstances no suspension will normally be necessary, but where a brief suspension occurs because of factors such as prices fluctuations, the listing will usually be restored on publication of the announcement.

(4) Any other suspension of a listing, at the request of a company, will only occur in very exceptional circumstances, and then for the briefest possible period.

(5) In all instances where a preliminary announcement has been published the parties concerned must publish a progress report every 30 days until negotiations have been finalised whereupon an announcement giving full details must be published.

(6) Companies should ensure that when negotiations commence, the attention of all directors and members of staff involved should be drawn to prohibiting insider trading.

Preliminary announcement

9.19. (1) A Preliminary Announcement must be issued in the press at the earliest possible moment, in the event of a takeover bid by a listed company for a listed or unlisted company, or a takeover bid being received by a listed company.

(2) In this preliminary announcement, the following information should be included—

(a) name of company or party making the bid;
(b) name of offeree company;
(c) price and/or method of payment;
(d) percentage of shares for which the offer is being made; and
(e) date of expiry of offer.

(3) The earliest possible indication to shareholders of negotiations is of utmost importance and accordingly a statement should not be withheld if fullest particulars are not available for immediate publication.

Change of control

9.20. (1) Any person, including directors, together with those of their families and trusts, who controls a company and who contemplates transferring control must not, other than in special circumstances, the existence of which is in the sole discretion of the Board, transfer such control unless the buyer of control undertakes to extend, within a reasonable time period, a similar offer to the holders of the remaining equity share capital.

(2) Where no control situation can be identified, it shall be the duty of the board of directors of the listed company in question to bring to the attention of any person who acquires shares and seeks to exercise control of the company, that he is required to extend, within a reasonable period of time, an offer to holders of the remaining equity share capital on the basis set out in Paragraph 9.20.(6).

(3) The Board may require that an offer be made, within a reasonable period of time, to the holders of the remaining equity share capital on the basis set out in Paragraph 9.20.(6) where any person acquires through the medium of the market shares in a listed company which enables control to be exercised, and

the Board is of the opinion that shareholders have not been afforded a reasonable opportunity (the duration of which shall be determined by the Board but which shall not be shorter than ten trading days) to dispose of their shareholdings in the market.

(4) The provisions of sub-rule 3 above shall not apply where control is acquired partially through transactions outside the market and partially through transactions through the medium of the market, in the event of which an offer, on the basis set out above, will be required to be made.

(5) When acquiring shares pursuant to Paragraph 9.20.(3) above a special bargain transaction cannot be undertaken if that special bargain forms part of recent sales that contribute to the passing of control, unless the buyer simultaneously undertakes to extend an offer, on the basis set out in Paragraph 9.20 (6) to the holders of the remaining equity share capital in that company.

(6) Where control is acquired by buying shares outside the market or partially outside the market and partially through transactions in the market, the offer to the holders of the remaining equity share capital in the listed company in question shall be—

(a) in cash at not less than the highest price (excluding all charges) paid by the person(s) liable to make the offer and by persons acting in concert with him/them;
(b) in the same listed security as constituted settlement of the shares acquired by the listed company in question;
(c) in the same combination as that in (a) and (b) above as constituted settlement of the shares acquired in the listed company in question; and
(d) accompanied by a cash alternative where settlement of the shares acquired in the listed company in question was not in cash or in securities listed or being listed on the MSE.

(7) The following circumstances will not be construed as change of control:

(a) where control of a listed company is exercised by a consortium or group of shareholders, shuffles within this control including the emergence of a new dominant member or the exclusion of an existing member; and
(b) where control is vested in readily identifiable family or similar interests, shuffles within this control.

(8) In situations where control is exercised by any technique whatsoever, changes in this control whether outright or by the addition of other elements, which involve purchase of shares, will not be permitted unless a similar offer is extended to all shareholders.

(9) In all instances which are not covered specifically by the above rules it is essential that a person who intends acquiring control of a listed company should consult the MSE before concluding any transactions.

(10) When an announcement regarding a proposed cash offer to minority shareholders of a listed company is first submitted to the MSE for its approval, such announcement must be accompanied by an undertaking from the offer or given to the MSE that the offer will be made within a reasonable time to minority shareholders in accordance with MSE requirements.

(11) As security for the undertaking referred to above in sub rule (10), the offeror must deposit cash with a registered banking institution or some other party acceptable to the MSE, or must give a guarantee or an underwriting commitment from a registered banking institution or some other party acceptable to the MSE.

(12) When the deposit referred to in sub-rule (11) above is made, the party with whom the deposit is made is to give a letter to the MSE indicating that it is aware of the purpose of the deposit and that it will not permit a withdrawal from that

deposit until such time as the offer is implemented or until such time as the MSE authorises a refund of the deposit, whichever is the earlier.

Guidelines

9.21. (1) Detailed guidelines can be obtained from the MSE concerning mergers and takeovers involving listed companies and unlisted companies with changes of control between the listed and unlisted companies.

(2) Where such other guidance is not detailed below, further guidance on the procedure and announcements involved in a merger or takeover can be obtained from the most recent "City Code on Takeovers and Mergers" of the London Stock Exchange which the Board regards as an authoritative document so far as not in conflict with the laws of Malawi.

Merger in terms of Part XII- Division II of the Companies Act, No. 15 of 2013

9.22. (1) A Merger implemented in terms of Part XII- Division II of the Act shall be approved by a majority in number, representing 75% in value of each class of members of each of the merging companies, present and voting either in person or in proxy at a meeting.

(2) The transaction shall require prior approval of the Panel on Takeovers and Mergers.

(3) A draft of the proposed terms of the transaction containing all information as required by the Companies Act shall be drawn up and adopted by the directors of the merging company and shall be submitted to the MSE.

(4) An expert's report, prepared by a person who is eligible for appointment as a statutory auditor, shall be drawn up on behalf of each of the merging companies and shall be written on the draft terms to the members of the company.

(5) The experts report shall—

(a) Indicate method or methods used at arriving at the exchange ratio;
(b) Give an opinion whether the methods(s) used are reasonable in all the circumstances of the case, indicate the values arrived at using each such method and (if there is more than one methods) give an opinion on the relative importance attributed to such methods in arriving at the value decided on;
(c) Describe any special valuation difficulties that have arisen; and
(d) State whether in the expert's opinion the share exchange ratio is reasonable.

(6) If the last annual accounts of any of the merging companies relate to a financial year ending more than 7 months before the first meeting of the company summoned for the purposes of approving the scheme, the directors of the company shall prepare supplementary accounting statement in compliance with the Companies Act

(7) In the case of a merger by formation of a new company the constitution of the transferee company, or a draft of them, must be approved by ordinary resolution of the transferor company (or companies).

Reverse takeover

9.23. It is presumed that in the case of a "reverse takeover" between two listed companies, control and direction of the new company will in all probability change and if in doubt, the party must consult MSE for an opinion or approval. However, the MSE will have no objection but a pre-listing statement or such documentation as the MSE may require must be submitted and approved.

Requirements for takeover bids or offers to purchase

9.24. (1) This subsection is applicable to all "Takeovers and Mergers" which in any way affect the rights, privileges or security of, or which would be of material interest to any class of shareholder/debenture holder of any listed company.

(2) At least 21 days before the opening of the offer submit for approval under cover of a letter all the relevant documentation.

(3) The appointment of a sponsoring broker is required

(4) The information for inclusion in documents will vary with each case submitted but the minimum requirements must, so far as is possible, be adhered to; and

(5) The company shall send a copy of the offer document to any new shareholder whose name has been included on the register between the date of the issue of the documents and the record date.

(6) With a view to placing the shares beneficially owned by the offer or company and to those of persons/companies who have by agreement indicated their prior acceptance of the offer, on the same basis as those shareholders of the offeree company who accept the offer, the directors of the offeror company shall ensure and submit a written undertaking that during the period the offer remains open, neither it, nor its nominees nor those associated with the offer or with the control of the offeror company, will sell directly or indirectly, or dispose of or alienate any of the shares in the offeree company which are beneficially owned by it or them.

(7) A statement must be included in the document that late postal acceptances will be accepted provided the envelope is postmarked with a date on or before the closing date of the offer and provided they are received within a specified, reasonable, period.

(8) Simultaneously with the issue to shareholders, a specified number of copies of the circulars issued by the offeror company and the offeree company are to be lodged with the MSE for transmission to broking members.

(9) A summary of the offer shall be advertised in the press not later than the day following that on which the circular was posted to shareholders.

(10) Within 7 days after the confirmatory meeting of shareholders of the offeror company (if such a meeting be necessary), the company shall deliver written advice to the MSE of the decision of the meeting.

(11) Companies shall refer to the provisions of the companies Act in relation to Take over as provided for in Part XII Division IV and V.

Takeover by way of scheme of arrangement under the Companies Act, No.15 of 2013

9.25. (1) Companies shall refer to the Companies Act in relation to Take over as provided for in Part XII- Division V of the Companies Act and the Companies (Panel on Takeovers and Mergers) Rules, 2016.

(2) Any announcement concerning a possible take-over must be approved by the Panel prior to its release.

(3) Copies of all draft documentation sent to the Panel for approval must be submitted to the MSE, together with a letter confirming that the relevant documentation has been submitted to the Panel.

(4) The MSE must receive written notification within 7 days after approval being granted by the Panel in respect of any documentation that is to be circulated to shareholders.

(5) All copies of the actual approved documentation must be sent to the MSE together with the letter referred to in Paragraph 9.25.(4) above.

(6) A takeover implemented by way of a scheme of arrangement shall require a majority representing three fourths of the nominal value of the votes exercisable by the members present or voting by proxy.

(7) In the case of a listed company, the MSE requires that the votes exercisable shall be those of members of the company other than the controlling shareholders.

(8) The following draft documents regarding the scheme of arrangement must be submitted to the MSE for informal comment at least 21 days prior to the MSE Listings & Strategy Committee meetings—

(a) explanatory statement;
(b) scheme of arrangement document;
(c) application for listing/delisting;
(d) surrender circular - regarding surrender of scrip in exchange for consideration offered; and
(e) press announcements advising shareholders of the relevant meetings and the results of such meetings.

(9) The following minimum information must be included in the explanatory statement sent to the offeree company's shareholders in respect of a cash offer:

(a) comparison between the offer price, the market value and net asset value of the offeree company's shares;

(b) the effect on income as related to earnings and dividends per share;

(c) future prospects of the offeree company;

(d) history and nature of the business of the offeree company;

(e) latest financial information of the offeree company and any material changes since the date of the last annual financial statements;

(f) if the last balance sheet had been issued more than nine months previously then a statement should be included that there have been no material changes since the date of the last annual financial statement and the offeree company's interim report for the past six months must be included in the document;

(g) relevant monthly market prices and volume traded of offeree company's shares for the past year and also daily for the week prior to the announcement;

(h) a "fair and reasonable" statement from a competent independent advisor, such as an auditor or merchant bank, if the transaction is not at arm's length or if any special circumstances exist;

(i) names of directors and their interests in both companies and the interests of the companies in each other;

(j) procedure regarding surrender of scrip;

(k) a statement that unclaimed monies will be held in trust until claimed;

(l) a statement that no receipts will be issued for scrip surrendered unless specifically requested. Lodging agents to prepare special transaction receipt if required;

(m) a statement that directors common to both boards will not vote at the scheme meeting in respect of their beneficial shareholdings;

(n) the salient dates applicable to the scheme;

(o) notice of meeting;

(p) the following statement by the directors of the offeror company:

"The directors collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false or misleading and that they have made all reasonable enquiries to ascertain such facts.";

(q) a statement of the documents available for inspection;

(r) a statement whether the directors of the offeree company recommend the acceptance of the offer and whether they intend to accept the offer in respect of their own shareholdings.

(10) The following minimum information must be included in the explanatory statement sent to the offeree company's shareholders in respect of a share exchange—

(a) comparison between market value and net asset value of the offeror and offeree companies shares in respect of the consideration offered;

(b) the effect on income;

(c) future prospects of the offeree and offeror company;

(d) financial information of the offeree and offeror company and if the last balance sheet had been issued more than nine months previously then a statement should be included that there have been no material changes since the date of the last balance sheet and the offeror and offeree companies interim report for the past six months must be included in the document;

(e) history and nature of business of offeror and offeree companies;

(f) relevant monthly market prices and volumes traded of offeror and offeree companies shares for the past year and also daily for the week prior to the announcement of the offer;

(g) a "Fair and reasonable" statement from a competent independent advisor such as an auditor or merchant bank if the transaction is not at arm's length or if any special circumstances exist;

(h) names of directors and their interests in both companies and the interests of the companies in each other;

(i) the following statement by the directors of the offeror company:

"The directors collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge

and belief there are no other facts the omission of which would make any statement false and misleading and that they have made all reasonable enquiries to ascertain such facts".;

(j) particulars of dividends - (included or excluded from the offer) a statement whether consideration ranks *pari passu* with the offeror company's other shares from date of listing. The MSE under normal circumstances will not grant a separate temporary listing;
(k) procedure regarding surrender of scrip;

(l) a statement of the documents available for inspection;

(m) a statement that all unclaimed scrip will be held in trust until claimed;

(n) a statement that no receipts will be issued for scrip surrendered unless specifically requested. Lodging agents to prepare special transaction receipts where required;

(o) a statement whether the directors of the offeree company recommend the acceptance of the offer and whether they intend to accept the offer in respect of their own shareholding;
(p) notice of meeting;

(q) a statement that directors common to both boards will not vote at the scheme meeting in respect of their beneficial holdings;

(r) the salient dates applicable to the scheme.

(11) The circular to the offeror company's shareholders, if consideration is more than 30% of the offeror company's share capital and realised reserves, must include the following information—
(a) the effect of the takeover on the company's earnings per share and the net asset value;

(b) future prospects of the offeree company;

(c) history and nature of business of the offeree company;

(d) latest financial information of offeree company and any material changes since date of last balance sheet and a five year profit history of the offeree company;

(e) a "fair and reasonable" statement from a competent independent advisor, such as an auditor or merchant bank;

(f) notice of meeting (if applicable);

(g) names of directors and directors' interests in the offeror and offeree companies and the interest of the companies in each other; and

(h) particulars of dividends - including a statement whether consideration shares rank *pari passu* from date of listing.

General procedures to be followed

9.26. (1) Simultaneously with the issue to shareholders, specified number of copies of the circulars and scheme documents issued by the offeror company and offeree company are to be lodged with the MSE for transmission to broking members;

(2) a summary of the offer shall be advertised in the press not later than the day following that on which the circular and scheme documents were posted to shareholders;

(3) Within 7 days after the confirmatory meeting of shareholders of the offeror company (if such meeting is necessary) and the scheme meetings of the offeree company, the MSE must be advised of the decision of the meetings.

Contents of offer document

9.27. (1) The offer document must contain information as prescribed under the First Schedule of the Companies (Panel on Takeovers and Mergers) Rules, 2016.

(2) The following minimum information must be included in the offer document sent to the offeree company's shareholders in respect of a cash offer—

(a) comparison between the offer price, the market value and net asset value of the offeree company's shares;

(b) the effect on income as related to earnings and dividends per share;

(c) future prospects of the offeree company;

(d) history and nature of business of the offeree company;

(e) latest financial information of the offeree company and any material change since the date of the last annual financial statement;

(f) relevant monthly market prices and volume traded of offeree company's shares for the past year and also daily for the week prior to the announcement of the offer;

(g) a "fair and reasonable" statement from a competent independent advisor, such as an auditor or merchant bank, if the transaction is not at arm's length or if any special circumstances exist;

(h) names of directors and their interests in both companies and the interests of the companies in each other;

(i) procedure regarding surrender of scrip;

(j) a statement that unclaimed monies will be held in trust until claimed—

(k) a statement that no receipts will be issued for scrip unless specifically requested. Lodging agents are to prepare special transaction receipts if required;

(l) a copy of the relevant section of the Act;

(m) a statement by the directors of the offeror company:

"The directors collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false and misleading and that they have made all reasonable enquiries to ascertain such facts'";

(n) a statement whether the directors of the offeree company recommend acceptance of the offer and whether they intend to accept the offer in respect of their own shareholdings;

(o) A statement;

(i) that the offer is irrevocable from the date on which the offer is made;

(ii) that depending upon the result of the offer, the offeror company will invoke the relevant provisions of the Act in order to compulsorily acquire

the remainder of the shares of the offeree company; or

(iii) of the policy of the offeror company regarding acceptances from shareholders who become registered shareholders after the record date; and

(p) a statement of the documents available for inspection.

(3) The following information must be included in the offer document sent to the offeree company's shareholders in respect of a share exchange—

(a) comparison between market value and net asset value of the offeror and offeree companies shares in respect of the consideration offered;

(b) the effect on income as related to earnings and dividends per share;

(c) future prospects of the offeror company and offeree company;

(d) financial information of the offeror company and offeree company. If the last financial statements had been issued more than nine months previously then a statement should be included that there have been no material changes since the date of the last annual financial statements and the offeror and offeree companies' interim reports for the past six months must be included in the document;

(e) history and nature of the business of the offeror and offeree companies;

(f) relevant monthly market prices and volume traded of offeror and offeree companies' shares for the past year and also daily for the week prior to the announcement of the offer;

(g) a "fair and reasonable" statement from a competent independent advisor, whose appointment has been agreed with the MSE, such as an auditor or merchant bank if the transaction is not at arm's length or if any special circumstances exist;

(h) names of directors and directors interests in the offeror and offeree companies and the interest of the companies in each other;

(i) the following statement by the directors of the offeror company:

"The directors collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false and misleading and that they have made all reasonable enquiries to ascertain such facts.";

(j) a statement whether the directors of the offeree company recommend acceptance of the offer and whether they intend to accept the offer in respect of their own shareholdings;

(k) particulars of the dividends - (included in or excluded from the offer). A statement whether consideration shares rank paripassu with the offeror shares from the date of listing. The MSE under normal circumstances will not grant a separate temporary listing;

(l) procedure regarding surrender of scrip;

(m) documents available for inspection;

(n) a statement that all unclaimed scrip will be held in trust until claimed; and

(o) a statement that no receipt will be issued for scrip surrendered unless specifically requested Lodging agents are to prepare special transaction receipts if required
(p) a copy of the relevant section of the Act.

Circular to offeror's shareholders

9.28. (1) The circular to the offer or company's shareholders (if consideration is more than 30% of the offer or company's share capital and realised reserves) should contain the following information—

(a) the effect of the takeover on the company's earnings per share and net asset value;

(b) future prospects of the company;

(c) history and nature of business of the offeree company;

(d) latest financial information of offeree company and any material changes since date of last annual financial statements and a five-year profit history of the offeree company;

(e) a "fair and reasonable" statement from a competent independent advisor, whose appointment has been agreed with the MSE, such as an auditor or merchant bank, if the transaction is not at arm's length or if any special circumstances exist;

(f) notice of meeting (if applicable);

(g) names of directors and directors' interest in the offer or and offeree companies and the interest of the companies in each other;
(h) Particulars of dividends - a statement whether consideration shares rank *pari passu* from date of listing. The MSE under normal circumstances will not grant a temporary listing. Simultaneously with the issue to shareholders, a specified number of copies of the circulars issued by the offer or company and by the offeree company are to be lodged with the MSE for distribution to broking members. A summary of the offer shall be advertised in the press not later than the day following hat on which the circular was posted to shareholders

(2) Within 7 days after the confirmatory meeting of shareholders of the offer or company (if such meeting is necessary) the offer or company must advise the MSE of the decision of the meeting; and
(3) Upon the takeover bid becoming unconditional the MSE shall be notified within 7 days and under these rules, the takeover bid is termed unconditional from the date it is binding on the offer or company
(4) Upon the close of the offer:
(a) a letter shall be sent to the MSE stating whether or not the conditions of the offer have been fulfilled and furnishing particulars of the percentage of acceptance and of the number of shares acquired; and
(b) the circular for the suspension and subsequent termination of the listing must be submitted for approval to the MSE.

Additional information in offer documents

9.29. The following additional information must be included in offer documents relating to all forms of mergers and takeovers—

(a) the opening and closing date of the offer. The minimum period during which the offer must remain open is three weeks;

(b) however, the offer should not remain open for unduly lengthy periods. It will be realised that shareholders who have accepted the offer are handicapped until such time as the offer becomes binding;

(c) if the offer is for cash or for an alternative payment in cash, state date of payment;

(d) the procedure for payments to non-resident shareholders must be stated;

(e) a statement that, in the event of the offer becoming a binding contract between the offer or company and the shareholders of the offeree company, application will be made to the MSE Listings & Strategy Committee for the listing of any shares which are to be issued in exchange;

(f) a statement in the case of a cash offer whether the offer or company intends to pay the purchase consideration from its own resources;

(g) the record date. Fourteen days' notice of the record date must be given;

(h) a statement regarding the transfer of shares in the offeree company during the period the offer remains open; and

(i) the offer documents shall include such further information as may be required by the MSE.

Requirements upon close of offer

9.30. The following is applicable to all takeover bids upon the close of the offer—

(a) the listed offer or company is required to make an application forthwith for a listing in respect of any shares which are to be issued in exchange for the assented shares;

(b) all certificates for such shares shall be issued within 21 days of the close of the offer;

(c) payment of cash consideration or first installment if payable in more than one payment, shall be paid within seven days from the date of the close of the offer; and

(d) it is essential, once the offer has been finalised, to make the result of the offer known to shareholders of both companies and to the public as promptly as possible. In the event of the conditions of the offer not being fulfilled the share certificates and transfer forms shall be returned forthwith to the beneficial owners.

Standby offer

9.31. (1) A "standby offer" to the minority shareholders of a company will be permitted only if on the last business day prior to the printing of the document the market price of the company's shares exceeds the offer price by approximately 10% or by an amount that is satisfactory to the MSE—

(2) the circular to shareholders in respect of the offer must be submitted to the MSE for informal approval prior to submission to the Board for formal approval, and must contain at least the following information—

(a) the reasons for making the offer;
(b) the high and low market prices at which the shares have traded since the announcement was made regarding an offer to the minority shareholders;
(c) the market price on the last business date prior to the printing of the offer circular; and
(d) the opening and closing dates of the offer (the period during which the offer

must remain open must be at least 21days).

(e) The MSE in its discretion may request additional information and will refer to the First Schedule of the Companies (Panel on Takeovers and Mergers) Rules, 2016.

(f) The company must advise the MSE of the number of acceptances within14 days after the closing date of the offer, together with an updated analysis of shareholders.

APPENDIX TO SECTION 9

The following table identifies the information required to be included in a Category 2 or Category 1 circular (in addition to that required by Paragraphs 9.26 or 9.27) in respect of the listed company and the undertaking the subject of the transaction by reference to certain paragraphs of Section 4. Information denoted by an * is required.

Paragraph	Description	Category 2 Listed Company	Undertaking the subject of the transaction	Category 1 Listed the subject of the transaction	Undertaking
4.13	Name & address	*	*	*	*
4.29 (2)(b)	Statement of indebtedness				
4.34.	Major interest in shares	*		*	
4.21	Directors interests in shares	*		*	
4.22.	Directors interests in transactions	*		*	
4.23.	Directors responsibility statement	*		*	
4.46 (8)	Groups prospects	*		*	*
4.46 (6) & (7)	Change of direction			*	
4.50.	Litigation		*	*	*
4.53 (1) & (2)	Accountant's report		*		*
4.31.	Working capital	*	*	*	*
4.58.	Material changes	*	*	*	*
4.59.	Report on any profit forecast			*	*
4.60.	Net asset statement			*	*
4.61.	Significant contracts			*	*
4.61(3)	Directors service contracts	*		*	
4.62.	Experts consents	*		*	
4.64.	Documents available for inspection			*	
4.65.	Vendors	*		*	

SECTION 10 - TRANSACTIONS WITH RELATED PARTIES

SCOPE OF SECTION

This section provides certain safeguards against those shareholders, directors and/or other persons related to a listed company taking advantage of their position. Transactions with parties related to a listed company are known as related party transactions. Reference should also be made to the listings requirements regarding transactions set out in Section 9. Where any transaction is proposed between a listed company (or any of its subsidiaries) and a related party, a circular to shareholders and the approval of the shareholders of the listed company in general meeting will normally be required.
Any circular sent to shareholders in connection with a related party transaction must provide sufficient information to enable any recipient of the circular to evaluate the effects of the transaction on the listed company.

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10.7	Contents of circular

DEFINITIONS

10.1. For the purposes of this section, the following definitions apply—

(a) a "related party transaction" means a transaction, or any variation or novation of an existing agreement, between a listed company (or any of its subsidiaries) and a related party;

(b) "related party" means—

(i) a material shareholder;

(ii) any person who is, or within the 12 months preceding the date of the transaction, was a director of the listed company or any of its subsidiaries or its holding company or any subsidiary of its holding company. For the purpose of this definition, a director includes a person who is, or within the 12 months preceding the date of transaction was, not a director but in accordance with whose directions or instruction the directors are or were accustomed to act;

(iii) any advisor to the listed company which has, or within the 12 months preceding the date of the transaction, had a beneficial interest, whether direct or indirect, in the listed company or any of its associates;

(iv) any person who is, or within the 12 months preceding the date of the transaction, was a principal executive officer of the company, by whatever position he may be, or may have been, designated and whether or not he is, or was, a director;

(v) an associate of the persons in parts i. to iv above;

(vi) the asset manager or management company of a property entity, including anyone whose assets they manage or administer; and

(vii) the controlling shareholder of the entities in Paragraph 10.1.(b)(vi).

(c) "material shareholder" means any person who is, or within the 12 months preceding the date of the transaction, was entitled to exercise or control the exercise of 5% or more of the votes able to be cast on all or substantially all matters at general meetings of the listed company (or any other company which is its subsidiary or holding company or which is a fellow subsidiary of its holding company).

(d) Notwithstanding the above definitions, the MSE may, in its sole discretion, determine that a transaction is a related party transaction if extraordinary conditions exist.

Consultation with the MSE

10.2. (1) Notwithstanding any other provisions of these Listings Requirements, any contemplated related party transaction, by a listed company (or any of its subsidiaries), which will lead to the ratio of the total transaction value (of all transactions with the same related party) to the Company's book value as per the last audited financial statements, above 1.0%, shall be referred by the issuer to the MSE for review before its implementation. The full details of the contemplated transaction must be disclosed to the MSE.

(2) The MSE shall give such directions to the issuer, as it may deem necessary, regarding the disclosure of the proposed related party transaction to shareholders. Issuers shall not exempt themselves from the provisions of this section.

(3) Issuers must take into consideration the value of all transactions entered into by the listed company (or any of its subsidiaries) with the same related party (and any of its associates) at the time of contemplation of the related party transaction for the purpose of complying with Paragraphs 10.2 (1) and (2) above.

(4) The Board may require the listed company to provide it with a declaration that, to the best of the knowledge and belief of the directors, any nominee

shareholders do not include any person who may be acting in consent with any other person in relation to the related party transaction.

Audit and assurance committee review

10.3. (1) A related party transaction as prescribed in Paragraph 10.2 (1) by a listed company (or any of its subsidiaries) is required to have been reviewed and recommended for approval by the committee responsible for audit and assurance of the listed company, either prior to the transaction being entered into or, if the transaction is expressed to be a conditional on such approval, prior to the completion of the transaction.

(2) Directors should ensure that they have, or have access to, sufficient knowledge or expertise to assess all aspects of the proposed Related Party Transactions and where necessary they should obtain appropriate professional and expert advice from appropriately qualified persons.

(3) The Board of any listed company should put in place a related party transactions policy that complies with the corresponding relevant provisions.

Usual requirements for a related party transaction

10.4 (1) If an issuer, or any of its subsidiaries, proposes to enter into a related party transaction and the MSE determines that the transaction is a related party transaction (subject to Paragraph 10.5), the issuer must—

(a) make a press announcement containing—

(i) the information specified in Paragraph 9.11;
(ii) the name and the relationship between the related party concerned and the listed company;
(iii) details of the nature and extent of the interest of the related party in the transaction;
(iv) Details of the transaction including relevant terms of the transaction, and the bases on which the terms were arrived at; and
(v) The rationale for, and benefit to, the listed company.

(b) send a circular to its shareholders containing the information required in Paragraph 10.7;

(c) obtain the approval, by resolution, of its shareholders either prior to the transaction being entered into or, if it is expressed to be conditional on such approval, prior to completion of the transaction; and

(d) include in the special or ordinary resolution to approve or give effect to the transaction a condition that the validity of the resolution will be subject to a simple majority of the votes of shareholders other than the related party and its associates being cast in favour of the resolution.

(e) include a statement by the board of directors confirming whether the transaction is fair insofar as the shareholders of the issuer are concerned and that the board of directors has been so advised by an independent expert acceptable to the MSE. The board of directors must obtain a fairness opinion (which must be included in the circular) prepared in accordance with Schedule 6, before making this statement unless the subject matter of a related party transaction is one of the following in which case the consideration should be compared to the valuation:

(i) property and a valuation report has been prepared in accordance with paragraphs 12.3 to 12.7; or
(ii) mineral assets and a competent person's report has been prepared in accordance with Section 11 by an independent competent person and such report contains a valuation.

(2) Where a meeting of the listed company has been called to approve a transaction and, after the date of the notice of the meeting but prior to the meeting itself, the

transaction becomes a related party transaction, the Board may require that the listed company either—

(a) take immediate steps to amend the relevant resolution by including the condition referred to in Paragraph 10.4(1)(d) and give notice of the amendment to shareholders by way of a circular containing also any information required by Paragraph 10.7 which was not contained in the original circular accompanying the notice of the meeting; or
(b) withdraw the notice of the meeting and convene a fresh meeting complying with Paragraph 10.4(1)(d).

Transactions not regarded as related party transactions

10.5. A transaction will not be regarded as a related party transaction if any of the following situations apply:

Equity securities not listed

(a) The issuer does not have any equity securities listed.

External company

(b) The listed company is an external company with a secondary listing on the MSE.

Issue of new securities

(c) The transaction is an issue of new securities either—
  (i) for cash by the listed company (or any of its subsidiaries) pursuant to an opportunity which (so far as is practicable) is made available to all holders of the listed company's securities (or to all holders of a relevant class of securities) on the same terms other than those excluded in terms of the Act; or
  (ii) made pursuant to the exercise of conversion or subscription rights attaching to a listed class of securities or previously approved by the listed company's shareholders in general meeting.

Employee's share scheme

(d) The transaction—
  (i) involves the receipt of securities by a director of the listed company, its holding company or any of its subsidiaries; or
  (ii) is a grant of an option to a director of a listed company, its holding company or any of its subsidiaries to acquire (whether or not for consideration) new or existing securities of the listed company; in accordance with the terms of an employees' share scheme which does not have the effect of conferring benefits only on directors of the listed company, its holding company or any of its subsidiaries;

Directors' indemnity

(e) The transaction is the grant of an indemnity to a director of the listed company (or any of its subsidiaries) to the extent permitted by the Act, or the maintenance of a contract of insurance to the extent contemplated by that section (whether for a director of the listed company or for a director of any of its subsidiaries).

Credit

(f) The transaction is a grant of credit (including the lending of money or the guaranteeing of a loan) to the related party—
  (i) on normal commercial terms in the ordinary course of business; or

(ii) in amount and on terms no more favorable than those offered to employees of the group generally;

Underwriting

(g) The transaction is an underwriting by the related party of all or part of an issue of securities by the listed company (or any of its subsidiaries) and the consideration to be paid by the listed company (or any of its subsidiaries) in respect of such underwriting is no more than the usual commercial underwriting consideration and is the same as that to be paid to the other underwriters (if any); or

Small transactions

(h) The transaction is one where both of the percentage ratios referred to in Paragraph 9.3 are equal to or less than 5%.

(i) Notwithstanding the general statement in 10.5.(h) above, where the percentage ration is less than 5% but more than 1%, the issuer must, prior to completing the transaction—

a. inform the MSE in writing of the details of the proposed transaction;

b. provide the MSE with written confirmation from the Board of Directors of the listed Company that the committee responsible for audit and assurance of the listed company has reviewed the transaction and determined that the terms of the proposed transaction with the related party are fair as far as the shareholders of the issuer are concerned. In the event that the Board of Directors is not constituted in full compliance with the Code of Ethics, the written confirmation must be from an independent professional expert acceptable to the MSE;

c. publish details of the proposed transaction in accordance with Section 10.4(1)(a) including a statement that Paragraph 10.5 (h)(i)(b) has been complied with, that the transaction has been declared to be fair and that the fairness opinion will lie for inspection at the issuer's registered office for a period of 28 days from the date of announcement; and

d. comply with the requirements regarding transactions with related parties as per Paragraph 10.4, if the committee responsible for audit and assurance and/or the independent professional expert states that the transaction is not fair.

Revenue transaction

(i) The transaction is one of a revenue nature in the ordinary course of business.

Aggregation

10.6. (1) The Board will require all transactions to be aggregated which are entered into by the listed company (or any of its subsidiaries) with the same related party (and any of its associates) in any 12 month period and which have neither been approved by shareholders nor described in a circular complying with the requirements of Paragraph 10.7.

(2) If the transactions in aggregate would be classified as a Category 3 or larger transaction (see paragraph 9.2(3)), the Board may require the company to comply with the requirements of Paragraph 10.7 in respect of the latest transaction and to disclose in the circular all relevant details of each of the transactions being aggregated.

Contents of circular

10.7. A circular relating to a related party transaction must comply with the general requirements relating to circulars as set out in Section 8 and must include also—

(a) a responsibility statement in accordance with Paragraph 4.23;
(b) in all cases the information required by the following Paragraphs of Section 4 in relation to the listed company—

Paragraph	Detail
4.13	name and address
4.34	major shareholders
4.55	financial information
4.58	material changes
4.61	significant contracts
4.62	experts' consents
4.64	Documents to be available for inspection

Note: in the case of a transaction where the related party is a director, or an associate of a director, of the company (or its holding company or any of its subsidiaries or fellow subsidiaries) the information specified by the following paragraphs:

4.21	directors' interest in securities
4.22	directors' interests in transactions
4.61(3)	directors' service contracts

(c) full particulars of the transaction, including the name of the related party concerned, a description of the relationship between the listed company and the related party and the nature and extent of the interest of such party in the transactions;
(d) in the case of an acquisition, or disposal of fixed property, or, in the case of a mineral company, an acquisition or disposal of minerals, mineral resources or mineral reserves (as defined in Section 11), an independent valuation including the value, the basis of valuation and the method of arriving at such value;
(e) a statement complying with Schedule 6 by an independent professional expert acceptable to the Board as to whether the transaction is fair and reasonable insofar as the shareholders of the listed company are concerned, provided that such statement shall not be required if an independent valuation has been conducted and disclosed in accordance with paragraph e. above;
(f) where applicable, a statement that the related party and its associates will be taken into account in determining a quorum at the shareholders' meeting but that their votes will not be taken into account in determining the results of the voting at such meeting in relation to any resolution in connection with the related party transaction;
(g) if the transaction also falls within Category 1 or 2, the information required to be included in Category 1 or 2 (see Section 9) circulars respectively; and
(h) details of any other transactions entered into by the listed company (or any of its subsidiaries) with the same related party (or any of its associates) which have not been approved by the shareholders.
(i) the fairness statement by the board of directors and the fairness opinion or valuation upon which the directors' statement is based, as required in terms of paragraph 10.4(e)

PART D: PROCESSES AND PROCEDURES FOR LISTING OF SPECIAL ENTITIES

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SECTION 11- MINERAL COMPANIES

SCOPE OF SECTION

This section sets out the criteria for the listing of, and the additional disclosure requirements for, mineral companies, which are defined as exploration companies and/or mining companies. Whilst the distinction between a mineral resource and reserve is sufficiently settled to permit these terms to be defined, generally acceptable definitions of sub-classification or mineral resources and reserves and, in particular, their interpretation have yet to be established in Malawi. It is therefore premature to impose mandatory sub-classifications for mineral resources and reserves on mineral companies, who are encouraged to adopt sub-classifications that are appropriate to each mineral deposit and that are consistent with good practice within the region. Where the situation arises and doubt exists, the MSE must be consulted for a determination.

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11.14	Additional continuous reporting obligations on Mining and Exploration activities

DEFINITIONS

11.1. For the purposes of this section, unless otherwise stated terms signifying the singular shall include the plural and vice versa and the following terms shall have the meanings set out below—

"competent person" in relation to the preparation of a competent person's report, must be an individual, firm, company or other legal entity which has a director, partner of any other employee who—

(a) is professionally qualified and is a member in good standing of an appropriate professional association, institution or body acceptable to the Board; and
(b) has, in the opinion of the Board, the necessary professional experience insofar as it relates to the contents of the report.
(c) And has declared no personal or other interest towards the transaction at hand and which interest would materially affect his opinion

"competent person's report" the report prepared by one or more competent persons and which complies with Paragraphs 11.8(1) in the case of exploration companies and with Paragraph 11.13 in the case of mining companies;

"exploration" the international searching or prospecting for any mineral, but not including mining.

"exploration company" a company whose principal activity is that of exploration;

"exploration information" information resulting from exploration;

"mineral" any substance, whether in solid, liquid or gaseous form, occurring naturally in or on the earth, in or under water or in tailings and having been formed by or subjected to a geological process, excluding water, but including sand, rock, gravel and clay, as well as soil other than topsoil.

"mineral company" an exploration company and/or a mining company

"mineral reserves" that part of a mineral resource which has been analytically demonstrated to justify mining, taking account, at the time of determination, mining, metallurgical, marketing, legal, environmental, social, economic and other applicable conditions (see note below);

"mineral resources" any mineral deposit in such form and quantity that mining of a mineral may be feasible. Location, grade, quality and quantity are estimated from specific geological evidence (see note below);

"mining" any excavation of the earth, including the portion under water or in any tailings, as well as any borehole, made for the purpose of winning a mineral or the exploration of any mineral deposit in any other manner;

"mining company" a company whose principal activity is that of mining;

Mineral Resources and Reserves

11.2.— (1) The listings requirements apply to mineral companies except as modified by this section.
(2) The provisions of Paragraphs 11.5 to 11.9. apply exclusively to exploration companies.
(3) The provisions of Paragraphs 11.10. to 11.13. apply exclusively to mining companies.
(4) To the extent that a mineral company is both an exploration company and a mining company all of these provisions will apply.

Guiding principles

11.3.— (1) The Listings Requirements apply to Mineral Companies and, in certain circumstances, to non-Mineral Companies owning substantial mineral assets.

(2) If information required to be disclosed under this section is confidential, for legal and/or other reasons and the directors of the applicant issuer can prove, to the satisfaction of the MSE that the applicant issuer's legitimate interests might be prejudiced if the information were to be disclosed, then the MSE may grant a dispensation from the requirement to make the information public.

(3) In the event the MSE has reason to believe that confidentiality of the information is breached, the MSE reserves the right to withdraw the dispensation and direct the Company to publish the information immediately.

Producing Mining Companies

11.4. Producing Mining Companies shall be permitted to list on the MSE and—

(a) these Companies shall have proven and probable reserves to provide a mine life of at least ten (10) years from the date of listing, as estimated by an independent competent person;
(b) Companies that are pre-production must provide a positive bankable feasibility study and commercial contracts supporting forecast revenues;
(c) for companies with operational mining projects, documented historical production and financial performance as well as commercial contracts supporting forecast revenues must be submitted.
(d) the companies shall have sufficient funds or commitments of funding to bring the mine into commercial production if applicable, adequate working capital to fund all budgeted capital expenditures and carry on the business; and
(e) the company must be solvent as declared by the Board of directors through a written declaration submitted to the Board.

Mineral Exploration and Development Companies

11.5. Mineral exploration and development companies shall be permitted to list on the MSE provided—

(a) they have properties which have been subject to exploration with results indicating that the property contains at a minimum a compliant inferred resource or equivalent per any of the accepted Mining Codes as detailed in a report prepared by an independent competent person.
(b) the company must present a planned work programme (minimum of three (3) years) for further exploration and/or development approved by the board of directors, detailing the expected costs and timelines.

Criteria for listing for Exploration Companies

11.6.— (1) The Board may admit to listing on the Mining sector of the Board the securities of an applicant not withstanding that the requirements of Paragraph 2.17(d) are not satisfied, provided that—

(a) the provisions of Paragraph 2.17.(a), (b), (c), (e), (f) and (g) are satisfied;
(b) the applicant undertakes or proposes to undertake exploration;
(c) the applicant demonstrates to the satisfaction of the Board that the applicant's managers have satisfactory experience in exploration; and
(d) the applicant demonstrates to the satisfaction of the Board that the applicant is entitled to explore for the relevant minerals.

(2) The issue need not be underwritten (refer to Paragraph 3.7)

(3) If the issue is underwritten, underwriters will provide full details as requested by the Act and Listings requirements.

Contents of pre-listing statements

11.7. In addition to the requirements of Section 4, the following information/documentation shall be included—

(a) a competent person's report, complying with Paragraph 11.8(1) and 11.8(3) and, if the competent person is not, in the opinion of the Board, independent of the issuer, the pre-listing statement must disclose clearly the nature of the relationship or interest;
(b) confirmation that the applicant, or its group (including companies in which it has investments), is in possession of the necessary legal title or ownership rights to explore and/or mine the relevant minerals.
(c) details of all management and service agreements;
(d) the names of the issuers' directors and technical advisors;
(e) details of any direct or indirect interest, beneficial or non-beneficial, which each director, competent person and related party (as defined in Paragraph 10.1.(b) has, or within two years of the date of the pre-listing statement, had—

(i) in any asset (including any right to explore for minerals) which has been acquired or disposed of by, or leased to or by the issuer, including any interest in the consideration passing to or from the issuer;
(ii) in the share capital of the issuer; and
(iii) in the promotion of the issuer;

(f) a statement of any legal proceedings that may have an influence on the rights to explore for minerals, or an appropriate negative statement;
(g) a glossary of the terms used in the pre-listing statement; and
(h) a detailed estimate/statement of—

(i) the exploration funding requirements for at least two years following publication of the pre-listing statement;
(ii) the exploration expenditure incurred to date and/or budgeted for; and
(iii) the projected adequacy of capital raised for exploration purposes.

Competent persons reports

11.8. (1) A competent person's report must—

(a) if the competent person is an individual, state the full name, address, professional qualifications and relevant experience of the competent person and the name and address of the professional association, institute or body of which he or she is a member;
(b) if the competent person is a firm, company or other legal entity, state the full name and address of the firm or company and the full name, professional qualifications and relevant experience of the key director, partner or employee who has prepared the report, the name and address of the professional association, institution or body of which he or she is a member;
(c) be dated less than six months prior to the date of publication of the pre-listing statement or circular and, in the case of a., be signed by the competent person; or in the case of b., be signed by the person or persons authorised to sign the report on behalf of the firm, company or other legal entity, together with the key director, partner or employee who has prepared the report;
(d) be updated prior to publication of the pre-listing statement or circular if further data becomes available, unless the pre-listing statement or circular sets out and explains the effect of such further data; and
(e) if the competent person is not independent of the issuer, clearly disclose the

nature of the relationship or interest.

(2) An issuer may appoint more than one competent person provided that their reports shall comply with Paragraph 11.8.(1) and 11.8(3).

(3) The competent person's report must include—

(a) A description of—
(i) the nature of the issuer's rights of exploration and the right to use the surface of the properties to which these rights relate; and
(ii) agreements, concessions, consents, permissions, permits or authorisations required and where those have been obtained, and
(iii) details of their principal terms and conditions;

(b) where applicable, a statement to the effect that—

(i) an environmental management programme as required by law has been approved by the Department of Mining and Surveys concerned and the cost of such programme; or
(ii) pending the approval of an environmental management programme, temporary authorisation to commence operations has been obtained; or
(iii) an extension of time within which to obtain approval of an environmental management programme has been granted;

(c) in respect of the issuers' exploration activities to date, a statement—

(i) of the nature of any relevant geophysical and geological evidence;
(ii) where applicable, of the results of drilling and sampling, stating the number of holes drilled, sample pits or trenches and their location, with a description of their current status, and a statement whether or not those results support the existence of the relevant minerals;
(iii) where applicable, of the names or the organisations that carried out the investigations and analysis; and
(iv) exploration expenditure incurred to date by the applicant issuer and by other parties, where available;

(d) in respect of the issuer's future exploration activities—

(i) a description of the general methods to be employed for exploration;
(ii) Planned exploration expenditure that has been committed, but not yet incurred, by the applicant issuer concerned; and
(iii) Planned exploration expenditure that has not been committed to by the applicant issuer but which is expected to be incurred within a twelve (12) month time period, in sufficient detail to fairly present future expectations.

(e) in respect of each major property, maps and plans demonstrating its location, the nature and extent of workings thereon and all principal geological features.

(4) The competent person's report must have in the margins the particular section of the Listings Requirements and the relevant mining code complied with.

Press announcements and circulars

11.9. (1) In addition to other requirements under the listings requirements, press announcements by exploration companies—

(a) insofar as they relate to any mineral deposit, must include any information available to the issuer concerning the characteristics of the deposit;
(b) insofar as they relate to mineral resources and/or reserves, must include a

description of the nature of mineralisation; and

(c) insofar as they relate or refer to a competent person's report, must—

(i) be approved in writing in advance of publication by the relevant competent person; and

(ii) if the competent person is not, in the opinion of the Board, independent of the issuer, disclose clearly the nature of the relationship or interest;

(2) In addition to the other requirements under the listing requirements, circulars in respect of Category 1 and 2 transactions by exploration companies must—

(a) include a competent person's report complying with Paragraph 11.8 if the information in such a report is relevant to the subject matter of the circular;
(b) if a competent persons report is included and the competent person is not, in the opinion of Board, independent of the issuer, disclose clearly the nature of the relationship or interest; and
(c) include a glossary of the terms used in the circular.

(3) An abridged version of such pre-listing statement/circular may be published in the press subject to approval by the MSE. The abridged version should be a concise summary of the Report and must cover, at a minimum, where applicable the following—

(a) purpose;
(b) project outline;
(c) location map indicating area of interest;
(d) legal aspects and tenure, including any disputes, risks or impediments;
(e) geological setting description;
(f) exploration programme and budget;
(g) brief description of events that may positively or negatively impact the project;
(h) brief description of key environmental issues;
(i) Mineral Resource and Mineral Reserve Statement;
(j) reference to risk section in the full Competent Person's Report;
(k) statement by the Competent Person that the summary is a true reflection of the full Competent Person's Report; and
(l) summary valuation table;
(m) Any other information which may be deemed material to investors.

Criteria for listing Mining companies

11.10. (1) The Board may admit to listing on the Board the securities of an applicant notwithstanding that requirements of Paragraph 2.17 (d) are not satisfied, provided that—

(a) the provisions of Paragraph 2.17 (a), (b), (c), (e), (f) and (g) are satisfied;
(b) the applicant undertakes or proposes to undertake mining;
(c) the applicant demonstrates to the satisfaction of the Board that the applicant's managers have satisfactory experience in mining; and
(d) the applicant demonstrates to the satisfaction of the Board that the applicant is entitled to mine the relevant minerals.

Contents of pre-listing statements

11.11. (1) In addition to the requirements of Section 4 and the requirements of Paragraphs 11.7(a) to (g), the following information shall be provided—

(a) an estimate of the mining and other related funding requirements for at least two years following publication of the pre-listing statement; and
(b) particulars of the estimated cash flow for either the two years following

publication of the re- listing statement or, if greater and where applicable, the period until the end of the first full financial year in which mining is expected to be conducted on an economic scale. Such particulars must include relevant revenue, cost, capital expenditure, tax and other material financial details required to enable the arithmetic calculation of such cash flow.

(2) The following additional information is to be included

(a) Where the company has been incorporated or registered within the last two years a certified copy of all Consulting Engineers' reports
(b) progress of work on the property;
(c) details of drilling and borehole results;
(d) details of any agreement to purchase machinery to develop the property and a statement as to the date it is estimated the machinery will be installed. In the case of a company incorporated or commencing business within two years prior to the date of the application, if there are no agreements an estimate of the amount required to purchase such machinery as may be necessary and a statement of the applicant's policy;
(e) tonnes milled, yield, working costs and working profits;
(f) annual ore reserves for the past three years, including grams per tonne where applicable, value and stopping width where applicable;
(g) applicant's commitments for miners' phthisis';
(h) a statement as to the directors' plans for reaching the producing stage or for increasing output;
(i) a statement whether the mining property is owned by the applicant or is under option;
(j) the name(s) of the traditional authority(ies) or deed number(s) in which situated;
(k) the area of the properties;
(l) the price paid. if the property is under option to the applicant, the following information to be included—

(i) the period of the option;
(ii) the option consideration or option rental;
(iii) the price payable if the option is exercised;
(iv) date option renewed to.

(m) any other relevant information such as exclusive prospecting rights, royalty rates and details of licences.

(3) in the case of foreign companies or foreign branches or subsidiaries of Malawi companies, the documents to be open for inspection will be the documents corresponding to those above mentioned in the case of Malawi companies and where such documents are not in English, notarially certified translations thereof must be available for inspection.

(4) in the event of any material alteration to the assets and prospects of the applicant within the period between the approval of the Advertised Statement and the grant of listing, an additional advertisement giving relevant information may be required.

Press Announcements and Circulars

11.12. The provisions of Paragraphs 11.9. shall, *mutatis mutandis*, apply to mining companies, save that the term "exploration" shall be substituted with that of "mining".

Competent Person's Report

11.13. (1) The provisions of Paragraphs 11.8. and shall, *mutatis mutandis*, apply in respect of the content of the competent person's report for mining companies, save that the term "exploration" shall be substituted with that of "mining". In addition, the competent person's report must include—

(a) in respect of the issuer's mineral resources and reserves, a statement providing—

(i) the geological feature of the occurrence, the type of deposit and its dimensions;
(ii) an estimate of the volumes, tonnages and grades, as appropriate;
(iii) a general description of the methods by which the details under ii were estimated;
(iv) the anticipated mining tonnages or volumes; and
(v) the processing volumes or tonnages, together with the other principal assumptions relating to forecast revenues and operating costs;

(b) a statement in relation to the issuer, providing—

(i) the production policy, including production rates of sites, mines and wells where production has been commenced already;

(ii) the estimated production rates relating to new mines, or reworkings, or new drilling, or work-overs;
(iii) an estimate of the working lives of each major property;
(iv) an indication of the basis on which these estimates have been arrived at; and
(v) the qualifications and experience of the key technical staff being, or to be, employed;

(c) the date on which mining commenced, or is expected to commence, on the issuer's major properties;
(d) an indication of the progress of actual working, including analysis (both in narrative and numerical form) of previous exploration, development and mining carried out on the issuer's major properties;
(e) commentary on the reasonableness of the directors' forecasts (if any) of the rates of mining of the issuer's major properties;
(f) commentary on the ownership, type, extent and condition of plant and equipment which is significant to the issuer's operations and which is in use currently on the issuer's major properties;
(g) information on significant additional plant and equipment which will be required to achieve the forecast rates of mining;
(h) an assessment of the value of the plant and equipment owned by the issuer currently in use for mining, save that such assessment will not be required if a statement is made confirming that the directors do not consider the plant and equipment to be of significance to an investor's assessment of the issuer's operations;
(i) basic criteria and/or valuation basis relating to all key criteria which may be used in arriving at a valuation based on a discounted cash flow mining model, also known as a net present value mining model.

(2) A statement setting out any additional information required for an appraisal of any special factors, affecting the mining businesses of the issuer, including difficulties of access to, or in recovery of, mineral resources and reserves and special circumstances, such as difficulties in transporting or marketing the ore which may affect the economic viability of the project, or an appropriate negative statement.

Additional continuous reporting obligations on Mining and Exploration activities

11.14. **(1)** In addition to the Requirements for all MSE listed companies, Mineral Companies and non-Mineral Companies owning interests in substantial mineral assets must submit to the MSE for publication, the following additional disclosures (Quarterly Market Updates) within 30 days of the end of each quarter—

(a) details of the mining production and development activities of the entity or group relating to mining and related operations, and a summary of the expenditure incurred on those activities. If there has been no production or development activity, that fact must be stated;
(b) a summary of the exploration activities (including geophysical surveys) of the entity or group, and a summary of the expenditure incurred on those activities. If there has been no exploration activity, that fact must be stated;
(c) the mineral exploration and development entity, or entity which has or whose subsidiary has acquired an interest in a mining tenement that is significant to the entity as the case may be, must include each of the following items in each report—

(i) the location of mining tenements held;
(ii) the location of mining tenements disposed of during the quarter; and
(iii) beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter.

(d) at the same time as they submit the Quarterly Market Update, Mining Companies should also submit a Mining Company Quarterly Cash flow Update.
(e) all reports must also comply with the relevant mining code if they include a statement relating to any of the following—

(i) exploration results; and
(ii) mineral resources or ore reserves.

(2) Due to the fact that mineral companies are extremely sensitive to environmental and social issues with high environmental and social exposure and impacts, this warrants specialised reporting frameworks for meaningful assessments of issuer risk and performance. Such issuers are required to—
(a) adopt industry-specific reporting framework; or
(b) the Global Reporting Initiatives Sector Supplements for selected industries; or
(c) such internationally and nationally recognised reporting frameworks.

(3) nothing in this section shall exempt an issuer from complying with continuous reporting obligations set out in other sections of these Listings Requirements, and in particular all mineral companies must comply with the continuous reporting obligations set out in paragraph 7.42.

SECTION 12 - PROPERTY COMPANIES

SCOPE OF SECTION

Property companies and listed companies which carry out certain property related transactions are subject to additional disclosure requirements, principally relating to valuations. Property dealing companies may be subject to different treatment depending on the circumstances of each case. A listed property company, or a property company seeking a listing, must comply with the requirements contained in this section, in addition to all other applicable Listings Requirements. Other issuers who own property or who conclude property transactions must comply with the valuation requirements set out in this Section.

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DEFINITIONS

12.1. For the purposes of Section 12, the following definitions apply—

"adjusted GAV" means GAV adjusted for the following events occurring after the reporting period of the latest published results:

(a) the addition of any increase in value of any existing properties, but only where any increase in value is supported by a valuation report prepared in terms of paragraph 12.5.;
(b) the addition of the nominal value of any new debt to the extent that the intended utilisation of that new debt is such that it results in an increase in GAV;
(c) the addition of any amount of any capital raised through the issue of new securities to the extent that the intended utilisation of the capital raised is such that it results in an increase in GAV;
(d) the deduction of any capital repayments that have been made on the liabilities; and
(e) the deduction of any amount of any capital returned to security holders through a repurchase of securities in terms of paragraphs 3.65 to 3.70;

"collective investment scheme" means a collective investment scheme as defined in Section 2 of the Securities Act, No. 20 of 2010;

"external valuer" is an independent property valuer, who is in practice and is a member of the Institute of valuers.

"GAV" is the consolidated gross asset value as reflected in the applicant issuer's latest published results which are prepared in terms of IFRS;

"gross assets" is the net book value of the company's assets before deducting outstanding mortgages;

"net annual rent" is the income generated from the owning or leasing of immovable property which is let or sub-let to tenants plus dividends received from another REIT where the investment in that REIT is not consolidated in the accounts—

(a) ignoring any special receipts or deductions arising from the property;
(b) before taxation (including tax on profits and any allowances for interest on capital or loans);
(c) after making deductions for any disbursements including expenses of managing the property and appropriate allowances to maintain it in a condition to command its rent;

"net book value" is the value of assets after adjusting the cost to reflect any depreciation or other adjustment so as to reflect the figure at which those properties are shown in the books of account;

"property" refers to immovable freehold or leasehold property;

"property companies" are companies engaged primarily in property activities including—

(a) the holding of properties and development of properties for letting and retention as investments; or
(b) the purchase of land for development of properties for retention as investments; or both;

"property yield" is the operational net income divided by the purchase/ disposal price of the property for the 12 months commencing on the acquisition /listing date or prior to the disposal;

"published valuation" is the valuation referred to in the listed company's annual financial statements or pre-listing statement or circular whether produced independently or by the directors and stated as such; and

"REIT" means Real Estate Investment Trust and is defined as an applicant issuer which receives a REIT status in terms of the Listings Requirements;

Additional information for listing

12.2. A property company's pre-listing statement must include the information required by Section 4 as far as is relevant and must include—

(a) summary details of the property portfolio including location, tenancies, material lessees, rent, lease expiry, review date, option to review, escalation, average property yields and current replacement costs; Pie charts and bar charts may be used to illustrate the respective sectoral and geographical spread of properties in the property portfolio and leases falling due for renewal or review;

(b) financial details, which must include inter alia—
  (i) a profit history which may need to be on a proforma basis;
  (ii) a proforma balance sheet;
  (iii) salient details of net distributable income and distributions;
  (iv) statements on taxation; and
  (v) a valuation report in accordance with Paragraphs 12.3 to 12.11;

(c) the following details in respect of each of the promoters, managers, trustees and directors of the applicant (or any subsidiary or holding company) —

  (i) any beneficial interest, whether direct or indirect, of those persons in relation to any property held by the applicant or to be acquired out of the proceeds of the issue, where any of those persons is or has contracted to become a tenant of any part of the property; and
  (ii) any relationship between any of those persons and another person where a duty in relation to that other person conflicts, or may conflict, with a duty to the applicant; and

(d) in the case of a property managed by agents, details of their name, legal form, business address, terms of contract and remuneration, experience and qualifications.

Valuation Reports

Requirements for valuation

12.3. (1) A valuation report prepared by an external valuer must be obtained by—

(a) a new applicant if it is a property company;
(b) a listed property company, if it makes an acquisition or disposal of property which is either a Category 1 transaction or is a related party transaction within the meanings of Sections 9 and 10 respectively;
(c) a listed property company which owns property constituting security for debt securities that are to be listed;
(d) a listed property company which refers to the valuation of property in the pre-listing statements or particulars.

(2) Where a valuation report is included in the pre-listing statement or circular, there must also be a statement reconciling that valuation with the equivalent figure included in the listed company's latest published balance sheet.

Previously prepared valuation reports

12.4. If a valuation report has been prepared then any related pre-listing statement or circular must contain a summary of the valuation report.

Valuation report

12.5. (1) The valuation report must be prepared by an external valuer.

(2) The valuation report to be included in the pre-listing statement or circular must—

(a) state the following details in respect of each property—

(i) the valuation;
(ii) the addresses;
(iii) nature and date of valuer's inspection;
(iv) a brief description (e.g. land or buildings, approximate site and floor areas);
(v) existing use (e.g. shops, offices, factories, residential);
(vi) relevant planning permissions;
(vii) any material contravention of statutory requirements;
(viii) tenure (i.e. freehold or leasehold, giving unexpired term);
(ix) main terms of tenants' leases or subleases (including repairing obligations);
(x) approximate age of the buildings;
(xi) present capital value in existing state;
(xii) terms of any inter-group lease on property occupied by the group (identifying the properties):
(xiii) any other matters which affect materially the value (including any assumptions and any information on contamination, if any); and
(xiv) source of information and verification;

(b) state the name, address and professional qualifications of the valuer;
(c) be dated and state the effective date on which each property was valued;
(d) state whether the valuation is based on either open market value or, if necessary, depreciated replacement cost subject to adequate profitability;
(e) state any assumptions underlying the valuation and, where open market value is the basis of valuation, identify any qualifying words to be applied to the definition of open market value and state reasons for the adoption of any such qualification;
(f) where the directors have required a valuation of the benefit or detriment of contractual arrangements in respect of property or where there is thought to be a benefit in any options held, show such valuations separately and include a reconciliation of the costs and values; and
(g) in cases where directors have been interested beneficially, whether directly or indirectly, in any acquisition or disposal of any of the properties during the two years preceding the valuation, contain details of the nature and extent of such interests and the date of the transactions and the prices paid or received or other terms on which the transactions were effected. Alternatively, the information on beneficial interests of directors, whether direct or indirect, may be given elsewhere in the pre-listing statement or circular.

Valuations of property in the course of development

12.6. Where the valuation is in respect of land being developed currently or in respect of which definite development plans have been formulated for execution in the near future, the following additional information should be given in the valuation report—

(a) whether planning consent has been obtained, and, if so, the date of such consent and whether there are any material or onerous conditions attached to such consent;

(b) the date when the development is expected to be completed and any estimate of letting or occupation dates;
(c) the estimated total cost of carrying out the development including, without limitation, the cost of financial carrying charges, letting commissions, or (where part of the development has been carried out already) the estimated cost of completing the development;
(d) the open market value of the land and buildings in their existing state at the date of valuation; and
(e) the estimated capital values at current prices and on the basis of current market conditions—

(i) after development has been completed; and
(ii) after completion and letting of the property.

Valuation of property occupied for purposes of business

12.7. (1) A property which is occupied for the purposes of a business should be valued normally at open market value for its existing use.

(2) Where open market value for an alternative use materially exceeds this basis, the alternative use valuation should be stated but the costs of cessation and removal should be estimated by the directors and shown in the valuation report.

External property

12.8. If the company owns any property located outside Malawi, that property must be stated separately, its basis of valuation identified clearly and a valuer's report given.

Rentals used in valuations

12.9. In respect of each property which is rented out by the company, the current net annual rent and the estimated future net annual rent at a named date (where this differs materially) must be included in the valuation report, based on its current open market rental value.

Other general matters

12.10. Where a valuation is referred to in the pre-listing statement, a Category 1 circular or a circular relating to a transaction with a related party, a copy of the valuation report must be made available to the Board for inspection.

Summary of valuations

12.11. (1) The valuation report must include a summary of properties and the aggregate of their valuations must be split to show the separate totals for the freehold and leasehold properties.

(2) Negative values must be shown separately and not aggregated with the other valuations.

(3) Separate totals should be given for properties valued on an open market basis and on a depreciated replacement cost basis, and for properties located outside Malawi.

Unit trust schemes in property shares

12.12. A property unit trust is restricted to investment in the shares of property-owning companies (fixed property companies) and in approved securities, pending investment of cash resources into property. After the initial issue of units, a property trust may only issue further units by way of rights issue to existing unit holders or in consideration for the acquisition of a property investment, subject to the requirements of the MSE.

REITs

REIT status listing criteria for property entities other than collective investment schemes

12.13. An applicant issuer seeking to receive a REIT status from the MSE must satisfy the following criteria:

(a) the directors of the applicant issuer must provide an undertaking and must ensure that the applicant issuer complies with the distribution provisions set out in paragraphs 12.14.;

(b) the applicant issuer must have gross assets of at least MK5 Billion, as reflected in either:

(i) its audited or reviewed consolidated financial statements; or

(ii) a pro forma consolidated statement of financial position complying with paragraph 5.11;

whichever reflects the more recent financial position;

(c) the applicant issuer must be a property entity;

(d) at least 60% of the revenue as reflected in the statement of comprehensive income of the applicant issuer's group must be derived from rental revenue;

(e) the applicant issuer must qualify for a listing in terms of paragraphs 2.17 (for a listing on the Main Board);

(f) the directors of the applicant issuer must:

(i) provide an undertaking to the MSE and ensure that at the time that they authorise any new borrowings that:

a. the total consolidated liabilities as reflected in the latest published interim or annual consolidated financial statements;

b. less, any capital repayments made on those liabilities after the statement of financial position date;

c. plus, the nominal value of the new debt,

divided by the greater of GAV or adjusted GAV will not be more than 50%; and

(ii) confirm that the total consolidated liabilities, is not more than 50% of the total consolidated assets as reflected in either its:

a. latest audited or reviewed consolidated financial statements; or

b. pro forma consolidated statement of financial position which has been compiled in terms of paragraphs 5.11., provided that the valuations attributable to the properties are supported by valuation reports prepared in terms of paragraphs 12-5.-12.7.;

whichever reflects the more recent financial position;

(g) the applicant issuer must ensure that the committee responsible for audit and assurance is, as a minimum, responsible for:

(i) adopting and implementing an appropriate risk management policy, which policy must as a minimum:

a. be in accordance with industry practice; and

b. specifically prohibit the applicant issuer from entering into any derivative transactions that are not in the normal course of the applicant issuer's business;

(ii) reporting in the annual report each year that they have monitored compliance with the policy and that the applicant issuer has, in all material respects, complied with the policy during the year concerned;

(iii) reporting to the MSE, in the annual compliance declaration referred to in paragraph 12.16(c), that they have monitored compliance with the policy and that the applicant issuer has, in all material respects, complied with the policy during the year concerned; and

(iv) at the time of listing, confirming to the MSE and disclosing in the prelisting statement that it has adopted the policy referred to in paragraph 12.13.(7)(a) above.

12.14. A property entity, other than a collective investment scheme, wishing to receive a REIT status must ensure that it complies with the following distribution provisions:

(a) the company must distribute at least 50% of its total distributable profits as a distribution to the holders of its listed security by no later than 6 months after its financial year end, subject to satisfying the requirements to be considered solvent;
(b) interim distributions may occur before the end of a financial year end;
(c) the company will procure that, subject to satisfying the requirements to be considered solvent, those of its subsidiaries that are property entities incorporated in Malawi will distribute at least 50% of their total distributable profits as a distribution by no later than 6 months after their financial year ends;
(d) distributable profit in respect of a financial year is defined as:
(i) income, as defined in terms of the Taxation Act;
(ii) less deductions and allowances that are permitted to be deducted by an issuer in terms of the Taxation Act, other than the qualifying distribution.

Application for an existing issuer to receive REIT status

12.15. An issuer wishing to make application to receive a REIT status must:
(a) comply with the provisions of paragraph 12.13.; and
(b) not have been in breach of the distribution provisions, set out in paragraph 12.14., in the last 24 months provided that it was classified as a REIT during that period; or
(c) be a collective investment scheme, in which case it must only comply with the provisions of paragraphs 12.21 to 12.23.

Continuing obligations for REIT's (other than collective investment schemes)

12.16. In order to retain their REIT status, applicant issuer's must, on an ongoing basis, meet the following criteria:
(a) comply with the distribution provisions set out in paragraph 12.14.;
(b) the directors of the REIT must ensure that:
(i) the total consolidated liabilities of the issuer (as reflected in the financial statements) will not be more than 60% of the total consolidated assets (as reflected in the financial statements); or
(ii) if the issuer is not in compliance with paragraph 12.16(b)(i) the directors did comply with their undertaking provided in terms of paragraph 12.13(6)(a);
(c) the directors of the REIT must submit a compliance declaration to the MSE within four months of the issuer's financial year end, which declaration must:
(i) confirm that the directors of the issuer have ensured that the applicant issuer's group complied with paragraphs 12.13(1), (6)(a) and (7) above; or
(ii) where the applicant issuer did not comply with paragraph 12.13(6)(a) above, the directors must confirm that despite the non-compliance, the total consolidated liabilities of the issuer are not more than 50% of the total consolidated assets, where the liability and asset amounts are those reflected in the group annual financial statements for that financial year end;
(iii) be signed by each of the directors, the company secretary and the sponsor; and
(iv) be submitted at the time of submission of the applicant issuer's annual report (which report must be submitted in terms of paragraph 7.11. of the Listings Requirements).

12.17. The following procedure shall apply to an issuer that fails to comply with paragraph 12.16(c):
(a) on the day following the due date as contemplated in paragraph 12.16(c) above, a letter of reminder will be sent by the MSE to the issuer requesting that the issuer rectify the situation and advising that it has been granted a period of 30 days, from the date of such reminder, in which to submit the

compliance declaration, failing which the issuer's REIT status will be removed by the MSE;

(b) failing compliance after 30 days of dispatch of the reminder to the issuer, the MSE will release an announcement informing holders of securities that the issuer has not submitted its compliance declaration and cautioning holders of securities that the issuer's REIT status is under threat of removal; and

(c) the issuer's REIT status will be removed by the MSE if it fails to submit the compliance declaration within the 30-day period referred to in (a) above and the MSE will release an announcement confirming this fact.

12.18. In every announcement issued by a REIT:

(a) it must make reference to the fact that it has a REIT status with the MSE; and

(b) for announcements that deal with distributions it must specify for which financial period the distribution relates to.

12.19. An issuer with a REIT status must keep the market informed regarding its tax status. In this regard the issuer must release an announcement containing full details of the implications thereof for the issuer and its security holders, without delay, if it:

(a) has breached the distribution provisions as set out in paragraph 12.14; or

(b) has breached the gearing provisions of paragraph 12.16(b).

12.20. Where at any time, an applicant issuer, fails to comply with any of the REIT Listings Requirements as set out in paragraph 12.16 (after taking into account paragraph 12.17):

(a) the MSE will remove its REIT status;

(b) the issuer must make an announcement advising the market of this fact; and

(c) the issuer may make application at any time to reapply to the MSE to receive a REIT status in terms of paragraph 12.15.

Application for removal of the REIT status

12.20 An issuer who has received a REIT status may at any time make application to the MSE to have this status removed. An announcement must be made, advising the market of this fact, as soon as:

(a) the board of directors has taken the decision to make such an application, stating the reasons for this decision; and

(b) once the application has been processed by the MSE.

Applicability of the REIT provisions to collective investment schemes

12.21 A collective investment scheme is eligible to receive a REIT status. To receive a REIT status, a collective investment scheme must make application to the MSE, which application must be signed by the trustees of the collective investment scheme, the directors of the management company and the sponsor and must:

(a) provide evidence of compliance with paragraphs 12.13(2) to (5) and (7) above, where any reference to the directors of the applicant issuer must be read as being the directors of the management company appointed as such in terms of the Securities Act; and

(b) provide evidence of licensing as a collective investment.

Continuing obligations for collective investment schemes

12.22 A collective investment scheme must submit a compliance declaration to the MSE within four months of the issuer's financial year end, which declaration must:

(a) confirm that the collective investment scheme has complied with paragraph 12.13(7) above, where any references to the directors of the applicant issuer must be read as being the directors of the management company of the collective investment scheme; and

(b) be signed by the trustees of the collective investment scheme and the directors of the management company.

12.23 In every announcement issued by a collective investment scheme with a REIT status:

(a) it must make reference to the fact that it has a REIT status with the MSE;
(b) for announcements that deal with distributions it must specify for which financial period the distribution relates to.

12.24. An issuer that is a collective investment scheme with a REIT status must keep the market informed regarding its REIT status. In this regard the issuer must release an announcement containing full details of the implications thereof for the issuer and its holders of securities, without delay, if it has breached the provisions of its Deed OR has breached the provisions of the Securities Act.

Dual listings

12.25. Any applicant issuer wanting to apply to receive a REIT status must in addition to the provisions of paragraph 2.19, make application for a primary listing on the MSE.

Transitional provisions

12.26. The following transitional provisions are applicable to property entities other than collective investment schemes:

(a) property entities that were listed on the Main Board of the MSE in the financials-real estate sector prior to 31st December 2021.
(b) the application letter must be signed by the company secretary and each of the directors of the issuer as well as the sponsor and must contain:
  (i) an undertaking that the company will comply with the provisions of paragraph 12.14
  (ii) confirmation and evidence of compliance with paragraph 12.13 (4) and (6);
  (iii) confirmation that the applicant issuer will comply with paragraph 12.13(7) by no later than the end of its first financial year;
  (iv) details of the applicant issuer's year end and the proposed date of the first distribution which is likely to be made by the issuer as a REIT; and
  (v) an extract from the applicant issuer's latest published results showing the sector profile (showing existing use) of the revenue as reflected in those results. The sector profile should at a minimum distinguish between the following sectors: industrial, office, retail, residential, hotels and specialised sectors such as healthcare facilities, timber properties and auto dealerships;
(c) an applicant issuer that makes application to the MSE and meets the transitional Listings Requirements set out in this paragraph will receive a REIT status even though it may not necessarily meet all the criteria set out in paragraph 12.13; and
(d) any other property entity listed on the MSE to which the transitional provisions do not apply may make application to the MSE in terms of paragraph 12.13 to receive a REIT status.

12.27. The following transitional provisions are applicable to property entities that are collective investment schemes:

(a) all applicant issuers must make application to the MSE, no later than 12 months from the commencement date of these revised Listings Requirements for REIT status under these transitional provisions;
(b) the application letter must be signed by trustees of the collective investment scheme, the directors of the management company and the sponsor and must contain:
  (i) confirmation that they are in good standing with the Registrar of Financial Institutions;
  (ii) confirmation that the issuer will comply with paragraph 12.13(7) by no later than the end of its first financial year after acquiring REIT status;
  (iii) details of the issuer's year end and the proposed date of the first distribution which is likely to be made by the issuer as a REIT; and
  (iv) an extract from the issuer's latest published results showing the sector profile (showing existing use) of the revenue as reflected in those

results. The sector profile should at a minimum distinguish between the following sectors: industrial, office, retail, residential, hotels and specialised sectors such as healthcare facilities, timber properties and auto dealerships;

(c) an applicant issuer that makes application to the MSE and meets the transitional Listings Requirements set out in this paragraph will receive a REIT status even though it may not necessarily meet all the criteria set out in paragraph 12.21;

(d) applicant issuers who make the necessary application to the MSE and comply with the transitional provisions will, receive a REIT status from the commencement of their first financial year after receiving approval to receive REIT status; and

(e) any other collective investment scheme listed on the MSE to which the transitional provisions do not apply may make application to the MSE in terms of paragraph 12.21 to receive a REIT status.

SECTION 13 – INVESTMENT ENTITIES

SCOPE OF SECTION

This section sets out the requirements for investment entities.

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13.3	Criteria for listing
13.4	Contents of pre-listing statements
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Definition of an Investment Entity

13.1. **(**1) An investment entity is defined as entities, by their nature, which do not seek to control or be involved in the day-to-day management of their investees and are therefore passive investors, and includes investment companies, investment trusts and unit trusts whose principal activity is the investment in securities which for the purpose of this section includes private companies.

Application of listing requirements

13.2. **(**1) The listings requirements apply to investment entities except as modified by Paragraphs 13.2 to 13.7.

(2) In evaluating a listing of an investment entity the MSE will have regard to the following fundamental principles—

(a) The adequacy of experience by persons responsible for managing the investments;
(b) The existence of an adequate spread of risk;
(c) The investment entity must be a passive investor and neither it nor its management company nor any director or manager of the investment entity or its management company should control, or seek to control, be actively involved in the management of the companies, or other entities, in which it invests; and
(d) The applicant must not, to a significant extent, speculate in securities.

Criteria for listing

13.3. (1) The Board may admit to listing the securities or debt securities of an applicant as an investment trust or investment company notwithstanding that—

(a) The entity does not comply with the listing criteria for the Main Board in Section 2,
(b) the normal requirements regarding details of assets and liabilities and profit records are not given; and/or
(c) the applicant's assets consist wholly or substantially of cash or short dated securities.

(2) If Paragraph 13.3.(1) applies, the applicant must satisfy the following criteria—

(a) the applicant must comply with the criteria set out in Section 2 except that if it is not able to satisfy the criteria set out in paragraph 2.17.(d) (provision of two years audited accounts), it must satisfy the Board that its managers have sufficient and satisfactory experience in the management of the types of investment in which the investment entity proposes to invest;
(b) the applicant must declare that its income will be derived wholly or mainly from shares or other securities and neither the investment entity nor any of its subsidiaries may conduct any trading activity which is material to the group as a whole;
(c) subject to (d) below, neither the investment entity nor its management company, nor any subsidiary, director or manager of the investment entity or its management company should control or seek to control, or be actively involved in the management of the companies or other entities in which it invests, provided that an investment entity may acquire voting control of its investments if this is permitted under its investment policy;
(d) if the investment entity invests in other companies or funds which in turn invests in a portfolio of investments it must ensure that the policies and objectives of the investee conform with the principal objectives of the investment entity;
(e) the board of directors (or any equivalent body) of the investment entity must

be able to demonstrate that it will act independently of any investment managers of the investment entity and a majority must not be employees of or professional advisors to the investment managers, or any other company in the same group as the investment managers;

(f) the management company must of its own resources have at all times an investment in the capital of the applicant equal to at least 10% of the capital which should be disposed of on the expiry of the management contract, unless the Board in its sole discretion, after taking account of the relevant experience of the management company, otherwise decides; and

(g) the applicant must disclose its portfolio to shareholders on a quarterly basis until such time as a reasonable proportion of the portfolio has been established in investments other than cash or short dated securities. This proportion will be determined by the Board at the time of listing.

Contents of pre-listing statements

13.4. The requirements of Section 4 shall apply with appropriate modification as agreed with the Board and in addition, the following information should be provided, if applicable—

(a) a description of the investment policy to be followed;
(b) if it is intended to invest in less than ten investments, a statement of the fact;
(c) an analysis of the investment portfolio, or proposed investment portfolio, by—

(i) broad industrial or commercial sector; and
(ii) listed and unlisted investments;

(d) an analysis of funds not invested in shares or securities;
(e) an analysis of income between dividends, interest and other forms of income;
(f) a list of all investments with a value greater than 5% of the fund, and at least the ten largest investments, stating—

(i) a brief description of the business;
(ii) whether the securities held by the investment entity are listed, and if so, the name of the stock exchange;
(iii) the proportion of share capital owned;
(iv) the cost of the investment;
(v) the market value of the investments, or if the investment is not listed, a valuation by the directors of the investment entity stating the date of such valuation;
(vi) the income received during the year (highlighting any abnormal income);
(vii) any extraordinary items; and
(viii) the net assets attributable to the investment;

(g) an analysis of any provision for diminution in value of investments, naming the investments against which provision has been made and stating for each investments—

(i) its cost;
(ii) its book value;
(iii) the provision made; and
(iv) the reason for the provision;

(h) an analysis of any unrealised profits stating separately those between listed and unlisted investments;
(i) details must be given of the name of the group or company which manages the investments, together with an indication of the terms and duration of their appointment, the basis for their remuneration and details of their investment experience.

Annual financial statements

13.5. In addition to the information specified in Section 5 an investment entity must report the information required in paragraph 13.4 in its annual financial statements.

Investment policy

13.6. (1) The investment policy must be stated in the pre-listing statement/prospectus and must be adhered to for at least three years following listing. Subsequently, all material changes to the investment policy must be approved by the Board and by shareholders in general meeting.

(2) Unless otherwise stated in the investment policy, the investment policy shall not permit the investment entity at any point in time to hold any security issued by another investment entity in an amount which exceeds—

(a) 10% of the total assets of the purchasing collective investment scheme
(b) 10% of the outstanding securities of the collective scheme whose shares are being purchased.

(3) Not more than 10% of the applicant group's assets (before borrowings) may be lent or invested in the securities of any one company; and

(4) Not more than 25% of the applicant group's assets (before borrowings) may be invested in the aggregate of—

(a) securities which are not listed on a stock exchange; and
(b) holdings in which the applicant group's interests amounts to 20% or more of the aggregate of the equity capital of any one listed company.

(5) In executing the above transactions, a single broker or dealer shall not account for more than 50% in value of all transactions of the investment entity without the approval of the MSE.

Constitution

13.7. The constitution or equivalent documents of the investment entity must, except where the MSE otherwise agrees, prohibit the distribution as dividend of—

(a) profits from associate companies unless and until distributed to the investment entity;
(b) surpluses arising from the realisation of investments.

SECTION 14 – PYRAMID COMPANIES

SCOPE OF SECTION

This section contains additional Listings requirements pertaining to Pyramid Companies. The requirements contained within the listing's requirements apply to pyramid companies except where specifically overruled by the requirements of this section. The MSE considers that any situation involving a proliferation into more than one listed company of the same basic assets requires its careful control. Accordingly, this section provides guidelines and requirements which should be considered in pyramid situations.

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14.3	Listing of pyramid companies

Pyramid Companies

14.1. (1) A company shall be classified as a pyramid company by the MSE where it–

(a) may exercise, or cause the exercise of, 50% or more of the total voting rights of the equity securities of a listed company ("listed controlled company"); and
(b) derives 75% or more of its total attributable income before tax from such listed controlled company, or the shareholding of which in the listed controlled company represents 50% or more of its total assets.

(2) In addition, the Board may, in exceptional circumstances, classify a company as a pyramid company where it, in the Board's opinion, holds, or proposes to acquire, a shareholding in a listed controlled company which represents or will represent 50% or more of the pyramid company's total assets, or produces, or is expected to produce, 50% or more of its total attributable income before tax.

Classification as pyramid companies

14.2. (1) Any new applicant for listing on the MSE must make full disclosure to the MSE of any factors which could render it a pyramid company, and any existing listed company shall consult the MSE before entering into any commitment, arrangement or agreement which could render it a pyramid company in relation to another listed company.

(2) The Board may declassify a company as a pyramid company when it no longer meets the thresholds upon which its classification as a pyramid company was based.

(3) In the event of a company being classified as a pyramid company in terms of Paragraph 14.1.(1) or 14.1.(2), the Board will take cognisance of, *inter alia*, the following provisions when considering whether or not to grant a listing to, or maintain a listing of, a company which is to become a pyramid company.

Listing of pyramid companies

14.3. (1) The listing of pyramid companies is prohibited by the MSE, unless such pyramid company is the result of an unbundling or partial unbundling transaction.

(2) Where the listing of a pyramid company is the result of a partial unbundling, such pyramid company will be given 6 months from the date of the unbundling to introduce alternative assets that satisfy the criteria for listing in Section 2.

(3) Where an applicant or company fails to meet this requirement, the MSE may suspend the company and/or ultimately remove the company from the listing.

(4) The Board will not grant a listing to a pyramid company, nor maintain the listing of a company which is to become a pyramid company which is or will become a second stage pyramid company (the pyramid company of another listed pyramid company) -

(a) unless, either—

(i) the minority shareholders of equity securities in the listed controlled company are offered equity securities on the same terms as applicable to the controlling shareholders of such listed controlled company in proportion to their holdings in the listed controlled company; or
(ii) the controlling shareholders of the pyramid company can give irrevocable written undertakings to the Board that they will not enter into any affected transaction in relation to the pyramid company, unless the other party to such affected transaction undertakes to the Board to make a comparable offer to the holders (excluding the pyramid company) of the equity securities in the listed controlled company; and

(b) unless the listed controlled company has been listed either for more than two years or it satisfies each of the following criteria—

(i) 50% or more of the listed controlled company's total assets or 50% or more of its total attributable income before tax is derived from operations which have been listed for at least twelve months; and

(ii) the listed controlled company is not classified by the Board to be a pyramid company; and

(iii) the management who control the listed controlled company must have held such control for a continuous period of at least twelve months prior to the listing of the pyramid company; and

(iv) the management of both the listed controlled company and the proposed pyramid company must have been predominantly the same for the period referred to in Paragraph 14.3(4)(b)(iii); and

(v) the listed controlled company has issued audited financial statements covering the period referred to in Paragraph 14.3(4)(b)(iii) that have not been qualified by the listed controlled company's auditors; and

(c) unless the cover of the circular relating to the creation of the pyramid company contains a warning that it will reduce the effective voting influence of shareholders in the listed controlled company.

(d) In any event of an application for listing or maintenance of listing by pyramid company as envisaged in paragraph 14.3(4), the second stage pyramid company will be given 6 months from the date of unbundling to introduce alternative assets which satisfy the criteria for listing in Section 2.

(3) Failure to meet the requirement in 14.3(4)(d) above may result in the suspension and ultimate removal of the listing of the second stage pyramid company;

(4) The Board may delist a listed pyramid company which ceases to meet the percentages referred to under Paragraph 14.1(1) or (2) (as the case may be).

(5) The Board will not permit a listed controlled company to acquire securities in its listed pyramid company.

PART E: MISCELLANEOUS PROVISIONS

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SECTION 15 - SPONSORS

SCOPE OF SECTION

This Section sets out the requirements relating to sponsors and sets out the eligibility and continuing obligations for MSE registered sponsors. Only sponsors approved by the MSE and recorded in the 'MSE Register for sponsors' may act as a sponsor for an issuer for listing related matters or an applicant applying to list on the MSE. Sponsors will normally be brokers, investment advisors, banks and other professional advisers. The responsibilities of a sponsor appointed by an applicant issuer are twofold, namely:

(a) to assist applicant issuers with applications for listing which require the production of listing particulars and/or other relevant documentation; and
(b) to provide advice, on a continuing basis, regarding the application of the Listings Requirements, including the application of the spirit of the Listings Requirements and upholding the integrity of the MSE, and in particular, the continuing obligations set out in Section 7.

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Sponsoring Broker

15.1. (1) A sponsoring broker must give an undertaking to the MSE that it accepts certain responsibilities. These responsibilities, requirements and eligibility criteria are detailed in this chapter.

(2) In order to provide the MSE with a degree of comfort that these conditions are complied with efficiently, companies are required to appoint a sponsoring broker for their initial listing applications as well as continuing obligations indicated under section 7.

(3) A sponsoring broker must undertake to the MSE to accept certain responsibilities. If the sponsoring broker fails to carry out these responsibilities, the Board may take one or more of the steps referred to in paragraph 17.3.

Appointment of sponsoring broker

15.2. (1) An issuer must appoint a sponsoring broker when—

(a) the issuer makes an application for listing which requires the production of listing particulars;
(b) it wishes to submit documentation to the MSE pertaining to any of the matters detailed in Paragraph 6.2;
(c) after a breach of the listings requirements, the Board notifies the issuer that the appointment of a sponsoring broker is required to give advice on the application of the listings requirements;
(d) a sponsoring broker is required by the listings requirements to report to the MSE in relation to any transaction or matter; and
(e) so requested by the MSE.

(2) The MSE may, where it deems that the proposed transaction so requires, require an issuer to appoint a joint sponsoring broker.

Qualifications of Sponsoring Broker

15.3. (1) A sponsoring broker shall be licensed and in good standing with the Registrar of Financial Institutions.

(2) A sponsoring or joint sponsoring broker shall be members of the MSE.

(3) A sponsoring broker must undertake to the MSE in the form set out in Schedule 18 to accept the responsibilities of a sponsoring broker and discharge those responsibilities at all times to the satisfaction of the Board.

Nature of responsibilities

15.4. (1) The responsibilities of the sponsoring broker to the MSE referred to in the undertaking in Schedule 18 are set out in Paragraphs 15.4(2) to 15.10 below. Failure to carry out these responsibilities may result in the Board taking one or more steps referred to in paragraph 17.3.

(2) A sponsoring broker who places reliance on the advice of advisors to the issuer should be satisfied as to the credentials and abilities of such advisors.

(3) The sponsoring broker must—

(a) in the case of a new applicant, satisfy itself to the best of its knowledge and belief, having made due and careful enquiry of the issuer and its advisors, that the issuer has satisfied all relevant conditions for listing and other requirements of the listings requirements; and

(b) ensure that the issuer is guided and advised as to the application of the listings requirements.

Applications for listings

15.5. In the case of any application for listing which requires the production of listing particulars, the sponsoring broker must complete a declaration in the form issued by the Board (Schedule 18) confirming that it has satisfied itself to the best of its knowledge and belief, having made due and careful enquiry of the issuer and its advisors that—

(a) all the documents required by the listings requirements to be included in the application for listing have been supplied to the MSE;
(b) all other relevant requirements of the listings requirements have been complied with; and
(c) there are no matters, other than those disclosed in the listing particulars or otherwise in writing to the MSE, which should be taken into account by the MSE in considering the suitability for listing of the securities for which application is being made.

Directors' responsibilities

15.6. The sponsoring broker must be satisfied, before any application for listing is made which requires the production of listing particulars, that the directors of the issuer—

(a) have had explained to them by the sponsoring broker or other appropriate professional adviser what the nature of their responsibilities and obligations as directors of a listed company are under the listings requirements and the Act; and
(b) in particular understand what is required of them to enable holders of the issuer's listed securities and the public to appraise the position of the issuer and to avoid the creation of a false market in its securities once they are listed.

Financial reporting procedures

15.7. (1) In the case of a new applicant, the sponsoring broker must, before the application for listing is made, report to the MSE in writing that it has obtained written confirmation from the issuer and/or its advisors that the directors have established procedures which provide a reasonable basis for them to make proper judgments as to the financial position and prospects of the issuer and its group.

(2) The sponsoring broker must be satisfied that this confirmation has been given after due and careful consideration by the issuer.

Profit forecast

15.8. Where a profit forecast (see Paragraph 5.10) appears in listing particulars, a Category 1 circular or any circular containing proposals to be put to shareholders in general meeting concerning a refinancing or reconstruction of the issuer or its group, the sponsoring broker must report in writing to the MSE that it has made due and careful enquiry of the issuer and/or its advisors that the forecast or estimate has been properly made.

Other responsibilities

15.9. The sponsoring stockbroker is responsible for the following in relation to any application for listing which requires the production of listing particulars—

(a) communications with the MSE;
(b) lodging with the MSE all documents supporting the application; and

(c) seeking the MSE's approval of listing particulars as well as for waivers where applicable.

More than one sponsoring broker

15.10. Where more than one sponsoring broker has been appointed, the issuer must establish which sponsoring broker has primary responsibility or how responsibility is to be allocated for any specific application for listing which requires the production of listing particulars.

Direct access

15.11. A sponsoring broker must be present at all formal discussions with the MSE regarding an issuer.

Legal advisor

15.12. (1) The legal advisor is responsible for advising and guiding an issuer on its responsibilities under the Listings Requirements and the applicable laws.

(2) To be accredited by the MSE as a legal advisor, an applicant must meet the following criteria—

(a) be a firm which has at least one partner or senior practitioner who is licensed by the Malawi Law Society to practice law in Malawi;
(b) have the necessary infrastructure facilities such as adequate and suitable office accommodation, necessary equipment and staff resources; and
(c) Have at least 1 qualified attorney excluding the partner or senior practitioner referred to in (a) above, who has substantial experience in commercial law and preferably having experience in securities transactions.

Corporate advisors

15.13. (1) The Corporate Advisor is responsible for preparing and giving independent opinion on the fairness and reasonableness of valuations, forecasts and estimates which assist listed companies' Directors and investors to make informed decisions as applicable.

(2) To be accredited as a corporate advisor by the MSE an applicant must be registered with the Registrar of Financial Institutions as an investment advisor and satisfy the requirements as stipulated in a form to be provided by the Exchange.

(3) Corporate advisors giving fairness opinions must be independent of the client company as defined in these Requirements.

(4) Only accredited corporate advisors are permitted to provide professional services to MSE listed companies on matters relating to their listing, including the following—

(a) preparing profit forecasts and estimates;
(b) providing independent fairness and reasonableness opinions; and
(c) corporate advisors giving fairness opinions must be independent of the client company as defined in these requirements.

Reporting accountants and auditors

15.14. (1) The Reporting Accountant is responsible for the preparation of the accountant's report as required by these Requirements.

(2) To be accredited by MSE as a reporting accountant, applicants must meet the following criteria—

(a) be a firm registered in Malawi engaging in the provision of accounting services.
(b) have the necessary infrastructure facilities such as adequate and suitable office accommodation, necessary equipment and staff resources;
(c) The firm must be registered and in good standing with Malawi Accountants Board;
(d) employ at least 2 qualified executives (at least one of whom should be at the level of Partner) who have the requisite qualification and have 5 years of experience in accounting and/or auditing.

(3) Only accredited Reporting Accountants by MSE are permitted to provide professional services to MSE listed companies on matters relating to their listing, including the following—

(a) appointed to report on the information set out in Section 5, or in any other instance where the MSE requires a report to be presented in a circular; and
(b) provide advice to directors on the pro forma financial information as to whether the pro forma financial information has been compiled on the basis required by the Listings Requirements;

(4) Only the Auditors registered by Malawi Accountants Board as being authorized to audit Public Interest Entities are permitted to provide professional services to MSE listed companies on matters relating to their listing, including to Audit the accounts of applicants for listing and listed companies and provide opinion thereon.

(5) Reporting accountants and Auditors must be independent of the subject listed company as defined in the relevant industry standards.

Registered sponsors/ advisors deemed to be insiders

15.15. (1) A registered advisor/sponsor to a listing and/or listed company will be deemed to be an insider and any information that is disclosed to them in the performance of their duties as described in this section must not be transmitted to a third party except as per the rules pertaining to treatment of inside information.
(2) Stock broking members of the MSE who intend offering sponsoring services must be able to demonstrate to the MSE that they have sufficient systems which separate dealing and sponsoring activities to avoid insider trading.

Process for becoming a registered sponsor/ advisor

15.16.— (1) An applicant seeking to be listed as a registered advisor must complete and submit to the Exchange an application form which is available on the Exchange website.

(2) A cheque made payable to the Malawi Stock Exchange in respect of a non-refundable application fee as per the prevailing MSE Fee Schedule must be included with the application.

(3) The MSE reserves the right to request any other information, documentation or confirmations from the applicant or other persons as it might require in order to process the application.

Renewal of registration

15.17. The validity of the registration shall be subject to amongst others—

(a) An evaluation of the performance of the registered advisor;

(b) Attendance of a MSE refresher workshop on Listings Requirements, held within 12 months (if any) prior to the renewal application, by at least 1 staff member of the applicant and
(c) Payment of annual registration fee as prescribed in the prevailing MSE Fee Schedule.

SECTION 16 - FEES

SCOPE OF SECTION

This section sets out the listing and other fees which are to be charged to Applicant Issuers, listed companies, Brokers, Non-Member Institutions and Advisors.

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Paragraph	Description
16.1.	Application and listing fees
16.2.	MSE Fee Structure
16.3.	Brokerage commission
16.4.	All trades to go through brokers (and special members)

Application and listing fees

16.1. (1) The current and applicable fees which are charged by the MSE are published on the MSE website.

(2) The MSE shall levy fees related to—

(a) new application and listing fees;
(b) annual sustaining fees;
(c) members fees (application and annual fee);
(d) non-member institution fees (application and annual fee);
(e) corporate advisors fees (application and annual fee);
(f) legal advisors fees (application and annual fee); and
(g) reporting Accountants and Auditors fees (application and annual fee).

MSE fee structure

16.2. (1) The MSE fee structure shall be based on, amongst others, a combination of security type, market and Market Capitalisation,

(2) The MSE reserves the right to introduce and levy fixed fees for various services as shall be published on the website from time to time.

Brokerage commission

16.3. (1) All members of the MSE will pay a five (5) percent Brokerage commission to MSE calculated on the members commission charged to the member's clients.

(2) The commission charged by members to clients shall be as follows—

Consideration (MK)	**Rate (%)**
MK0 – 50,000.00	2.0
MK50,001 – 100,000.00	1.5
MK100,001.00 and above	1.0

(3) The Broker shall levy VAT on total brokerage commission charged.

All trades to go through brokers (and special members)

16.4. All trades for listed companies shall go through brokers (members of the exchange) including favour registration whose fee shall be determined by the MSE and published on the MSE website from time to time. For purposes of this paragraph, favour registration shall be a transfer of securities from one person to another as envisaged in Section 41 of the Securities Act. The Exchange will at its discretion admit special members to facilitate trading on the Exchange provided they are registered as Securities Representatives by the Registrar of Financial Institutions.

SECTION 17 - SANCTIONS

SCOPE OF SECTION

This Section sets out the authority of the Disciplinary Committee regarding its powers to conduct a disciplinary inquiry and to recommend the imposition of sanctions on listed companies and Registered sponsors/ advisors for violating these Listings Requirements for final determination by the Board.

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Paragraph	Description
17.1	Disciplinary Committee
17.2	Conduct of Disciplinary Inquiry
17.3	Sanctions against a sponsoring broker
17.4	Sanctions against registered advisors
17.5	Censure
17.6	Suspension
17.7	Delisting and Termination
17.8	Procedure for Delisting
17.9	Referral to the Registrar of Financial Institutions
17.10	Ban on seeking listings
17.11	Publication of sanctions
17.12	Penalties

Disciplinary Committee

17.1. (1) The Board shall, in accordance with section 1, establish a disciplinary committee of the Board on adhoc basis, dealing with all matters relating to the ethical conduct and discipline of all listed companies, stockbrokers, registered sponsors/advisors and other members of the MSE under the MSE Listings Requirements.

(2) The Chairperson of the Disciplinary Committee shall be appointed by the Board from amongst the members of the Board.

(3) The Board may appoint any person, irrespective of whether he is a member of the Board or not, to be a member of the Disciplinary Committee: provided that at least one member of a committee shall be a member of the Board.

(4) For the purposes of any disciplinary inquiry before the Disciplinary Committee, the Board may appoint to the Committee, in addition to the members of the Committee, any other person who the Board considers reasonably qualified to assist the Committee in the conduct of the inquiry.

(5) In any disciplinary inquiry, the Disciplinary Committee shall have a member with a legal background or if not may request the services of a legal counsel to assist the Committee in the proceedings of the inquiry.

(6) At any meeting of the Disciplinary Committee, the Chairperson and two other members shall form a quorum. The maximum membership of the committee shall not exceed five members.

Conduct of disciplinary inquiry

17.2 (1) The Disciplinary Committee shall have power to regulate its own procedure.

(2) All facts, matters or things authorized or required to be done by the Disciplinary Committee shall be decided by a majority vote at a meeting of the Committee at which a quorum is present.

(3) At all meetings of the Disciplinary Committee, each member present shall have one vote on a question before the Committee and, in the event of a tie in the votes, the Chairperson shall, in addition to a deliberative vote, have a casting vote.

(4) In the performance of its disciplinary function, the Disciplinary Committee shall have power to inquire into any matter or question referred to it by the Board according to these Listings Requirements when there is a report that a listed company, stockbroker, registered advisor or other member of the MSE —

(a) has been guilty of an offence which in the view of the Board renders the company or individual unfit to be on the appropriate register of members of the MSE; or
(b) has been guilty of conduct which, considering the profession or calling, is improper or disgraceful; or
(c) Is grossly incompetent or has performed any act pertaining to the profession or calling in a grossly incompetent manner.

(5) In exercising its function under subsection (1), the Disciplinary Committee shall—

(a) cause to be served upon the listed company, stockbroker, registered advisor or other member of the MSE, a notice setting out the allegations against him; and
(b) afford the listed company, stockbroker, registered advisor or other member of the MSE a reasonable opportunity of being heard either by himself or, if he so wishes, by a legal representative.

(6) For purposes of any inquiry, the Disciplinary Committee may take evidence and may—
(a) under the hand of the Chairperson, summon witnesses and require the production of any book, record, document or thing; and
(b) examine any book, record, document or thing which a witness has been required to produce.

(7) A summons for attendance before the Disciplinary Committee or for the production to it of any book, record, document or thing shall be in the form prescribed by the Disciplinary Committee.

(8) The Disciplinary Committee shall, as soon as practicable after the close of the inquiry—
(a) consider the evidence adduced and the representations made thereat;
(b) without undue delay complete and deliver to the Board its report thereon together with such documents as were produced and are relevant to the matters inquired into;
(c) make its recommendations as to whether—
(i) the allegation should be dismissed; or
(ii) any of the punishments or penalties under these Listing Requirements be given to the listed company or other member of the MSE.

(9) Upon receipt of the report of the Disciplinary Committee, the Board shall consider the report and make its determination in writing within 30 days.

(10) A person aggrieved with the decision of the Board under subsection (9) may appeal to the High Court within thirty days from the date of service of the decision.

Sanctions against a sponsoring broker

17.3. (1) The MSE, in the first instance, will investigate any breach by a sponsoring broker of its responsibilities. Where there has been a breach by a sponsoring broker of its responsibilities, the MSE will refer the matter to the Board who may refer the matter to the Disciplinary Committee where such breach comprises a violation of these Listings Requirements or to the Registered Advisor's Regulator where such breach comprises a violation of any law prescribed under any legislation for a determination.

(2) If upon receipt of the report of the Disciplinary Committee envisaged in paragraph 17.2(8), the Board considers a sponsoring broker to be in breach of its responsibilities, it may, after following the disciplinary procedures set down under these rules—

(a) censure the sponsoring broker;
(b) take such other disciplinary action that may be appropriate under the MSE Members Rules;
(c) publish, or cause to be published, by whatever means the Board may decide, what action it has taken and the reasons for that action.

(3) Where the Board has taken any of the steps described in paragraph 17.3 (2), the sponsoring broker will be—

(a) advised of the Board's decision as soon as practicable after it is made;
(b) advised in writing of the reasons for the decision; and
(c) entitled to appeal to the High Court.

Sanctions against registered advisors

17.4. (1) Where a Registered Advisor may be in breach of its responsibilities so far as the MSE Rules are concerned, the MSE shall conduct a preliminary investigation to establish if there is any transgression.

(2) On conclusion that the Registered Advisor may be in breach of its responsibilities, the MSE shall report such findings to the Board who may refer the matter to the Disciplinary Committee where such breach comprises a violation of these Listings Requirements or to the Registered Advisor's Regulator where such breach comprises a violation of any law prescribed under any legislation for a determination.

(3) Depending on the outcome of the findings received from the Disciplinary Committee or the Registered Advisor's Regulator, the Board may impose any one or more of the following penalties—

(a) a light warning for a minor violation as determined in terms of paragraph 17.5 to the Registered Advisor;
(b) a serious warning to be published, the costs of which shall be borne by the Registered Advisor;
(c) suspension of the Registered Advisor's registration status for a period to be determined; or
(d) termination of the Registered Advisor's registration.

Censure

17.5. (1) Where a listed company, sponsoring broker, registered advisor or other member of the MSE has contravened the listing requirements in a way the Board determines to be a minor violation, the Board may censure that listed company or other member of the MSE by way of a censure;

(2) In determining whether a violation is minor, the Board shall consider the following;
(a) the violation not revealing any intention on the part of the violating party to defraud investors;
(b) the violation being a first instance violation;
(c) the violation being just a failure to abide by technical requirements on form, procedure or other custom or practice;

(3) Every censure shall be a written statement expressing the Boards disapproval of the offence and warning the violating party against repetition of similar violations.

(4) Every Censure shall subsist for twelve (12) months from the date of issuance.

(5) Any two or more censures in any calendar year shall constitute a serious violation for the violating party.

Suspension

17.6. (1) Where a listed company, sponsoring broker, registered advisor or other member of the MSE has contravened the listing requirements in a way the Board determines to be a serious violation, the Board may, subject to the provisions of Securities Act, suspend the listing of securities in the listed company or suspend the registration of the sponsoring broker or registered advisor or suspend the membership of the member.

(2) When issuing the suspension, the Board may impose such conditions as it may in the circumstances deem appropriate for the lifting of such suspension.

(3) The Board shall have the power to issue a temporary suspension-

(a) pending an announcement and which temporary suspension may be lifted when the announcement is made; or

(b) conditional upon any other facts the Board determines to be necessary in the protection of the integrity of the securities market and investor confidence; or

(c) pending investigations where the alleged violation is a serious violation and has the potential to cause irreparable damage to the integrity of the securities market or investor confidence in general.

(4) Upon issuance of a temporary suspension, the affected company, sponsoring broker, registered sponsor/advisor or other member of the MSE shall be afforded the opportunity of making representations to the Board in support of the continued listing of its securities or continued practice on the market prior to the Board making any decision to suspend such listing or the members practice rights on the market.

(5) Every suspension shall be issued in a form of a written statement from the Board and shall contain such conditions for the lifting of the suspension as the Board shall determine.

Delisting and termination

17.7. . (1) When the listing, registration or the members practice rights on the market are suspended and the affected company, sponsoring broker, registered advisor or member fails to take adequate action to obtain the restoration thereof within a period of 6 (six) months from the date of suspension, the Board may terminate the listing, registration or the members practice rights on the market.

(2) Every termination of listing against a company shall be issued in the form of a de-listing order by the Board.

(3) Every termination of a sponsoring broker or registered advisor's registration or member's practice rights on the market shall be issued in the form of a Termination Order by the Board.

Procedure for de-listing

17.8. Where the Board has determined to issue a de-listing order against a company;

(a) The Board shall make an announcement in at least one national newspaper; the cost of the announcements shall be borne by the company stating the Board's intention to delist the Company and the reasons for the decision.

(b) A period of twenty-one (21) days from the date of the notice, shall be given to any person(s), who may be aggrieved by the proposed delisting to make representations to the Board.

(c) The Board shall consider the representations, if any, made by the company and any other person in response to the notice prior to issuing a delisting order.

(d) The MSE may decide to extend the suspension of the company in order to give the company an opportunity to comply.

(e) The Board shall inform all other stock exchanges where the shares of the company are listed, about the delisting and the surrounding circumstances warranting the delisting.

Referral to the Registrar of Financial Institutions

17.9. The MSE shall refer a delisted Company and its directors who have contravened any relevant laws to the Registrar of Financial Institutions for any relevant action as may be applicable.

Ban on seeking listings

17.10. Where a company has been delisted by the MSE, the company, its directors and the companies which are promoted by any of them may be prohibited from directly or indirectly being materially associated with a company seeking a listing on the MSE for a period of not more than five (5) years from the date of such delisting.

Publication of sanctions

17.11. No listed company or sponsoring broker or registered advisor or any director or officer of such entities will have any cause of action against the MSE or any member thereof, or against any person employed by the MSE or the Board for damages arising out of the sanctions imposed by the MSE and publication of any statement made in terms of these Requirements.

Penalties

17.12. (1) A penalty of MK10,000 per day shall accrue against a listed company for every calendar day after the deadline for the reporting period, for failure to publish financial statements or other announcements as stipulated in these Listings Requirements. Listed companies with securities which are suspended from trading shall not be charged the penalty.

(2) Notwithstanding the above, the Board may impose a fine of up to K5,000,000.00 to an issuer, sponsoring broker or other registered sponsor/advisor who may be in breach of these Listings Requirements.

SECTION 18 – VOLUNTARY TERMINATION OF LISTING

SCOPE OF SECTION

This section provides the methods and procedures to be followed at voluntary termination of listing. It also provides for the safeguards available to both the investors and shareholders.

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Paragraph	Description
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18.4	Public Announcement stating intention to delist
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18.6	Dispatch of letter of offer
18.7	Duration of the offer period
18.8	Delisting compliance certificate
18.9	Termination of listing on request by dual listed companies

Termination of listing on request

18.1. (1) If a listed company intends to delist voluntarily from the Exchange, it must give existing public shareholders an opportunity to dispose of their securities either through an arrangement reached in terms of the Act or otherwise.

(2) The decision to delist must be approved by shareholders at a general meeting through a special resolution as defined in these requirements.

(3) The process of voluntary delisting shall include, amongst others, the following steps;

(a) The company shall initially make an application, through their Sponsoring Broker, for a delisting to the Exchange and Registrar of Financial Institutions.
(b) The application for delisting shall be accompanied by a draft circular to shareholders explaining the exit option availed to them and requesting their approval of the delisting.
(c) The Circular must be accompanied by a fair and reasonable opinion on the offer price prepared by a corporate finance adviser, and must comply in full with the standard contents as per section 4 of these Requirements and information stated in Paragraph 18.4 below.

18.2. (1) While reviewing an application seeking approval for voluntary delisting, the Exchange shall consider the following—

(a) resolution of any investor grievances by the company;
(b) payment of all outstanding fees to the Exchange;
(c) compliance with all conditions of the listing agreement with the Exchange having a material bearing on the interests of the public shareholders;
(d) any litigation or action pending against the company pertaining to its activities in the securities market or any other matter having a material bearing on the interests of its shareholders;
(e) availability of sufficient funds to offer public shareholders an exit opportunity.
(f) any other relevant matter as the Exchange may deem fit to verify.

(2) The Exchange will then give an approval conditional on shareholder approval at a general meeting as described in Paragraph 18.1(2) above.

Bank guarantee for discharging delisting obligations

18.3. (1) Immediately after receiving approval of the shareholders for the delisting, but prior to opening of the offer, the company must submit, a Bank Guarantee in favour of the Exchange, of the total estimated amount of consideration calculated on the basis of offer price and number of equity shares outstanding with public shareholders.

(2) The receipt of the Bank Guarantee from the company shall constitute an award of authority to MSE to instruct the bank to effect payments against the value of the Bank Guarantee, to the beneficiaries in the event the company fails to do so for whatever reason.

(3) Such bank guarantee shall be valid until payments are made in respect of all shares tendered.

Public announcement stating intention to Delist

18.4. (1) Upon receipt of the conditional approval for delisting from the Exchange, the company shall publish an announcement via exchange channels and in at least one national newspaper with wide circulation, stating the Company's intention to delist, and convening a general meeting of shareholders.

(2) The public announcement shall contain the information, in abridged format, relating to the delisting including—

(a) the reason for the delisting;
(b) the offer price and how it was arrived at;
(c) disclosure regarding the minimum acceptance condition for success of the offer;
(d) the names of the Sponsoring Broker and other intermediaries together with the helpline contact details for the shareholders;
(e) listing details and trading data—

(i) high, low and average market prices of the shares of the company during the preceding three years;
(ii) monthly high and low prices for the six months preceding the month of the announcement of the delisting; and,
(iii) the volume of shares traded in each month during the six months preceding the month of the announcement of the delisting.

(f) present capital structure and shareholding pattern;
(g) the likely post-delisting shareholding pattern;
(h) the aggregate shareholding of persons who are in control of the company;
(i) a statement, certified to be true by the board of directors of the company, disclosing material deviation, if any, in utilization of proceeds of issues of securities made during the five years immediately preceding the date of the announcement of the delisting, from the stated object of the issue;
(j) a statement by the board of directors of the company confirming that all material information which is required to be disclosed under the provisions of continuous listing requirement have been disclosed to the Exchange; and
(k) signature of and date by not less than two directors of the company.

Public Announcement giving results of General Meeting

18.5. (1) Within 7 days after the general meeting, the company shall publish an announcement in at least one national newspaper with wide circulation giving the results of the meeting.

(2) If the delisting has been approved, the public announcement shall also contain the information, in abridged format, relating to the delisting including—

(a) the timetable showing the record date, dates of opening and closing of the offer as well as payment of consideration. The record date shall be a date not later than fourteen (14) days from the date of the public announcement, on which the names of shareholders to whom the letter of offer shall be sent is determined, i.e. register is closed and trading suspended; and
(b) the manner in which the offer can be accepted by the shareholders.

Dispatch of letter of offer

18.6. (1) The company shall dispatch the letter of offer to the public shareholders, not later than forty-five (45) days from the date of the second public announcement.
(2) The letter of offer shall be attached to a form to be used by them for tendering the shares.

Duration of the offer period

18.7. The date of opening of the offer shall not be later than fifty-five (55) days from the date of the second public announcement and shall remain open for a minimum period of twenty-one (21) working days during which the public shareholders may tender their shares.

Delisting compliance certificate

18.8. Within seven (7) days of the closure of the offer, the Company shall inform the Exchange of the results of the offer and apply for a final compliance certificate which purpose is to declare that the company has officially been delisted having complied with all the necessary requirements.

Termination of listing on request by dual listed companies

18.9. In the case of companies that are secondary listed on the MSE, the same process shall apply with the following exceptions—

(a) if the company will continue to trade in the primary market, shareholders must be given an option to transfer their holdings to the share register in that jurisdiction in addition to the option to sell their shares back to the company; and
(b) the approval for the delisting may be obtained following the Rules of the recognized primary exchange.

PART F: SCHEDULES

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SCHEDULE 1 – APPLICATION FOR LISTING FOR NEW APPLICANTS

Statement "It is understood that the granting of a listing pursuant to this application shall constitute a contract between this company and the Malawi Stock Exchange and that in giving the General Undertaking referred to in Paragraph 2.5(1) of the MSE Listings Requirements, the company undertakes to comply with the listings requirements as they may exist from time to time."

COMPANY DETAILS

NAME OF COMPANY ……. REGISTERED IN
……. ON THE ……. SECRETARY
……. ADDRESS ……
Application for a listing for …….. Fully Paid Shares of …….. Kwacha each.

SHARE CAPITAL

AUTHORISED CAPITAL MK …… in …… Ordinary Shares

ISSUED CAPITAL MK …… in …… Ordinary Shares **
** When different classes of shares have been issued full particulars to be given.
SHARES ISSUED FOR CASH:

To subscribers	MK…….in…….Fully Paid Ordinary Shares (other than vendors, underwriters or promoters)	
Vendors	MK……..in…….Fully Paid Ordinary Shares	
Underwriters	MK……..in…….Fully Paid Ordinary Shares	
Promoters	MK……...in…….Fully Paid Ordinary Shares	

SHARES ISSUED FOR A CONSIDERATION OTHER THAN CASH

To Vendors	MK……	in……	Fully Paid Ordinary Shares
Underwriters	MK……	in.....	Fully Paid Ordinary Shares
Promoters	MK……	In……	Fully Paid Ordinary Shares

FLOTATION EXPENSES: Amount payable in cash each advisor per category.

Corporate Advisory fees	----------
Sponsoring Broker fees	----------
Reporting Accountant fees	----------
Legal Advisory fees	----------
Application & Listing Fees to MSE	----------
Printing, Publication and distribution costs	----------
Public relations, marketing and advertising	----------
Underwriting fees and commissions	----------
Others	----------
Total MK	==========

NAME(S) OF VENDOR …….
NAME(S) OF UNDERWRITER …….

NAME(S) OF PROMOTER …….

Amount paid as Commission (other than to Underwriters):
In Cash …….
In Shares …….

Amount paid for real and movable properties (other than consideration paid to Vendors):
In Cash …….
In Shares …….

Number of Shares offered to Public for Subscription ……
The listing date: ……
Statement that: “monies in respect of excess applications will be refunded within 7 days of the closing of the offer”.

Statement as to: “whether or not it is desired to deal in any other documents prior to the issue of securities”.

Statement as to: “section of List in which listing is applied for, and the abbreviated name of the applicant”.

Undertaking by the applicant in the form of a directors’ resolution that the documents referred to in Paragraphs 6.8 to 6.11 will be submitted within the period specified therein

……. …… DIRECTORS
ALTERNATES
i. ……..Chairperson ……
ii. ……..……
iii. ……..……
……..……
AUDITORS …… BANKERS ……
Details of any right to nominate a Director or Directors:
^^ Details of Real Property owned: Area Cost Revaluation

^^ The description to include the following:
a. Whether property is owned by the Company or is under option;
b. The price paid.
If held under option, the following additional information to be included:
c. The period of the option;
d. The option consideration;
e. The price payable if option exercised;
f. The name of the owner;
g. Whether freehold or leasehold and, if leasehold, the unexpired period of the lease(s).

Details of Share Holdings in other Companies:
Percentage Name of Company Number of Shares held of Issued Capital

……

……

Transfer Secretaries - Name, Postal and Street Address

……. Chairperson ……. Secretary

…… 20….. ……. Sponsoring Broker

NOTE: The application must be accompanied by a resolution of the directors of the applicant authorising the application for listing together with the relevant listing fee.

SCHEDULE 2 – DIRECTORS' DECLARATION AND RESOLUTION OF THE BOARD OF DIRECTORS

A sworn declaration and a certified copy of a resolution of the board of directors in the format specified below, signed by the Chairperson and Secretary is required, to cover the particulars set out below:

DECLARATION

The requirements below are split between pre- and post- provisional listing requirements. Relevant documentation as detailed below is submitted to the Malawi Stock Exchange prior to the submission thereof to the Registrar of Companies and the Registrar of Financial Institutions. Thereafter the Malawi Stock Exchange grants a provisional listing subject to the adequate compliance of the remainder of the MSE Listings Requirements.

Provisional Listing Requirements

1. A declaration by the directors, supported by a statement of legal compliance from the applicant's attorneys, that all documents required by the Companies Act, 2013 and the Securities Act, 2010 have been filed duly with the registrar of Companies and the Registrar of Financial Institutions, and all legal requirements of the Companies Act 2013 and the Securities Act, 2010 have been fulfilled;
2. Confirmation of the Registrar of Companies and the Registrar of Financial Institutions approval to issue the prospectus;
3. That the certificates, debentures or other documents in which it is desired to deal have been, or are ready to be, delivered, comply with the specifications provided in the Listings Requirements and that they are identical to the specimen approved;
4. That where applicable, a Trust Deed has been executed and completed, the effect of such Trust Deed, and the nature of the charge created thereby in favour of the debenture holders or debenture stockholders;
5. That a Share Transfer Office has been set up and that a system of certification of transfers within 24 hours has been introduced;
6. That all documents specified in the Pre-listing statement have been or are lying open for inspection in the manner prescribed.
7. That the Directors that are free of any conflict of interest between the directors' duties to the company and his/her private interests

Post provisional Listing Requirements

8. That the minimum subscription, if applicable, has been received;
9. The number of shares or debentures applied for by the public;
10. The number of shares or debentures issued for cash to the public;
11. The number of shares or debentures allotted for a consideration other than cash;
12. That where applicable the purchase of properties has been completed, and transfer registered in the name of the company, and the purchase money paid. Where this procedure has not been adopted, an undertaking to be given by the directors to comply with the requirements in this respect;
13. That all monies refundable in respect of any application where no allotment has been made have been refunded to the applicants;
14. That there are no circumstances arising from the application or other events which should have been disclosed to the MSE, and have not been so disclosed.

RESOLUTION

It is hereby certified that at a meeting of the Board of Directors of……. Limited, held at……. on……. the following resolution was passed:

"Subject to the provisions of the Companies Act, 2013 and the Securities Act, 2010 and in particular to the right of appeal contained therein, it is resolved that the company will:

a. Keep the Malawi Stock Exchange timeously informed of the information necessary enable the shareholders and the public to appraise the position of the company and to avoid the establishment of a false market in

its shares; and

b. Comply with the MSE Listings Requirements for listed companies as amended from time to time which are now or hereafter may be in force.”

SCHEDULE 3 APPLICATION FOR THE LISTING OF SECURITIES RESULTING FROM RIGHTS OR CLAWBACK OFFERS

3.1 The application for the listing of securities resulting from a rights or claw back offer should include:

a. description and number of renounceable letters of application, allocation or acceptance or other negotiable document as may apply, for which a listing is applied for, and the relevant dates;
b. description and number of securities for which a listing is applied and the relevant dates;
c. brief description of the offer;
d. how securities not taken up will be dealt with and the proposed time period, within which the offer may be accepted;
e. details of underwriting, if underwritten;
f. where a right to apply for excess securities has been included in the issue, this must be specified;
g. date on which renounceable letters and the circular or pre-listing statement will be posted;
h. date on which certificates will be issued or holdings uploaded in CSD;
i. last day for splitting and that the renounceable letters will be split as often as required;
j. date on which the offer closes;
k. the authorised and issued share capital of the applicant prior to the issue of the rights or clawback issues;
l. the issued share capital after the rights or clawback issues;
m. in addition to the above information the following undertakings must be given;
    i. all renounceable letters dispatched by the applicant to registered shareholders will be sent by mail; and
    ii. all acceptances of the offer will be accepted by the applicant provided the envelope bears the postmark of a day on or before the closing of the offer and provided such acceptances are received within three business days of the closing of the offer.

3.2 The application must be signed by the secretary and a director of the applicant and the sponsoring broker.

3.3 The application must be accompanied by a resolution of the directors of the applicant authorising the application for listing together with the relevant listing fee.

SCHEDULE 4 THE APPLICATION FOR THE LISTING OF SECURITIES RESULTING FROM CAPITALISATION ISSUES OR SCRIP DIVIDENDS

4.1 The application must state:

a. the number of capitalisation securities/scrip for which a listing is applied;
b. the date from which the listing is to commence;
c. that the capitalisation securities/scrip rank *pari passu* with the other issued securities of the applicant;
d. the date on which the capitalisation securities/scrip are to be allotted;
e. the date on which the certificates of title are to be issued or holdings uploaded in CSD;
f. the authorised and issued share capital of the applicant prior to the issue of the capitalisation securities/scrip;
g. the issued capital after the issue of the capitalisation securities/scrip.

4.2 The application must be signed by the secretary and a director of the applicant and the sponsoring broker.

4.3 The application must be accompanied by a resolution of the directors of the applicant authorising the application for listing together with the relevant listing fee,

SCHEDULE 5 THE APPLICATION FOR THE LISTING OF SECURITIES RESULTING FROM ACQUISITIONS, TAKEOVERS AND MERGERS, REPURCHASE OF SECURITIES, SHARE INCENTIVE SCHEMES AND CONVERTIBLE SECURITIES

5.1 The following basic information should be given in the application for the listing of securities;

a. description and number of securities for which a listing is applied and the relevant date;
b. reason for allotment and issue;
c. date of allotment;
d. date of issue of certificates or date of upload of holdings in CSD;
e. a statement that the securities subject to the application rank *pari passu* in all respects;
f. the present authorised and issued share capital;
g. the issued share capital after the issue of the securities which are subject to the application.

5.2 The application must be signed by the secretary and a director of the applicant and by the sponsoring broker.

5.3 The application must be accompanied by a resolution of the board of directors of the applicant authorising the application for a listing together with the relevant listing fee.

SCHEDULE 6 FAIR AND REASONABLE STATEMENTS

6.1 Fair and reasonable statements should:

a. be prepared by an independent professional expert, acceptable to the Exchange, who has no material interest in the transaction or in the success or failure of the transaction;
b. make appropriate disclosure where the independent professional expert enjoys any relationship with the applicant; and
c. set out material factors and assumptions taken into account in the preparation of the statement.

SCHEDULE 7 THE APPLICATION FOR THE LISTING OF SECURITIES RESULTING FROM AN ISSUE FOR CASH

7.1 The application must state:

a. whether the issue for cash is a general or specific issue;
b. the number and class of securities for which a listing is applied;
c. whether the securities are convertible;
d. where the securities will be issued at a discount to the market price, this mist be disclosed;
e. the date from which the listing is to commence;
f. the securities rank *pari passu* with the other issued securities of the applicant;
g. the date on which the securities are to be allotted;
h. the date on which certificates of title are to be issued or holdings uploaded in CSD;
i. the authorised and issued share capital of the applicant prior to the issue of the securities;
j. the issued capital after the issue of the securities;
k. the number of public shareholders in the applicant
l. the level of voting required at the general meeting required by the listings requirements to approve the issue of securities for cash;
m. when the shareholders approved or will approve the issue;
n. details of all issues of securities over the past three years;
o. that the issue will be to public shareholders; and
p. what discount or premium, if any, the securities are to be issued at.

7.2 The application must be accompanied by the opinion on the issue from an independent professional expert acceptable to the Board (only for specific approval).

7.3 The application must be signed by the secretary and a director of the applicant and by the sponsoring broker.

7.4 The application must be accompanied by a resolution of the directors of the applicant authorising the application for listing together with the relevant listing fee.

SCHEDULE 8 GENERAL UNDERTAKING

The following provisions should be contained in the general undertaking by the issuer which should be in the form of a resolution of directors certified by the chairperson:

8.1 That the issuer will not apply for the loan, or return, of any document submitted in support of the application for listing, and that all such documents will become the property of the Board.

8.2 That the issuer agrees that in the event of the application for listing being granted such listing shall be subject to the listings requirements which now are or hereafter may be in force.

8.3 That no restrictions are placed on the transfer of fully paid securities other than when the relevant statutory requirements prevail.

8.4 A statement if companies do or do not propose to introduce “Temporary Documents of Title” procedure that no charge will be made in Malawi for transfer of securities or the splitting of certificates of title.

8.5 That no charge will be made in Malawi for the registration of any powers of attorney or letters of administration.

8.6 That the constitution of the issuer and its subsidiary companies comply with the listings requirements which now are or hereafter may be in force.

8.7 That the securities in each class for which listing is applied rank *pari passu* in respect of dividends, rights and in all other respects. It should be noted that a statement that securities in each class rank *pari passu* is understood to mean:

- 8.7.1 they are in all respects identical;
- 8.7.2 they are of the same nominal value, and that the same amount per share has been paid up;
- 8.7.3 they carry the same rights as to unrestricted transfer, attendance and voting at meetings, and in all other respects; and
- 8.7.4 they are entitled to a dividend at the same rate and for the same period, so that at the next ensuing distribution the dividend payable on each share will amount to exactly the same.

8.8 That in the event of a further issue being underwritten, the issuer will disclose with the issue the information which is required under Paragraph 4.18.

8.9 That in the event of any further offer of securities to shareholders, powers of renunciation will be granted in respect of any rights accruing to shareholders and an application for listing of the provisional documents will be made within sufficient time before the closing of the share registers. (Should it be desired to depart from this procedure, the consent of the Board must be obtained).

8.10 That the minutes of all shareholders’ meetings, either general or special, will be read at the next succeeding meeting of shareholders at the request of any shareholders at the meeting, if the proceedings of such meeting have not been made available.

8.11 That should the directors of the issuer declare a final dividend prior to the publication of the annual accounts the dividend notice given to shareholders will contain a statement of the ascertained or estimated combined net trading profits of the issuer and its subsidiaries for the year, and also particulars of any amounts appropriated from reserves, capital profits, accumulated profits of past years, or other special source, to provide wholly or partly for the dividend.

8.12 That where the issuer is already listed or is subsequently granted a listing on another stock exchange and notification of any preliminary or other announcement is made by the issuer from time to time to that stock exchange copies of all such notifications will be made simultaneously to the MSE.

8.13 That the issuer will, in future, furnish the MSE with three physical copies and a soft copy in pdf of the issuer’s annual financial statements when they are issued for distribution to broking members.

8.14 That all communications from the issuer to the MSE will be by letter, and will emanate from the compliance officer of the issuer or any other duly authorised persons to whom all correspondence from the MSE should be addressed.

8.15 That in the event of the company being placed in judicial management or liquidation, whether voluntary or compulsory, provisional or final, the issuer will notify the MSE immediately of this fact.

8.16 Should the issued share capital of the issuer for which listing is applied consist of securities without distinctive numbers, the following additional undertakings are required:

8.16.1 that all the said securities (or in the case of these being more than one class of share, all the securities of each respective class) are, and will remain, identical in all respects, viz:

- i they are of the same nominal value and are fully paid;
- ii. they carry the same rights as to unrestricted transfer, attendance and voting at meetings and in all other respects; and

iii. they are entitled to dividend at the same rate and for the same period, so that on the next ensuing distribution the dividend payable on each

share will amount to exactly the same;

8.16.2 that before taking any action which, for statutory or other reasons would require the reinstatement of distinguishing numbers of the said securities or would or might cause difficulty or doubts in distinguishing between securities for which listing is granted and other securities in the capital of the issuer, formal notice

will be given to the MSE of the intentions with full particulars of all relevant facts;

8.16.3 that where the directors have resolved to convene a shareholders' meeting to consider a special resolution for the consolidation or subdivision of securities or for the increase of the authorised share capital of the issuer, notice thereof will, with 48 hours of the passing of the directors' resolution, be given in writing to the MSE. Notice in writing must also be given to the MSE within 48 hours of the issue by the issuer of additional securities of any class. In either case, full particulars of all relevant facts and copies of all relevant documents, resolutions and circulars must be incorporated in or, in the case of copies, accompany the notice;

8.16.4 regarding such issued share capital, compliance will be made with any requirements of the Board necessary for the maintenance or grant of

listing, as the case may be, for such capital, especially that an application for listing for new securities ranking *pari passu* will be made within 30 days from date of issue;

8.16.5 that the issuer will accept for registration transfer deeds containing no distinctive numbers where the relative certificates of title, issued prior to the cessation of distinctive numbers, bears distinctive numbers, and vice versa; and

8.16.6 where the securities, which are the subject of this application are also listed on any other stock exchange evidence must be submitted that such listing is in respect of securities without distinctive numbers.

SCHEDULE 9 STATUTORY DECLARATION

This schedule is presented as Schedule 2 of these Listings Requirements.

SCHEDULE 10 MECHANICAL SIGNATURES ON CERTIFICATES OF TITLE

Where physical certificates are issued, an application for mechanical signatures on certificates of title must be made in the following form:

The Chief Executive Officer
Malawi Stock Exchange
Old Reserve Bank Building
14 Victoria Avenue
Private Bag 270
Blantyre
Dear Sir,

MECHANICAL SIGNATURES

The Board undertakes that no mechanical signatures will be affixed to certificates issued in respect of the securities/stock of the issuer unless the following conditions are complied with:

The means of affixing such signatures shall be by (*here insert the method to be employed*).

Suitable blocks or dies bearing the facsimile signatures of the several directors and of the secretary or transfer secretary shall be procured at the cost of the issuer and kept respectively in the custody or under the control of the persons whose signatures they bear, or their duly authorised representatives, and in whose presence and by whose authority alone they shall be used. Each of such persons shall on each occasion on which such authority is given by him record in a register to be maintained for this purpose by the secretary the granting of such authority, its purpose and extent.

A certified copy of the resolution of the Board, adopting this procedure for mechanical signatures, is enclosed.

Yours faithfully

CHAIRPERSON

SCHEDULE 11 REQUIREMENTS FOR THE CONSTITUTION

11.1 For the guidance and information of companies it should be noted that:

a. Documents submitted by companies should be copies which will become the property of the Malawi Stock Exchange and therefore not returnable.

b. Any proposed amendments should be submitted for approval by the Malawi Stock Exchange BEFORE they are submitted to a meeting of shareholders.

c. Any listed company acquiring an interest of 50% or more in any associate, subsidiary and/or sub-subsidiary company or companies must have the Constitution of such associate, subsidiary and/or sub-subsidiary company submitted for approval. The MSE requires all constitutions of subsidiary companies or sub-subsidiary companies of listed companies which are submitted for approval to be full constitutions.

d. If an application for listing is not made within 9 months of the examination of the constitution then these documents will have to be resubmitted for examination.

e. The constitution must be indexed, cross referenced to the mandatory sections of the Companies Act and cross referenced to these requirements.

f. It should be noted that in certain instances specific clauses may not be required due to mandatory application of sections of the Companies Act.

11.2 The constitution or other corresponding document must conform with the following provisions and, where necessary, a certified copy of a resolution of the board of directors undertaking to comply with the appropriate provisions must be lodged with the MSE:

Constitution - Parent Company

11.3 The company must not have the power, either expressly or by implication, to appoint a company as one of its directors.

Capital structure

11.4. That the structure of the share capital of the company be stated and where the capital consists of more than one class of security it must also be stated how the various classes shall rank for any distribution by way of dividend or otherwise.

Preference Shares

11.5. If there are cumulative and/or preference shares in the capital of the company, the following rights must attach to such shares:

a. The cumulative and/or non-cumulative preference shares shall entitle the holders thereof to receive notice of and attend and vote at any general meeting of the company if either:

   i. at the date of the notice convening the meeting the fixed cumulative preferential dividend or any part thereof is ……..months in arrears, or in the case of non-cumulative preference shares, no dividend or any part thereof, has been paid within ….. months prior to such notice. (The maximum period allowed in both cases being 24 months.)

   ii. the business of the meeting includes the considering of a resolution:

      1. reducing the capital of the company;
      2. for winding up the company, or whilst the company is being wound up (subject to limitations imposed by the Companies Act); or
      3. directly or adversely affecting any of the special rights or privileges attached to the preference shares;
      4. no further capital ranking in priority to or *pari passu* with the preference shares shall be created without the consent in writing of the holders of 75% of the preference shares or with the sanction of a resolution passed at a meeting of the holders of such preference shares convened and passed in the manner provided for the passing of a special resolution;

b. the voting rights of the preference shares, when the holders of preference shares are entitled to vote, shall be the proportion which the nominal value of such shares bears to the nominal value of the ordinary shares in the capital of the company. That is, if the nominal value of the ordinary shares is MK1.00 and the nominal value of the preference shares is MK2.00, the constitution must provide that when the holders of the preference shares are entitled to vote they shall be entitled in respect of their holding of preference shares to two votes for each share held.

Voting Rights

11.6 (a). That, where the equity capital includes shares with different voting rights, the Designation of each class of shares, other than those with the most favorable voting rights, must include the words “restricted voting” or “limited voting”.

(b) All equity shares shall have unrestricted right to vote at general meetings of the company.

Issue of securities

11.7. In the case of new applicants for listing, the Constitution must require that all new shares be issued in electronic form.

Signing of share certificates

11.8 .The constitution must provide for the following:

a. that shareholders may have an option to request that their electronic shares be converted to physical certificates;
b. that all share certificates for capital shall be under common seal, which shall be authenticated by a person or persons authorised by resolution of the directors and the signatures of the directors may be affixed by such mechanical means to such certificates as the external auditors, transfer auditors and bankers of the company shall have approved in writing;
c. that the company shall fix a charge for issuance of physical certificates to replace one that has been previously dematerialized, worn out, lost or destroyed. The company shall notify the MSE of the cost; and
d. The company shall not under any circumstances issue a share certificate to a shareholder without ensuring that the record of shares has been deleted from the Central Securities Depository.
e. Every share certificate shall have affixed to it the company’s common seal or an official seal which is a facsimile of the company’s common seal with the addition on its face of the word “Securities”.
f. The constitution shall provide that share certificates be signed by a director and the secretary or transfer secretary.

Commission on shares

11.9 (a) The company may not pay commission exceeding 5% to any person in consideration for their subscribing or agreeing to subscribe, whether absolutely or conditionally, for any securities of the company.

(b) if it is desired to provide in the constitution that the commission may be paid in shares of the company, the constitution must further provide that the payment of the commission in shares must be authorised or sanctioned by the company in general meeting.

Lien Upon Shares

11.10. The constitution must not give a company power to claim a lien on fully paid shares and lien upon partly paid shares must be limited to the amounts owing upon partly paid shares.

Transfer of shares

11.11. a. notwithstanding any provision in these Listings Requirements suggesting the contrary, shares listed on the MSE shall be freely transferable and registration of the transfer of such listed shares shall not be subject to any restriction, save to the extent required for compliance with statutory requirements or any other Rules of the MSE.

b. provision must be contained in the constitution for the use of a common form of transfer;

c. the following provision must be made in the constitution:

“Even after the giving and lodging of notice of revocation of Power of Attorney, the company shall be entitled to give effect to any instrument signed under Power of Attorney and certified by any officer of the company as being in order before the giving and lodging of such notice."

Joint Shareholders

11.12. That where power is taken to limit the number of shareholders in a joint account, such limit shall not prevent the registration of a maximum of four persons.

Register

11.13. That the closing of the registers shall be discretionary.

Transmission clause

11.14. A provision to the effect that shares registered in the name of deceased or insolvent shareholders shall be forfeited if the executor fails to register them in his own name or in the name of the heir when called upon by the directors to do so, will not be permitted.

Capital

11.15 (a). Power should be contained in the constitution for:

i. increase of capital;
ii. consolidation of securities;
iii. conversion of securities into stock;
iv. sub-division of securities;
v. cancellation of securities;
vi. reduction of capital;
vii. conversion of securities into no par value;
viii. conversion of ordinary shares into redeemable preference shares; and
ix. conversion of securities of any class into securities of any other class, whether issued or not.

(b) New shares created are not to be in the control of the directors. Provision should be made that new shares created shall be offered to the existing shareholders pro rata to their shareholding or that new shares are only to be disposed of or dealt with as directed by a general meeting of shareholders. The constitution may, however, in addition to the above, provide that the shareholders in general meeting may specifically authorise the directors to dispose of the new shares as the directors in their discretion may think fit as long as such disposal occurs within a period of twelve months from the date of such authorization;

(c) Provision should be made that in the case of a fraction of a security, that fraction will not be issued to the shareholder and will be paid out in cash for the benefit of the shareholder.

(d) the clause in the constitution dealing with the reduction of capital should not provide that capital shall be repaid upon the footing that it may be called up again.

Borrowing Powers - Parent Company

11.16. (a.) The constitution should provide that the borrowing powers of the directors are limited (with respect to the type of business) so that the aggregate amount at any time owing in respect of monies borrowed by the company and its subsidiary companies (exclusive of intercompany borrowing) shall not exceed a reasonable fixed amount or percentage of paid up share capital and reserves of the company except with the consent of the company in general meeting by ordinary resolution, and that the directors will procure that the aggregate amount at any one time owing in respect to monies borrowed by the company (including overdue creditors) will not without consent exceed the same limit;

(b) a provision that debentures may be issued with special privileges as to allotment of shares or stock, attending and voting at general meetings, appointment of directors or otherwise, will be permitted if the clause contains a provision that such special privileges etc., shall not be afforded save with the sanction of the company in general meeting.

Notice of meeting

11.17 (a). In the constitution of a company, provision should be made that at least 14 days' notice in writing of a meeting shall be given to all shareholders entitled to notice;

(b) in the constitution of all companies provision should be made for sending three copies of the directors' annual report and accounts and of all notices to shareholders to the secretary of the MSE at the same time as they are sent to shareholders;

(c) that where power is taken to give notice by advertisement such advertisement shall be inserted in at least one national daily newspaper of wide circulation and sent by post;

(e) that a company incorporated outside Malawi shall give notice sufficient to enable members whose registered addresses are within Malawi to exercise their rights or comply with the terms of notice;

(f) that the quorum for a separate class meeting (other than an adjourned meeting) to consider a variation of the rights of any class of shares shall be the holders of at least one third of the issued shares of the class;

(g) notice of adjournments to be given by advertisement if less than 14 days.

(h) If the continuation of an adjourned meeting shall take place more than 14 days after it was adjourned, the company must give at least 7 days clear days' notice of it, excluding the day of the adjourned meeting and the day on which the notice is given.

(i) Where a notice of a special resolution is required, the resolution shall not be effective unless notice of the intention to move it has been given to the company at least 28 days before the meeting at which is it moved. Where the 28 days' notice is not practicable, the company shall give its members at least 14

days' notice.

General Meetings

11.18 (a). The business of a general meeting must include power to sanction or declare dividends;

(b) The quorum at a general meeting must be at least three members present and entitled to attend and vote. In determining attendance at a general meeting, it is immaterial whether any two members attending it are in the same place as each other.

Voting at General meetings

11.19 (a.) The constitution should provide that subject to any special rights or restrictions as to voting attached to any special class of shares, on a show of hands every individual present and entitled to vote shall have one vote and on a poll every member present or represented by proxy shall have one vote for each share of which he is the holder. (See also Paragraph 11.5.b above.)

(b) No restrictions are permitted on the right of registered holders of ordinary shares to vote at a general meeting.

(c) the constitution should provide that proxies to vote at general meetings must be accepted up to not more than 48 hours before the meeting or adjournment meeting (and at shorter notice following an adjournment of less than seven days).

(d) that where provision is made in the constitution as to form of proxy this must be so worded as not to preclude the use of the two way form;

(e) that a corporation may execute a form of proxy under the hand of a duly authorised officer.

Directors

11.20
- a. The constitution should provide that the appointment of a director to fill a casual vacancy or as an addition to the board must be confirmed at the next annual general meeting;
- b. the constitution shall provide that the fees of a director shall be such sum as shall be decided by the company in general meeting;
- c. A clause in the constitution that a director shall be entitled to a percentage of profits will not be permitted.
- d. the constitution should provide that the minimum number of directors shall be six (6) and a maximum of twelve (12). If the number of directors falls below the minimum provided in the constitution, the remaining directors shall only be permitted to act for the purpose of filling vacancies or calling general meetings of shareholders;
- e. the constitution should provide that if a director is interested in any contract with the company he must disclose such interest and shall not be entitled to vote in respect of such transaction;
- f. if the constitution contains a provision that a director may be employed in any other capacity in the company or as a director or employee of a company subsidiary to the company, a further provision should be made to the effect that appointment and remuneration in respect of such other office must be determined by a disinterested quorum of directors;
- g. in a new company all the directors are to retire at the first annual general meeting and at each annual general meeting held thereafter at least one third of the non-executive directors shall retire by rotation. In the case of an existing company at least one third of the directors shall retire at each annual general meeting.
- h. the period to be allowed before the date of an annual general meeting for the nomination of a new director must be such as to give sufficient time after receipt of notice of the holding of the meeting for nominations to reach the company's office from any part of southern Africa (nominations received by fax are acceptable);
- i. if the quorum of directors is two, the chairperson shall not be permitted to have a casting vote if only two directors are present at a meeting of directors;
- j. the directors shall be entitled to elect a chairperson and deputy chairperson and determine the period for which they shall hold office, which period shall, however, not exceed one year;
- k. provision may be made that a directors' resolution signed by directors or their alternates, being sufficient to constitute a quorum, shall be as valid and effectual as a resolution passed at a meeting of directors duly called and constituted;
- l. directors may have power to enter into a provisional agreement for the sale assets and/or alienation of all or a major portion of the assets, but such provisional agreement must be ratified by the shareholders;
- m. that, where not otherwise provided by law, the company in general meeting shall have power by ordinary resolution to remove any director (including a managing director, but without prejudice to any claim for damages under any contract) before the expiration of his period of office;
- n. notice to the company of the intention to propose a person for election as a director, and notice to the company by such person of his willingness to be elected, may be given during a period of at

least seven days ending not more than seven days before the date of the meeting appointed for such election.

o. A director of a listed company is entitled to hold the position of director in at most two listed companies and the position of Chairperson in only one listed company.

p. A director of a listed company shall not be a politically exposed person as defined in the Financial Crimes Act.

Executive Directors

11.21 a. Executive directors may be appointed by contract for a maximum period of five years at any one time and shall be subject to retirement by rotation in the same manner as other directors, except during the period of such contract; an executive directors' remuneration including pension contributions shall be confirmed by the company in general meeting;

b. if more than one executive director is to be appointed, the constitution must provide accordingly in respect of all aspects of such appointment.

Dividends

11.22. The constitution should provide that final dividends must be declared by the company in general meeting. Directors are not permitted to declare final dividends but are permitted to declare interim dividends:

a. The Malawi Stock Exchange requires that should the directors of the company declare an interim dividend prior to the publication of the annual accounts, the dividend notice given to shareholders shall contain a statement of the ascertained or estimated combined net trading profits of the company or group for the year, and any abnormal receipts or payments, detail appropriation of those profits, and also particulars of any amounts appropriated from reserves, capital profits, accumulated profits of the past years or other special source, to provide wholly or partly for the dividend. (Mining companies publishing monthly or quarterly statements of profits are exempted from this paragraph.)

b. the Malawi Stock Exchange requires that should the directors of the company not recommend the payment of a dividend in any year, on any class of quoted shares in the capital of the company, notification of the decision must be given to the Secretary of the Malawi Stock Exchange;

c. The Malawi Stock Exchange requires that dividends are to be payable to shareholders registered as at the last date to register. A period of 14 days at least should be allowed between the date of declaration or confirmation of the dividend, whichever is the later, and the date of the closing of the transfer registers in respect of such dividend;

d. the constitution of the company shall contain a provision to the effect that dividends which remain unclaimed for 6 years shall be credited to the consolidated fund in line with provisions of Part VII of the Public Finance Management Act sections 60-69;

e. the constitution may provide that the directors may retain any dividend or bonus upon which the company has a lien and may deduct from dividends or bonus all claims or sums of money which may be due on account of calls;

f. the constitution should provide that any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared or in a vote, where he would not otherwise be so entitled.

Annual report and financial statements

11.23 That a copy of the annual report, accompanied by the balance sheet (including every document required by law to be annexed thereto) and the profit and loss account or income and expenditure account, shall, at least fourteen days prior to the general meeting, be delivered or sent by post, electronic means or other arrangement acceptable to the MSE, to the registered address of every member. The Malawi Stock Exchange requires that three copies of each of these documents shall at the same time be forwarded to the MSE.

Notices

11.24 Provision should be made in the constitution that notices are to be sent to all registered members personally or by post. The Malawi Stock Exchange requires that notices should be sent also to the MSE.

11.25 Notices to the holders of share warrants, (unless the conditions of issue provide that such holders are to receive notices) shall be given by advertisement through a national newspaper.

Members' or member's registered Address

11.26 A clause in the constitution to the effect that a member's address is in some other country will be permitted.

Advertisement of notices
11.27 The Malawi Stock Exchange requires that in addition to the notice to be sent to all registered shareholders, notice by advertisement shall be published in at least one national daily newspaper of wide circulation.

Companies listed on other Stock Exchanges
11.28 Where a company is listed already or is subsequently admitted to listing by other Stock Exchanges, and notification of any preliminary or other announcement is made by such company from time to time to the other Stock Exchanges, copies of all such notifications are to be forwarded simultaneously to the Malawi Stock Exchange.

Resolutions of subsidiary companies
11.29.The following clause must appear in the constitution of a company: "If the company is a holding company as defined in the statutes, the directors' report attached to each annual balance sheet issued by the company pursuant to the statutes shall disclose full details of all resolutions passed at extraordinary general meetings of the company's subsidiary companies since the date of the directors' report attached to the previous annual balance sheet of the company."

Compliance with Companies (Model Articles and Memoranda) Regulations, 2016
11.30 Save where specifically referenced in this Schedule, the constitution of a company shall comply in any other respect with the Model Articles for a Public Company specified in the Companies (Model Articles and Memoranda) Regulations, 2016.

CONSTITUTIONS - SUBSIDIARY COMPANY OF A LISTED PARENT

Company not to be a director
11.31 A company must not have power, either expressly or by implication, to appoint a company as one of its directors.

Unissued shares in the initial capital and calls on unissued shares
11.32. Unissued shares in the initial capital and the right to calls on unissued shares in the initial capital are not to be in the control of the directors.

Capital Structure
11.33 The structure of the share capital of the company is required to be stated and where the capital consists of more than one class of security it must also be stated how the various classes shall rank for any distribution by way of dividend or otherwise.

Preference shares
11.34. If there are cumulative and/or noncumulative preference shares in the capital of the company, the following rights must attach to such shares:

a. The cumulative and/or noncumulative preference shares shall entitle the holders thereof to receive notice of and attend and vote at any General Meeting of the company if either;
    i. at the date of the notice convening the meeting the fixed cumulative preferential dividend or any part thereof is …… months in arrears, or in the case of noncumulative preference shares, no dividend or any part thereof has been paid within months prior to such notice. (The maximum period allowed in both cases being 24 months).
    ii. the business of the meeting includes the considering of a resolution:
        1. for reducing the capital of the company;
        2. for winding up the company, or whilst the company is being wound up (subject only to the limitations imposed by the Companies Act); or
        3. directly or adversely affecting any of the special rights or privileges attached to the preference shares;

b. No further capital ranking in priority to or *pari passu* with the preference shares shall be created without the consent in writing of the holders of 75% of the preference shares or with the sanction of a resolution passed at a meeting of the holders of such preference shares convened and passed in the manner provided for the passing of a special resolution;

c. the voting rights of the preference shares, when the holders of preference shares are entitled to vote, shall be the proportion which the nominal value of such shares bears to the nominal value of

the ordinary shares in the capital of the company. That is, if the nominal value of the ordinary shares is K1.00 and the nominal value of the preference shares is K2.00 the constitution must provide that when the holders of the preference shares are entitled to vote they shall be entitled in respect of their holding of preference shares to two votes for each share held.

Signing of share certificates

11.35.Constitution must provide the following:

(a) that all certificates for capital shall be under common seal, which shall be authenticated by a person or persons authorised by resolution by the directors and the signatures of the directors may be affixed by such mechanical means to such certificates as the external auditors, transfer auditors and bankers of the company shall have approved in writing;

(b) that the charge for a new certificate issued to replace one that has been worn out, lost or destroyed shall not exceed a reasonable fixed amount to be determined at the directors' discretion and within the parameter accepted by the Board and that where the holder has sold part of his shareholding he shall be entitled to a certificate for the balance without charge.

(c) Every share certificate shall have affixed to it the company's common seal or an official seal which is a facsimile of the company's common seal with the addition on its face of the word "Securities".

(d) It is recommended that the constitution provide that share certificates be signed by a director and the secretary or transfer secretary.

Calls on shares

11.36. Neither the directors nor the company are to be given power on the issue of shares to make any difference between the holders of the same class of share in the amount of calls to be paid and the time of payment of such calls.

Commission on shares

11.37 (a) The company may not pay commission exceeding 5% to any person in consideration for their subscribing or agreeing to subscribe, whether absolutely or conditionally, for any securities of the company.

(b) if it is desired to provide in the constitution that commission be paid in shares of the company, the constitution must further provide that the payment of commission in shares must be authorised or sanctioned by the company in extraordinary general meeting.

Lien upon shares

11.38 The constitution must not give a company power to claim a lien on fully paid shares and the lien upon partly paid shares must be limited to amounts owing upon partly paid shares.

Transfer of shares

11.38 (a). Provision must be contained in the constitution for the use of a common form of transfer;

(b) the following provision must be made in the constitution:

> "Even after the giving and lodging of notice of revocation of power of attorney, the company shall be entitled to give effect to any instrument signed under power of attorney and certified by any officer of the company as being in order before the giving and lodging of such notice."

Joint shareholders

11.39. That where power is taken to limit the number of shareholders in a joint account, such limit shall not prevent the registration of a maximum of four persons.

Transmission Clause

11.40 A provision to the effect that shares registered in the name of a deceased or insolvent shareholder shall be forfeited if the executor fails to register them in his own name or in the name of the heir etc., when called upon to do so, will not be permitted.

Capital

11.41. Shares created are not to be in the control of the directors. Provision should be made that the new shares created shall be offered to existing shareholders pro rata to their shareholdings or that new shares are only to be disposed of or dealt with as directed by general meeting of the shareholders. The constitution may, however,

in addition to the above, provide that the shareholders in general meeting may authorise the directors to dispose of the new shares as the directors in their discretion may think fit.

Borrowing Powers: Subsidiary Companies

11.42. (a). The constitution should provide that the directors may, from time to time at their discretion, raise or borrow or secure the payment of any sum or sums of money for the purposes of the company, provided that the total amount owing by the company in respect of monies raised, borrowed or secured shall not exceed the amount authorised by its listed holding company;

(b) a provision that debentures may be issued with special privileges to allotment of shares or stock, attending and voting at general meetings, appointment of directors or otherwise, will be permitted if the clause contains a provision that such special privileges etc. shall not be afforded save with the sanction of the company in general meeting

Quorum at general meeting

11.43. The constitution must provide that a quorum at a general meeting and at an adjourned or postponed meeting shall be at least three members present, personally or by proxy, of whom one member shall be representative of the company to which the company is a subsidiary. In determining attendance at a general meeting, it is immaterial whether any two members attending it are in the same place as each other.

Directors

11.44. a. The constitution should provide that the appointment of a director to fill a casual vacancy or as an addition to the board must be confirmed at the next annual general meeting;

the constitution shall provide that the fees of a director shall be such sum as shall be decided by the company in general meeting;

b. A clause in the constitution that a director shall be entitled to a percentage of profits will not be permitted.

c. the constitution should provide that if the number of directors falls below the minimum provided in the constitution, the remaining directors shall only be permitted to act for the purpose of filling vacancies or calling general meetings of shareholders;

d. the constitution should provide that, if a director is interested in any contract with the company he must disclose such interest;

e. if the constitution contain a provision that a director may be employed in any other capacity in the company or as a director or employee of a company subsidiary to this company, a further provision should be made to the effect that his appointment and remuneration in respect of such other office must be determined by a disinterested quorum of directors;

f. the period to be allowed before the date of an annual general meeting for the nomination of a new director must be such as to give sufficient time after the receipt of the notice of the holding of the meeting for nominations to reach the company's office from any part of Southern Africa;

g. if the quorum of directors is two, the chairperson shall not be permitted to have a casting vote if only two directors are present at a meeting of directors;

h. provision may be made that a directors' resolution signed by all the directors or their alternates, being sufficient to constitute a quorum, shall be as valid and effectual as a resolution passed at a meeting of directors duly called and constituted;

i. directors may have power to enter into a provisional agreement for the sale and/or alienation of all or a major portion of the assets, but such provisional agreement must be ratified by the shareholders in extraordinary general meeting.

Executive Directors

11.45 a. Executive directors may be appointed by contract for a maximum period of five years at any one time and shall be subject to retirement by rotation in the same manner as the other directors, except during the period of such contract;

b. an executive director's remuneration (including pension benefits) shall be confirmed by the company in general meeting;

c. if more than one executive director is appointed the constitution must provide accordingly in respect of all aspects of such appointment.

e. A clause in the constitution that the executive director shall be entitled to a percentage of the profits will not be permitted.

Dividends

11.46. a. The constitution should provide that final dividends will be declared by the company in general meeting. Directors are not permitted to declare final dividends but are permitted to declare interim dividends.

b. a provision to the effect that dividends which remain unclaimed for 6 years shall be credited to the consolidated fund in line with provisions of Part VI of the Public Finance Management Act sections 44-51;

c. the constitution may provide that the directors may retain any dividend or bonus upon which the company has a lien and may only deduct from dividends or bonus claims or sums of money which may be due on account of calls.

Notices

11.47. Notices are to be sent to all registered members either personally or by post.

Members Registered Address

11.48. A clause in the constitution to the effect that a member's address is in some other country will be permitted.

Compliance

11.49. Notwithstanding anything to the contrary contained in the Constitution of the Company, so long as the Company is listed in the MSE, the Company shall comply with the Rules of the Exchange, which shall be in force from time to time.

Compliance with Companies (Model Articles and Memoranda) Regulations, 2016

11.50. Save where specifically referenced in this Schedule, the constitution of a company shall comply in any other respect with the Model Articles for a Public Company specified in the Companies (Model Articles and Memoranda) Regulations, 2016.

SCHEDULE 12 REQUIREMENTS FOR CERTIFICATES OF TITLE

The following are the requirements for certificates of title where physical certificates are issued:

Size

12.1. Minimum and maximum sizes of certificates of title:

a. breadth minimum 25 cm maximum 30 cm;

b. depth minimum 20 cm maximum 26 cm, or as agreed with the MSE.

Name

12.2. The name of the company must be printed clearly in bold type. The name must agree in every particular with that under which the company is registered. Abbreviations of words should not be used unless the name of the company is so registered, e.g. the word

"AND" should be printed and not the abbreviation "&" and the word "Public Limited Company" should be printed and not the abbreviation "PLC". Should the company be registered with either of these words abbreviated a note should be printed at the foot of the certificate of title to the effect that certificates of title accompanied by transfer deeds having the name of the company abbreviated "&" or the word "and" written in full will be accepted for transfer. A similar procedure should be adopted for any other abbreviations.

Change of name

12.3. The former name of the company must be shown in brackets under the new name of the company for a period of at least one year after such change of name.

Country of registration

12.4. The country of registration must be printed under the name of the company.

Translation of name

12.5 Should it be desired to show the translation of the name in another official language this may be shown under the name provided a statement is made on the certificate that the company will accept either name on transfer deeds.

Certificate number

12.6 The certificate of title number must be shown on the top left hand corner.

Number of securities

12.7. The number of securities represented in the certificate must be shown on the top right hand corner. In the case of units of stock the number of units and the nominal value must be shown.

MSE Code

12.8. All certificates of title should bear the MSE code where applicable.

Preference share certificates

12.9. Certificates in respect of first issue of preference shares must be printed in red, including the border, if any. Certificates in respect of shares, other than a first issue of preference shares, may be printed in any other approved colour. Where preference shares of a new class are issued, second and subsequent issues of preference shares should be described as "Second Preference Shares:", "Third Preference Shares:" etc.

Description of securities

12.10. full description of the class of securities must be printed in the body of the certificate, the description to be in accordance with that prescribed in the memorandum and constitution. Where special rights and obligations pertain to the securities (as in the case of preference shares and debentures), salient details of these rights and conditions should be printed on the back of the certificate.

Class of securities

12.11. A description of the class of securities must be printed in bold type above the name of the company.

Low and High voting equity shares

12.11. Certificates in respect of low or high voting equity shares which have been issued should indicate clearly that the shares are low or high voting equity shares such as "A" or "N" ordinary shares.

Certificates Of Title To Indicate Reconstruction

12.12. Where securities have been split, reduced and/or consolidated a summary of this information must be shown clearly at the top of the certificate. This information must be perpetuated on such certificates of title for a period of one year. These securities must be distinguishable clearly from other securities of the company in circulation. As an additional safeguard companies should use a different colour and series of numbers.

Address of registered and transfer offices

12.13. The physical and postal address in Malawi of the registered and transfer offices of the company must be stated.

Signatures on certificates of title

12.14. The provisions of the Companies Act, 2013 shall constitute the MSE requirements for the signatures on certificates of title.

SCHEDULE 13 REQUIREMENTS FOR OPTION CERTIFICATES

The conditions of issue of the options to be printed on option certificates must make provision for the following:

13.1 The term of option:

a. the minimum period during which an option may be exercised shall be not less than one calendar month. The company must advise option holders at least six weeks prior to the date upon which options may be exercised; and

b. in cases where the option may be exercised at any time the company shall undertake to send a reminder to registered option holders not less than six weeks or more than two months prior to the final date for the exercise of the option.

13.2 Upon exercise of the option, the securities to be allotted by the company in satisfaction of the option shall rank *pari passu* and in all respects be identical with existing issued securities of the same class in the capital of the company and certificates of title in satisfaction of such rights will be issued within twenty one (21) days of the option having been exercised.

13.3 New option certificates shall be issued upon transfer to a transferee.

13.4 In cases where the exercise of the option is restricted to a specific period the company shall undertake not to fix a recorded date for a dividend, a rights offer, capitalisation issue, capital reconstruction or offer to purchase (take over bid) on ordinary shares which will fall within that period. In other cases holders of the options shall preclude exercising their options between the date of declaration of dividend and the record date for such purposes.

13.5 The number, description and nominal value of securities over which the option is granted.

13.6 The price at which the option may be exercised.

13.7 That the option over a specified number of securities will be exercisable whether in whole or in part.

13.8 Additional issues of options or of the issue of securities with conversion rights or of the amendment of the conditions of the options will require the sanction of the holders of the options and the holders of such of the following securities as may be issued as at the date it is proposed to amend the conditions of issue:

13.8.1 ordinary shares or ordinary stock, other than non-voting;

13.8.2 convertible securities;

13.8.3 securities with inherent option rights; and

13.8.4 participating securities.

13.9 The holders of the options shall be advised simultaneously with the notification of the holders of ordinary shares or stock of a contemplated rights issue or bonus issue and of a specified date by which they must exercise their options in order to participate in the rights issue or bonus issue. The ratio for the rights issue or bonus issue shall not be determined until after the date referred to above and a subsequent date shall be determined as being record date for the rights issue or bonus issue.

13.10 In a capital reconstruction, the ratio of:

13.10.1 the total number of securities which may be issued on the exercise of the option to the total number of securities issued; and

13.10.2 the issue price per ordinary share or stock to the nominal value per share or stock; shall be adjusted to correspond proportionately to the total number of securities or stock issued and the nominal value per share or stock in the reconstructed capital.

13.11 Ordinary share capital shall not be repaid during the period of the option.

SCHEDULE 14 REQUIREMENTS FOR CERTIFIED DEEDS AND OTHER DOCUMENTS OF TITLE

The application to be submitted by companies for approval to issue certified deeds and other temporary documents of title must take the following form:

The Chief Executive Officer
Malawi Stock Exchange
Old Reserve Bank Building
14 Victoria Avenue
Private bag 270
Blantyre

Dear Sir,

CERTIFIED TRANSFER DEEDS AND OTHER TEMPORARY DOCUMENTS OF TITLE

On behalf of my company I hereby apply for the approval of your Board to the introduction by my company of certified transfer procedure as covered by your rules in respect of all listed securities of this company which at present consist of:

…….. ordinary shares (number)

……. preference shares (number)

…… (description)

and number of any other class of security to which the system can be applied, and any additional securities of the same class(es) which may be granted a listing in the future.

The Board has passed a resolution authorising the adoption of the system of certification in Malawi and if and when applicable on an interchange basis with office elsewhere and it has made the necessary arrangements regarding the signing of certifications. The company agrees that the Board's approval shall be subject to the Listings Requirements of your exchange which now are or which may hereafter be in force.

Without in any way limiting the application of the Listing requirements referred to above, the company undertakes:

a. that certificates for any of the above securities will be issued in such denominations as may be expedient (not necessarily in 100's) and that the transfer deeds in the required denominations will be certified against such of the following documents as may be issued from time to time by the company:
   i. certificates of title;
   ii. transfer receipts;
   iii. postal acknowledgements;
   iv. removal (or transmission) receipt (where branch registers are maintained);
   v. balance receipts (or tickets);
   vi. split balance receipts (or tickets);
   vii. bearer share reconversion receipt;
   viii. interchange receipts; and
   ix. letters of allocation or allotment and similar new issue documents after allowing a period for renunciation;

provided any document referred to above shall have been surrendered prior to delivery of the relative scrip;

b. that in the company's discretion certified transfer deeds may be updated; and
c. that provided the documents of title are in order the relative certified deeds and/or other documents of title will be issued within 24 hours of lodgement. That, upon request, temporary receipts which shall be surrendered upon delivery of the certified deeds and/or other documents of title, will be issued to persons who lodge documents of title.

The certified transfer deed procedures will apply to Malawi registrations and to interchange between Malawi and name(s) of foreign country(ies) in which additional transfer offices are situated.

I enclose for approval a specimen of the certifications to be applied by or on behalf of the company. Once these have been approved they will not be altered without notifying your exchange.
Kindly advise me of the MSE's decision in due course.

Yours faithfully

CHAIRPERSON

Note: Companies should satisfy themselves that they are adequately covered under their forged transfer policies in respect of certified deeds and other documents of title.

SCHEDULE 15 REQUIREMENTS FOR EXECUTIVE AND STAFF SHARE SCHEMES

The following provisions apply, with appropriate modifications, to all schemes involving the purchase of securities and/or the issue of shares or other securities (including options) by listed companies (or trusts formed for this purpose in terms of the Act) to, or for the benefit of, employees. They apply also to schemes of all subsidiaries of listed companies.

The MSE must be consulted on the application of these provisions to schemes intended to apply to employees of associates.

15.1 The scheme, which must be approved by shareholders of the listed company or company applying for listing in general meeting prior to its implementation, must contain provisions relating to:

a. the category of persons to whom or for the benefit of whom securities may be purchased or issued under the scheme ("participants"). Notwithstanding the above requirement, the MSE restricts the definition of participants to persons involved in the business of the group including non-executive directors;

b. the aggregate number of securities which may be utilised for purposes of the scheme which must be stated together with the percentage of the issued share capital that it represents at that time;

c. a fixed maximum percentage for any one participant;

d. the amount, if any, payable on application or acceptance; the basis for determining the purchase, subscription or option price which must be a fixed mechanism for all participants; the period in which payments, or loans to provide the same, must be paid; the terms of any loan; the procedure to be adopted on termination of employment or retirement of a participant; and

e. the voting, dividend, transfer and other rights, including those arising on a liquidation of the company, attaching to the securities and to any options (if appropriate).

15.2 A scheme may provide, in the event of a capitalisation issue, a rights issue, subdivision, consolidation of securities or reduction of capital, for adjustment of the purchase, subscription or option price of the number or amount of securities subject to options already granted to participants and to the scheme. Such adjustments should give a participant entitlement to the same proportion of the equity capital as that to which he was previously entitled:

a. the issue of securities as consideration for an acquisition or a waiver of pre-emptive rights will not be regarded as a circumstance requiring adjustment;

b. adjustments, where necessary must be confirmed to the directors in writing by the company's auditors that these are calculated on a reasonable basis.

15.3 The scheme must provide, or the circular must state, that the provisions relating to the matters contained in 15.1 above cannot be altered without prior approval of shareholders in general meeting.

15.4 The trustees must not be participants under the scheme.

15.5 Shares shall upon release to participants rank *pari passu* in all respects with the existing issued shares of the company.

15.6 Application must be made for a listing of those securities of a class already listed at the time of the issue.

15.7 The scheme document, if not circulated to the shareholders, must be available for inspection for at least 14 days at the company's registered office or such other places as the MSE may agree.

15.8 The terms of the resolution must approve a specific scheme and refer either to the scheme itself (if circulated to the shareholders) or to a summary of its principal terms included in the circular which must contain the provisions set out in Paragraph 15.1 above.

15.9 The listed company must, in respect of its or its subsidiary companies schemes, summarise in its annual financial statements the number of securities which may be utilised for purposes of the scheme at the beginning of the accounting period, changes in such number during the accounting period and the balance of securities available for utilisation for purposes of the scheme at the end of the accounting period.

SCHEDULE 16 REQUIREMENTS FOR TRUST DEEDS IN RESPECT OF DEBENTURES

The following are the requirements for trust deeds in respect of debentures:

16.1 Trust deeds and debentures not secured by a trust deed must contain provisions to the following effect that:

a. where provision is made that the debenture shall be repayable at a premium either at a fixed rate or at any time upon notice having been given, the debenture shall not in any event of the company going into voluntary liquidation be repayable at less than the premium then current;

b. a provision that debentures may be issued with special privileges as to allotment of securities, attending and voting at general meetings, appointment of directors or otherwise, will be permitted if the clause contains a proviso that such special privileges shall not be afforded save with the sanction of the company in general meeting;

c. where debentures are subject to periodic redemption such redemption shall be in units and not in the reduction of nominal value;

d. there be a fixed initial period of not less than one year during which redemptions may not take place;

e. where there is a sinking fund and the company has the right to buy for sinking fund purposes, it shall not anticipate its sinking fund requirements by more than one year;

f. redemption conditions shall remain unaltered unless sanctioned by general meetings of ordinary shareholders and debenture holders;

g. where power is reserved to purchase redeemable debenture, purchases shall not be made by the company or the trustee at a price which is higher than the market price. Debentures so purchased shall be cancelled. The company's obligation to redeem and pay off the debentures shall be reduced by the par value of the debentures so cancelled;

h. the last day of registration for interest payments, conversion and redemption rights must be a Friday. However, if the Friday is a holiday, then the previous business day will be the date for registration.

Conversion

16.2 The right of conversion must be authorised by ordinary shareholders in general meeting.

16.3 The earliest redemption date must not be earlier than the final conversion date or alternatively the holder shall be issued with an option certificate where redemption takes place at an earlier date than the final conversion date.

16.4 Conversion rights may not be exercised between the date of declaration of dividends or rights on the underlying security and the record date for such purposes.

16.5 The date of final closing of the registers for conversion and/or redemption shall not be earlier than the final conversion date/redemption date.

16.6 In cases where only part of the debentures may be converted, ensure if possible:

a. that the unit/s of debentures required to exercise the subsequent conversion rights shall be divisible exactly into K100; and

b. that the converted and unconverted portion of debenture unit/s of K100 are capable of being consolidate into a dealing unit of 100 debentures.

16.7 Convertibility conditions shall remain unaltered unless sanction by ordinary shareholders in general meeting.

16.8 The company may not issue capitalisation ordinary shares or options on securities prior to the final conversion dates unless sanctioned in general meeting by the holders of the convertible debentures.

Conversion Period

16.9 Conversion period must be for at least one month.

16.10 Variation of rights must also be subject to the consent of ordinary shareholders to the usual, viz, either:

a. consent in writing in respect of 75% of debenture holders; or

b. necessary resolutions passed by debenture holders.

16.11 Debentures purchased must be cancelled and not reissued.

Trustees

16.12 The trustee or trustees shall be a corporation or persons of standing and repute and must have no interest in or relationship with the company which might conflict with their position as trustee.

16.13 The new trustee appointed under any statutory or other power must prior to appointment be approved by an extraordinary resolution of the debenture (or debenture stock) holder.

Meetings and voting rights

16.14 A meeting of debenture (or debenture stock) holders must be called on a requisition in writing signed by holders of at least one tenth of the nominal amount of the debentures (or debenture stock) for the time being outstanding.

16.15 The quorum for passing a special resolution shall be the holders of a clear majority in the value of the whole of the outstanding debentures (or debenture stock). If such quorum should not be obtained, provision may be made for the adjournment of the meeting for not less than 14 days: in that event notice of the adjourned meeting shall be sent to every debenture (or debenture stock) holder and shall state that if a quorum as above defined shall not be present at the adjournment meeting, the debenture (or debenture stock) holders then present will form a quorum.

16.16 The necessary majority for passing a special resolution shall be not less than three fourths of the persons voting thereat on a show of hands and if a poll is demanded then not less than three fourths of the votes given on such a poll.

16.17 On a poll, each holder of debentures or debenture stock shall be entitled to at least one vote in respect of every K20 of debentures or debenture stock held by him, except that where the lowest denomination in which such securities can be transferred is more than K20 such denomination may be substituted for the K20 referred to above.

16.18 In the case of an external company provision should be made that notice be given to all debenture holders at least 21 days prior to the meeting. The notice is to be sent from a branch office in Malawi or by airmail from the registered office of the company.

16.19 Provision should be made for sending of notices of meetings to the MSE at the same time as notices are sent to debenture holders.

Notices

16.20 Notices shall be sent to debenture holders at least six weeks before each:

a. conversion date; and
b. redemption date.

Interest on partly paid debentures

16.21 State how payment of interest will be calculated until the next interest date or the next succeeding date upon which debentures will become fully paid.

Transfer

16.22 In the case of a listed debenture the common form of transfer will be used.

16.23 Every instrument shall be left at the transfer office of the company at which it is presented for registration, accompanied by the certificate of the debentures to be transferred and/or such other evidence as the company may require, to prove the title of the transferor or his rights to transfer the debentures.

16.24 All authorities to sign transfer deeds granted by members for the purpose of transferring debentures, which may be lodged, produced or exhibited with or to the company at any of its proper offices shall, as between the company and grantor of such authorities be taken as deemed to continue and remain in full force and effect, and the company may allow the same to be acted upon until such time as expressed notice in writing of the revocation of the same shall have been given and lodged at each of the company's transfer offices at which the authority was lodged, produced or exhibited.

16.25 Even after the giving and lodging of such notice, the company shall be entitled to give effect to any instruments signed under the authority to sign and certified by any officer of the company as being in order before the giving and lodging of such notice.

16.26 There shall be no restrictions on the transfer of fully paid debentures.

Definitive Certificates

16.27 In any payment of part of the amount due on the security, unless a new certificate is issued, a note of such payment shall be enfaced on the certificate.

Special Privileges

16.28 The sanction of a separate general meeting of ordinary shareholders shall be obtained for the grant of special privileges.

General Conditions

16.29 "Secured debentures" shall be secured to a substantial extent by a direct specific mortgage of freehold or long leasehold property or other immovable property or such other fixed assets as the Board in its discretion may deem acceptable. Debentures which do not enjoy such security must be called "unsecured debentures".

16.30 Until the debentures have been redeemed in full, the company shall not have the right to borrow in excess

of any specified sum without the consent of the debenture holders in general meeting.

16.31 Redemption of debentures may be by drawings or fixed annual repayments.

16.32 First interest payment on debentures must be calculated from date of payment.

16.33 Any stock redeemed shall be cancelled and must not be reissued.

16.34 Certificates must be issued within 21 days.

16.35 Certificates must be for K100 unless otherwise requested. Block certificates are permissible if the company has adopted certified transfer procedure.

16.36 There must be no restrictions on splitting denominations under K100.

16.37 A company must give at least 14 days notice of the last day to register for interest

16.38 Where the debentures of a company are listed, prior approval of amendments to the original conditions of issue must be obtained from the Board. The last day for debenture holders to be registered must be a Friday or if the Friday is not a business day, then the last day to register should be the preceding business day.

SCHEDULE 17 SPONSORING BROKER'S UNDERTAKING

The following must be included in a letter from the sponsoring broker to the MSE when appointed by an issuer for a specific matter or transaction ("appointment"):

a. that they will discharge their responsibility as a sponsoring broker under the Listings Requirements as amended from time to time for the purposes of the appointment;
b. that they will advise the MSE, in writing, immediately, of their resignation or dismissal from an appointment, giving details of any relevant facts or circumstances;
c. a description of the interest held by the sponsoring broker, his firm and any partner or director of that firm in the issuer or any of its subsidiaries; and that they acknowledge that the Board may censure them if the Board considers that they are in breach of their responsibilities and that the Board may publicize the fact that they have done so and the reasons for their action.

SCHEDULE 18 DECLARATION BY SPONSORING BROKER

To: Malawi Stock Exchange (MSE)

……20……..

Date

Full name of sponsoring broker ……..

The undersigned request that you will allow……. (number) shares of ……. (denomination) Each of …… (issuer) to be admitted to the List.

I, …….. A partner/director of the above sponsoring broker, hereby;.

a) confirm that we will discharge the responsibility as a sponsoring broker under the MSE Listings Requirements as amended from time to time for the purposes of the appointment;

(b) confirm that we will advise the MSE, in writing, without delay, of our resignation or dismissal from an appointment, giving details of any relevant facts or circumstances;

(c) acknowledge that the MSE may censure the sponsoring broker if the MSE considers that we are in breach of the responsibilities and that the MSE may publicise the fact that they have done so and the reasons for their action.

We have satisfied ourselves to the best of our knowledge and belief, having made due and careful enquiry of the issuer and its advisor, that all documents required by the Listings Requirements to be included in the application for listing have been supplied to the MSE, that all other relevant requirements of the Listings have been complied with; and that there are no matters other than those disclosed in the prelisting statement or otherwise in writing to the MSE which should be taken into account by the MSE in considering the suitability for listing of the securities for which application is being made. Should any further information come to our notice before the grant of listing, we will inform the MSE.

The Securities in respect of which the application is being made will be included in the List.

This declaration is furnished to you in accordance with the Listings requirements of the MSE. It may not be relied upon for any other purpose or by any other person.

SIGNED BY…….. or SIGNED BY ……..
Partner/director of duly authorised officer, for and on behalf of
…… …… To be completed in all cases:
Application to be heard on .....20 ….
Dealings expected to commence on.....20 ….
Name(s) of contact(s) at the sponsoring broker regarding the application: ……..
Telephone: …….

SCHEDULE 19 DECLARATION FORM BY CORPORATE ADVISOR

The following declaration format must be used by Corporate Advisor when submitting the declaration on their letterhead to the MSE,

The Chief Executive
Malawi Stock Exchange
Old Reserve Bank Building
14 Victoria Avenue
Private Bag 270
Blantyre

……20……

Dear Sir,

(Full name of Corporate Advisor)

The attached application by (full name of applicant issuer) in respect of (brief description of the corporate action) is the subject of this Corporate Advisor declaration.

I, **(full name of approved executive)**, an approved executive of the above Corporate Advisor

(a) Hereby confirm that I have satisfied myself to the best of my knowledge and belief, having made due and careful enquiry of the applicant issuer (and its advisers)*, that all the documents required by the Listings Requirements to be included in the application have been supplied to the MSE; that all other relevant requirements of the Listings Requirements have been complied with; and that there are no material matters other than those disclosed in writing to the MSE that should be taken into account by the MSE in considering the suitability of the application. Should any further information come to my notice before the approval of the application, I will immediately inform the MSE.

(b) here confirm that I will review each submission for full compliance with the Listings Requirements before submitting it to the MSE; and

(c) confirm that with regard to our independence

(i) The following director(s), partner(s) or employee(s) (“employment capacity”) of the Corporate Advisor has an interest in a class of share, debt or loan capital of (including the holding company, subsidiaries or associates) (“the issuer”)

Name and employmen capacity	Nature of holding o interest	%	Name of beneficia owner

This declaration is furnished to you in accordance with the Listings requirements of the MSE. It may not be relied upon for any other purpose or by any other person.

SIGNED BY……..
Partner/director of
……

or SIGNED BY ……..
duly authorised officer, for and on behalf of
……. To be completed in all cases:

Application to be heard on.....20 ….
Dealings expected to commence on .....20 ….
Name(s) of contact(s) at the sponsoring broker regarding the application: ……..
Telephone: …….

SCHEDULE 20 ANNUAL COMPLIANCE CERTIFICATE

I, the undersigned …… (full names), being duly authorised hereto, certify to the Malawi Stock Exchange (the MSE) that …… (the company) has, during the twelve months ended 31 December …. Complied with every disclosure requirement for continued listing on the MSE imposed by the Board of the MSE during that period.

Signed by ……..
(duly authorised hereto, for and on behalf of the directors of the company)

*Note: adjust as necessary.

SCHEDULE 21 REQUIREMENTS FOR THE IMPLEMENTATION OF THE GREEN SHOE (OVER-ALLOTMENT) OPTION

21.1 An issuer making a public offer of equity shares can utilise the Greenshoe Option (GSO) to stabilize the post listing price of its shares, subject to the approval of the MSE and the provisions of this Schedule.

21.2 A company desirous of availing the option granted by this chapter, shall in the resolution of the general meeting authorizing the public issue, obtain authorization also for the possibility of allotment of further shares to the 'stabilizing agent' (SA) at the end of the stabilization period in terms of paragraph 21.7.c.

21.3 The company shall appoint one of the underwriters, merchant bankers or Book Runners, as the case may be, from amongst the issue management team, as the SA, who will be responsible for the price stabilization process, if required. The SA shall enter into an agreement with the Issuer Company, prior to submission of offer document to the MSE, clearly stating all the terms and conditions relating to this option including fees charged / expenses to be incurred by SA for this purpose.

21.4 The SA shall enter into an agreement with the issuer promoter(s) or pre-issue shareholders to allocate further shares under the provisions of this schedule, specifying the maximum number of shares that may be allotted from the promoters or the shareholders, which shall not be in excess of 15% of the total issue size.

21.5 The details of the agreements mentioned in paragraphs 21.3 and 21.4 shall be disclosed in the Prospectus. The agreements shall also be included as documents for public inspection.

21.6 Lead merchant banker or the Lead Book Runner, in consultation with the SA, shall determine the amount of shares to be over allotted with the public issue, subject to the maximum number specified in paragraph 21.4.

21.7 The prospectus shall contain the following additional disclosures:

a. Name of the SA
b. The maximum number of shares (also as a percentage vis-a-vis the proposed issue size) proposed to be over-allotted by the company.
c. The period, for which the company proposes to avail the stabilization mechanism,
d. The maximum increase in the capital of the company and the shareholding pattern post issue, in case the company is required to allot further shares to the full extent of over-allotment in the issue.
e. The maximum amount of funds to be received by the company in case of further allotment and the use of these additional funds.
f. Details of the agreement/ arrangement entered into by SA with the promoters to issue further shares which inter-alia shall include name of the promoters, their existing shareholding and other important terms and conditions including the rights and obligations of each party.
g. The prospectus shall additionally disclose the exact number of shares to be allotted pursuant to the public issue, stating separately therein the number of shares to be issued under the GSO and over allotted by the SA, and the percentage of such shares in relation to the total issue size.

21.8 In the case of both an initial public offer by an unlisted company, or a public issue by a listed company,

a. The SA shall request the company to issue further shares, to the extent of the proposed over-allotment.
b. The shares referred to in this clause shall be in dematerialized form only.

21.9 The allocation of these shares shall be pro-rata to all the applicants.

21.10 The stabilization mechanism shall be available for the period disclosed by the company in the prospectus, which shall not exceed 30 calendar days from the date when trading permission is given by the Exchange.

21.11 The SA shall open a special account with a bank to be called the "Special Account for GSO proceeds of _____ (name of company)" (hereinafter referred to as the GSO Bank account) and a special account for securities with the CSD to be called the "Special Account for GSO shares of _____ (name of company)" (hereinafter referred to as the GSO Demat Account).

21.12 The money received from the investors against the over-allotment in the greenshoe option shall be kept in the GSO Bank Account, distinct from the issue account and shall be used for the purpose of buying shares from the market, during the stabilization period.

21.13 The shares bought from the market by the SA, if any during the stabilization period, shall be credited to the GSO Demat Account.

21.14 The shares bought from the market and lying in the GSO Demat Account shall be returned to the promoters immediately, in any case not later than 3 working days after the close of the stabilization period.

21.15 The prime responsibility of the SA shall be to stabilize post listing price of the shares. To this end, the SA shall determine the timing of buying the shares, the quantity to be bought, the price at which the shares are to be bought etc.

21.16 On expiry of the stabilization period, in case the SA does not buy shares to the extent of shares over-allotted by the company from the market, the issuer company shall issue new shares to the extent of the shortfall in dematerialized form to the GSO Demat Account, within five days of the closure of the stabilization period. These shares shall be returned to the promoters by the SA in lieu of the shares borrowed from them and the GSO Demat Account shall be closed thereafter. The company shall make a final listing application in respect of these shares to the Exchange.

21.17 The shares returned to the promoters under paragraph 21.14 or 21.16, as the case may be, shall be subject to the remaining lock in period as applicable.

21.18 The SA shall remit an amount equal to (further shares allotted by the issuer company to the GSO Demat Account multiplied by the issue price) to the issuer company from the GSO Bank Account. The amount left in this account, if any, after this remittance and deduction of expenses incurred by the SA for the stabilization mechanism, shall be transferred to the security fund of the stock exchange. The GSO Bank Account shall be closed soon thereafter.

21.19 The SA shall submit a report to the Exchange on a daily basis during the stabilization period. The SA shall also submit a final report to the Exchange. This report shall be signed by the SA and the company. This report shall be accompanied with a depository statement for the “GSO Demat Account” for the stabilization period, indicating the flow of the shares into and from the account. The report shall also be accompanied by an undertaking given by the SA and countersigned by the CSD regarding confirmation of lock-in on the shares returned to the promoters in lieu of the shares borrowed from them for the purpose of the stabilization, as per the requirement specified in 21.17.

21.20 The SA shall maintain a register in respect of each issue having the greenshoe option in which he acts as a SA. The register shall contain the following details of:

a. in respect of each transaction effected in the course of the stabilizing action, the price, date and time
b. the details of the promoters from whom the shares are borrowed and the number of shares borrowed from each; and
c. details of allotments made under paragraph 21.16.

21.21 The register must be retained for a period of at least seven years from the date of the end of the stabilizing period.

SCHEDULE 22 DIRECTORS' PERSONAL DECLARATION AND KNOW YOUR CUSTOMER (KYC) DOCUMENTS

This director's personal declaration must be provided in letter format addressed to the MSE in accordance with the MSE's Listings Requirements.

Personal details

1. Applicant issuer and effective date of appointment:

   .....

2. Surname of Director:

   .....

3. Any middle name:

   .....

4. First name:

   .....

5. National identification or passport number:

   .....

6. Date of birth:

   .....

7. Director function and capacity in the applicant company (including any shareholding):

   .....

8. Physical address:

   .....

9. Postal address:

   .....

10. Telephone number:

    .....

11. Fax no:

    .....

12. E-mail address:

    .....

Qualifications and experience

13. Are you a director, or alternate director of any other company that is publicly listed or traded, or a partner in any partnership? If so, state the name of any such company or partnership, the nature of business where this is not indicated in the title, and the date you became a director or partner.

    .....

    .....

14. Provide details of your qualifications and relevant experience.

    Qualifications: .....

    .....

    Experience: .....

.....

15. Have you ever been disqualified by a court from acting as a director of a company, or from acting in the management or conduct of the affairs of any company? If so, give full particulars.

.....

.....

Integrity

16. Have you ever been convicted of any offence resulting from dishonesty, fraud, theft, forgery, perjury, misrepresentation or embezzlement? If yes, provide details.

.....

.....

17. Have you ever been convicted of any offence in terms of the Financial Crimes Act? If yes, provide details.

.....

.....

18. Has any company been put into liquidation or been placed under business rescue proceedings or had an administrator or other executor appointed during the period when you were (or within the preceding 12 months had been) one of its directors, or alternate directors or equivalent position? If yes, provide details.

.....

.....

19. Has any company been convicted of any violation under the Financial Crimes Act, 2017 during the when you were (or within the preceding 12 months had been) one of its directors, or alternate directors or equivalent position? If yes, provide details.

.....

.....

20. Have you ever been adjudged bankrupt or sequestrated in any jurisdiction? If yes, provide details.

.....

.....

21. Have you at any time been a party to a scheme of arrangement or made any other form of compromise with your creditors? If yes, provide details.

.....

.....

22. Have you ever been found guilty in disciplinary proceedings, by an employer or regulatory body, due to dishonest activities? If yes, provide details.

.....

.....

23. Have you ever been barred from entry into any profession or occupation? If yes, provide details.

.....

.....

24. Have you at any time or has a company of which you were a director or alternate director or officer at the time of the offence, been convicted in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act. All such convictions must be disclosed even though they may now be “spent convictions”.

    .....

    .....

25. Have you ever been removed from an office of trust, on the grounds of misconduct, involving dishonesty? If so, give full particulars.

    .....

    .....

26. Has any court granted an order declaring you to be delinquent or placing you under probation? If so, give full particulars.

    .....

   I

    ..... director of (name of company)

    .....

    .....

    (the issuer) declare that, to the best of my knowledge and belief (having taken all reasonable care to ensure that such is the case), the answers to all the above questions are true and I hereby give my authority to the MSE to disclose any of the foregoing particulars as the MSE may, in its absolute discretion think fit.

I also acknowledge that ..... of which I am a director has agreed to be bound by and to comply with the MSE’s Listings Requirements, as amended from time to time, and, in my capacity as a director, I undertake and agree to discharge my duties in ensuring such compliance whilst I am a director. The delegation of any of my duties to any sub-committee or anyone else will not absolve me of my duties and responsibilities in terms of the Listings Requirements.

I further acknowledge that certain requirements contained in the MSE’s Listings Requirements, as amended from time to time, affect me directly as a director and, in my personal capacity, as well as in my capacity as a director, I undertake to be bound by and to comply with all such requirements whilst I am a director.

.....
Signature

…….
Date

In addition to the declaration, copies of the following documents must also be submitted (certified where applicable):

a. where the person is a citizen or resident of Malawi, the national identity card of such person;
b. where the person is not a citizen or resident of Malawi, the passport of such person;
c. the person’s proof of residential address in Malawi where the person is a citizen or resident of Malawi;
d. where the person is not a citizen or resident of Malawi, the proof of residential address in his or her country of domicile and physical address in Malawi; and

e. a certified copy of the resolution taken by the general meeting of shareholders or directors of the issuer on the appointment of the person to the board of directors.