

The Malawi Stock Exchange

LISTING OF FINANCIAL INSTRUMENTS

F I N A L

MALAWI STOCK EXCHANGE LISTING OF FINANCIAL INSTRUMENTS

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INTRODUCTION

1. The buying and selling of listed securities in Malawi is prohibited unless undertaken through a member of the Malawi Stock Exchange (MSE).
2. All listed securities must comply with the requirements of the Securities Act 2010 and the Companies Act 2013, and the Listing Requirements of the MSE.
3. Members of the Malawi Stock Exchange are required to act as Agents and can only act as principal in accordance with Members Rules of the Malawi Stock Exchange.
4. The Securities Act 2010 defines a “security” as including stock, shares, notes, bonds and debentures issued by a Government or body corporate and any interest, privilege, right, option, or warrant in respect or such issues.
5. The Companies Act 2013 defines “debenture” as including debenture stock, convertible debenture, bonds, loan stock, unsecured note instruments and any other instrument executed, authenticated, issued or created in consideration of such a loan or existing indebtedness.
6. The meaning of “public offer” is defined in Section 258 of the Companies Act 2013.
7. If an issue is to be made in terms of a public offer then a prospectus is required. The prospectus must comply with the requirements of section B of the second schedule of the Securities Act (registration requirements for securities) directive, 2015 and Section 260 of the Companies Act 2013.
8. Section 126 of the Companies Act 2013 prohibits an invitation to the public to acquire debentures of a company unless the issue of debentures is secured by a trust deed.
9. If an issue does not constitute an invitation to the public then a prospectus is not required but a circular (placing document) must be prepared.

SECTION 1

LISTING DISCLOSURE RULES

1. GENERAL

- 1.1 The Malawi Stock Exchange (MSE) will consider granting a listing subject to any special considerations it may consider appropriate at the time.
- 1.2 The listing of financial instruments on the MSE may be granted for either a private placement or by an invitation to the public to subscribe.
- 1.3 The relevant documentation required in terms of these rules must be submitted to the MSE at least 30 days or such other date as the exchange may stipulate, before this listing shall be granted.
- 1.4 The issuer must be duly incorporated or otherwise be validly established according to the relevant laws of its place of incorporation or establishment and be operating in conformity with its memorandum and articles of association or equivalent constitutional documents.
- 1.5 To be listed, issuers must –
 - 1.5.1 Satisfy the MSE that they have complied with the laws in their country of incorporation.
 - 1.5.2 be duly authorised according to the requirements of the applicant's memorandum and articles of association; and
 - 1.5.3 have obtained any necessary statutory or other consents.
 - 1.5.4 have complied with the requirements of local legislation in so far as the same may be applicable.
 - 1.5.5 The number of public debenture holders shall be at least 10 (ten).
- 1.6 Approval of the listing of a financial instrument will be granted at the time that the disclosure document (placing document, offering circular or prospectus) is approved, subject to the submission of all the documents to the satisfaction of the MSE prior to the date of listing.
- 1.7 The granting of a listing of a financial instrument must be announced through the media on the day the offer opens.

2. TERMS AND CONDITIONS

2.1 The disclosure document for any listing must describe the terms of the issue, including provisions with respect to the description of the financial instrument being offered, interest payments, conversions, redemption dates, underwriting etc.

2.2 The following is a summary of the requirements for disclosure that must be contained in the disclosure document. It must contain the following information, when appropriate-

2.2.1 *Name*

The full name of the issuer, registered number and place and date of incorporation.

2.2.2 *The business of the issuer*

A broad statement must be made describing the general business of the issuer

2.2.3 *Management and control*

The composition and full names addresses and occupations of directors, council and senior management.

2.2.4 *Secretary and registered office*

The full names of the company secretary and transfer secretary, and the address of the registered and transfer secretary's offices.

2.2.5 *Attorneys, auditors, bankers, issue managers, market-makers and sponsoring members*

The full name, name of contact person, address and registration number.

2.2.6 *Amount of the issue*

The authorised amount of the issue and the initial amount.

2.2.7 *Placing conditions*

Whether the issue is a private placing or an invitation to the public to subscribe. The issue may be initially offered privately to private subscribers and at a later date opened for public investment and participation.

2.2.8 *Purpose of the Issue*

Purpose of the use of the proceeds of the issue.

2.2.9 *Loan number*

The loan number should be similar to the “stock code”. The MSE will issue this stock code, which will be in accordance with conventions that identifies with the issuer’s current listed stock/loan numbers and with the short name of the stock.

2.2.10 *Rate(s) of interest*

2.2.10.1 The coupon rate of interest per annum payable until maturity date;
or

2.2.10.2 The first variable interest rate and the conditions of the variable interest payment.

2.2.11 *Redemption dates*

The maturity date when the issuer repays the principal and the final interest payment to the registered holder against delivery of the financial instrument being redeemed.

2.2.12 *Interest payable dates*

2.2.12.1 The date on which the interest is payable, until maturity date; or

2.2.12.2 The date on which variable interest rate is payable, until maturity date; or

2.2.12.3 The date on which Zero Coupon bonds interest is amortised, until redemption date; or

2.2.12.4 Such other date conventions as the MSE may approve.

2.2.13 *First interest payable*

The date on which the first interest payment will be made to the registered bondholder and how it will be determined.

2.2.14 *Books closed from date – Last day to register (LDR)*

The date on which the transfer secretaries to the issue close the register of holders in order to process the payment of maturity and/ or interest to the registered bond holder.

2.2.15 *Issue price*

The price on the issue date can either be at a yield to maturity or price basis. Where the issuer does not fix the offering price, the offering price should be: -

2.2.15.1 negotiated on issue date at market related rates; or

2.2.15.2 by tender on issue date; or

2.2.15.3 by auction; or

2.2.15.4 any other approved price discovery mechanism

2.2.16 Listing or issue date

The date from which the financial instrument has been granted the listing

2.2.16.1 When the offer will open and close in the case of a private placing; or

2.2.16.2 When the offer will open in the case of a public placing.

2.2.17 Trading date

The first date of trading.

2.2.18 Settlement date

Settlement of the issue amount allotted will be in accordance with the settlement rules of the MSE.

3.1 DISCLOSURE REQUIREMENTS

- 3.1.1 Disclosure is the cornerstone of any listing. An issuer must make public disclosures and keep the MSE fully informed with regard to its listing(s). Disclosure is required of all information that would be material to an investor's investment decisions and that is necessary to enable market participants to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer and of the rights attaching to listed financial instruments.
- 3.1.2 The requirements laid down are not exhaustive and the issuer may include any additional information.
- 3.1.3 If an issue is to be made in terms of an invitation to the public, then a prospectus is required. In addition to the MSE disclosure requirements, the prospectus must provide the information required by Part IX and the Fifth Schedule to the Companies Act 2013.

3.2 DIRECTORS AND OFFICERS

- 3.2.1 Disclosure concerning directors, executive officers and other significant employees is required including position held.
- 3.2.2 Any potential conflicts of interest that are considered relevant to the issue should be disclosed.

3.3 USE OF PROCEEDS

- 3.3.1 The disclosure document must include a detailed statement of the intended use of the proceeds from the financial instrument issue.
- 3.3.2 If the issuer has no specific plans for using the proceeds, this must be stated and the issuer must discuss the principle reason for the financial instrument issue and listing.
- 3.3.3 If the loan or parts thereof will be issued as and when required by the issuer and the expected date when the issue will commence.
- 3.3.4 If the issue will be subject to a debt issuance programme.

3.4 GUARANTEES, INSURANCE OR UNDERWRITING

- 3.4.1 The issuer is required to disclose a plan of distribution or underwriting arrangements and any material relationship between the issuer and underwriter.

- 3.4.2 The application and disclosure document for a listing should contain a statement indicating whether or not such financial instrument listing is guaranteed, insured, underwritten, secured or unsecured.
- 3.4.3 The disclosure document should include the name, address, registered number (if applicable) and the name of contact person of the issuer as well as of the guarantor, insurer or underwriter.
- 3.4.4 Where the issue is government guaranteed, guaranteed or underwritten by a third party or insured, the certified copy of the registered guarantee, insurance or underwriting letter of intent or agreement must be included with the listing application.
- 3.4.5 The MSE will require:-
 - 3.4.5.1 the name and address of the insurer or underwriter;
 - 3.4.5.2 the name and address for the insurer or underwriter's agent in Malawi where the insurer or underwriter is a non-resident;
 - 3.4.5.3 a certified copy of the Resolution of the Board of Directors of the insurer /underwriter authorising the issue to be insured or underwritten;
 - 3.4.5.4 any additional information concerning the underwriter's business and financial condition as the MSE may reasonably require.
- 3.4.6 The guarantee details should address the following where appropriate –
 - 3.4.6.1 the name(s) of the Minister(s) or principal representatives signature(s) to the guarantee
 - 3.4.6.2 the name of the Administrators/ Trustees on behalf of the said issuer and promoter of the said issue and any claims arising therefrom;
 - 3.4.6.3 whether the guarantee is conditional/ unconditional or irrevocable;
 - 3.4.6.4 whether the guarantor/ underwriter undertakes to make payment of the amounts payable in terms of the guarantee upon receipt of a written request from the Trustee to the guarantor/ underwriter.
- 3.4.7 The Trustee is to confirm in writing to the MSE that it has the specific guarantee in its possession and that the issue thereof complies with all conditions as required by law and the requirements of the MSE.

3.5 RISK FACTORS

- 3.5.1 If the issue involves particular investment considerations, a section describing/ detailing the risk factors must be provided in the disclosure document.
- 3.5.2 The risk factors to include not only matters concerning the business and financial condition of the issuer, but also such matters (when applicable) as the absence of an operating history, the absence of profitable operations and future projections.
- 3.5.3 The MSE reserves the right to request the issuer at any time after the listing and the issuer is obliged to provide within 7 days such information which may have a material adverse effect on the ability of the issuer or it's guarantor/ underwriter to maintain any of its obligations in respect of any specific listed financial instrument.

3.6 MARKET – MAKERS

- 3.6.1 The disclosure document should include a description of the management arrangement of the issue.
- 3.6.2 Where an issuer intends appointing active third party market – makers to its issue, the issuer should consider the following –
 - 3.6.2.1 a minimum of two market – makers;
 - 3.6.2.2 member market – makers can trade with members and clients;
 - 3.6.2.3 on-member market – makers have to trade with members or with clients through a member;
 - 3.6.2.3.1 market – makers may have prudential requirements that require them to hold a specific minimum amount of capital in the Republic of Malawi;
 - 3.6.2.3.2 the performance obligation required by the market – maker to maintain a certain minimum turnover in the issue.
- 3.6.3 The issuer must notify the MSE in writing of any change in the appointment of market – makers whilst a listing application is being considered or at least three days prior to the anticipated change, after a listing has been granted.

3.7 AUDITORS

- 3.7.1 The auditors must be independent of the issuer and comply with guidelines issued by their national accountancy bodies.
- 3.7.2 The auditor(s) of the issuer shall confirm where appropriate. -

- 3.7.2.1 the guarantee of the listing; or
- 3.7.2.2 the solvency of the issuer

3.8 TRANSFER SECRETARIES / PAYING AGENTS

The organisation(s) that have been appointed by the issuer at the time of the listing as the transfer secretary/paying agent for the payment of interest and redemption payments.

The disclosure document should include the name and address of the transfer secretary, the name of contact person(s), telephone, and facsimile number and e-mail address.

3.9 ADDITIONS TO, REDUCTION IN AUTHORISED AMOUNT AND CHANGES TO AN ISSUE

3.9.1 In the circumstances where there have been changes to an issue the following information is required –

3.9.1.1 Increase in primary issued amount

The issuer must submit an application for an increase in the primary issued amount (preferably through the sponsoring member), giving details where appropriate-

- 3.9.1.2.1 the financial instrument and short name;
- 3.9.1.2.2 the issue price;
- 3.9.1.2.3 the coupon rate / variable interest rate;
- 3.9.1.2.4 the change from the previous interest rate to the new interest rate payable;
- 3.9.1.2.5 the original date of the issue and the proposed date of the additional issue;
- 3.9.1.2.6 the previous authorised amount and the new amount;
- 3.9.1.2.7 the total amount issued after this additional issue.
- 3.9.1.2.8 Where an additional listing amount to be issued causes the listing to exceed its approved listing authorisation, the application must be accompanied by the appropriate resolution from the governing body (Board of Directors) of the issuer

3.9.1.3 Reduction in issued amount

3.9.1.3.1 In respect of a reduction (i.e. invitation to redeem, convert or split) in the issued amount of a listed financial instrument, written evidence submitted by the issuer (preferably through the sponsoring member) shall be forwarded to the MSE, providing details of –

3.9.1.3.1.1 the reduction in the amount;

3.9.1.3.1.2 the remaining balance;

3.9.1.3.1.3 the proposed date of reduction and the circular to be issued or proposed to the financial instrument holders giving notice of the reduction where applicable.

3.9.1.4 Market – making of listing

In the case of an issuer market – making it's own listed financial instrument the issuer must notify the MSE of the changes of the total amounts in issue at the end each month within three business days after the end of that period.

3.9.1.5 Change to registered information

Issuers granted a listing should forthwith advise the Malawi Stock Exchange in writing of any-

3.9.1.5.1 change in name, together with a certified copy of the certificate from the Registrar of Companies giving approval for the new name;

3.9.1.5.2 change of company secretary;

3.9.1.5.3 change of company address;

3.9.1.5.4 change in transfer secretaries;

3.9.1.5.5 “Stops” placed against, or the reported loss of, listed financial instrument certificates; and

3.9.1.5.6 liquidation or reconstruction of any issue and the dates of the closing of the transfer registers;

3.9.1.5.7 changes to the dates of the closing of the transfer registers.

3.9.1.6 Continuing listing requirements

3.9.1.6.1 Issuers of listed financial instruments must continue to comply with the requirements of the Malawi Stock

Exchange in order to maintain the listing on the Exchange.

3.9.1.6.2 The MSE may at its own instance or on application from the issuer delist a financial instrument in the following circumstances:-

3.9.1.6.2.1 where an Order of the Court is granted which places the issuer under judicial management or provisional liquidation, or where any step or action having the same effect is voluntarily taken by the issuer, any listing granted to such issuer shall be terminated forthwith.

3.9.1.6.2.2 An issuer whose listing has been terminated may re-apply for a listing, and that application shall be treated as a new application for listing.

3.10 SPONSORING MEMBERS

3.10.1 Issuers must appoint a sponsoring member when making an application for listing.

3.10.2 A sponsoring member must be a member of the MSE.

3.10.3 The sponsoring member is not responsible for underwriting or guaranteeing the listing of a financial instrument. It is the choice of the sponsoring member if it decides to underwrite or guarantee the listing. All terms of any sponsorship are to be negotiated between the member and the issuer.

3.10.4 The duties of the sponsoring member are –

3.10.4.1 to ensure all documents required for the application for a listing have been submitted;

3.10.4.2 to be satisfied to its best knowledge and belief, all disclosure requirements have been complied with;

3.10.4.3 to ensure there is no additional disclosure needed to be brought to the attention of the MSE;

3.10.4.4 to inform the MSE of any further information which should be disclosed;

3.10.4.5 to submit the application for a financial instrument listing to the MSE.

- 3.10.5 An issuer of financial instruments who is also a member of the MSE may act as sponsoring member in respect of its own listing application.
- 3.10.6 All communications with the MSE in connection with the application shall be directed via the sponsoring member.
- 3.10.7 Where the name of a member appears on any document issued by or on behalf of any issuer, the following shall be appended to the name of the member: “Member of the MSE”.
- 3.10.8 Where the name or logo of a member appears on an advertisement in respect of a financial instrument listing, the advertisement shall be submitted to the MSE for approval at least 7 business days prior to the anticipated advertisement and the MSE shall confirm its approval or reasons for non-approval at least 3 business days prior to such anticipated advertisement.
- 3.10.9 The sponsoring member must confirm in writing to the MSE the terms of its sponsorship.

3.10 RATINGS AGENCY

- 3.11.1 The MSE firmly supports the concept of ratings as an independent measure of default risk related to a listing.
- 3.11.2 An issuer of listed financial instruments may at their option obtain a general independent credit rating by a Rating Agency recognised by the MSE for a listing.
- 3.11.3 An issuer who has not obtained an independent credit rating by a Rating Agency recognised by the MSE for a financial instrument listing shall be subject to specific requirements the Exchange may consider appropriate at the time.
- 3.11.4 In the absence of an independent credit rating by a recognised Rating Agency the MSE may grant a listing upon being satisfied that the applicant has complied with these rules.

3.12 MEDIA AND ADVERTISING

- 3.12.1 The issuer may issue a media release, which contains a brief description of –
 - 3.12.1.1 the issuer and its business;
 - 3.12.1.2 the title and the amount of the issue to be issued
 - 3.12.1.3 the names of the managers, sponsors, legal advisers and underwriters to the issue (where applicable);

- 3.12.2 Media announcements in connection with a listed financial instrument must state that the MSE has granted the issuer a financial instrument listing. Approval must be sought from the MSE 48 hours before release.

3.13 ROAD SHOWS

- 3.13.1 After the grant of a listing but prior to actual listing an issuer's management may make presentations to market participants and / or prospective investors, or conduct meetings with prospective investors
- 3.13.2 The disclosure document as approved by the MSE with regards to the issue shall be included with any written material available at such venue.
- 3.13.3 The issuer's management shall be responsible for the accuracy and truth of any statements, representations and statements made during the Road Shows and shall ensure that any presentations made to market participants and prospective investors fall within the limits of the grant for a listing.
- 3.13.4 The issuer shall indemnify the MSE against all liability for loss or damage howsoever arising out of any Road Shows.

3.14 FINANCIAL STATEMENTS

- 3.14.1 An applicant must lodge with the MSE audited accounts which :-
- 3.14.1.1 cover at least five years except as provided for in 3.14.2. the latest accounts must be in respect of a period ended not more than 6 months before the date of the listing particulars;
 - 3.14.1.2 have been prepared in accordance with The Companies Act 2013 or the applicants national law and international accounting standards; and
 - 3.14.1.3 have been independently audited.
- 3.14.2 In relation to 3.14.1.1 above, accounts relating to a shorter period than five years may be accepted if the Malawi Stock Exchange is satisfied-
- 3.14.2.1 such acceptance is desirable in the interests of the applicant or of investors and investors have the necessary information available to arrive at an informed judgement concerning the applicant and the securities for which listing is sought;

3.14.2.2 Where the application is in respect of guaranteed financial instruments; provided audited accounts of the guarantor(s) which cover at least five years have been lodged with the MSE.

3.14.3 An issuer granted a listing shall within six months of the end of every financial year submit audited financial statements to the MSE.

3.14.4 The auditors must be independent of the issuer and conduct their audit in accordance with international auditing standards.

3.15 INFORMATION ON THE ISSUER

The issuer shall provide information about its business operations, the products it makes, or the services it provides, and the factors that affect its business such as –

3.15.1 the adequacy and suitability of the entities properties, plant and equipment;

3.15.2 information relating to the issuer's subsidiaries, if the information is not otherwise disclosed in accordance with generally accepted accounting principles used in preparing the financial statements

3.16 CAPITALISATION AND INDEBTEDNESS

3.16.1 The applicant should provide a statement of capital and indebtedness showing the company's capitalisation on an actual basis and if applicable as adjusted to reflect the sale of new financial instruments being issued and the intended application of the net proceeds therefrom.

3.16.2 The applicant's indebtedness should distinguish whether guaranteed and non-guaranteed, and secured and unsecured. Indebtedness also includes indirect and contingent indebtedness.

3.17 TAXATION

The issuer shall provide information regarding taxation, inter alia

3.17.1 Withholding tax provisions; and/or

3.17.2 Persons qualifying for exemption from taxation; and/or

3.17.3 Persons who do not qualify for exemption from taxation; and/or

3.17.4 The company's responsibility.

3.18 RESPONSIBILITY STATEMENT

The directors, underwriters, sponsoring member and/or others involved in the offering or listing information in the disclosure document should include a statement “to the best of their knowledge, the information given in that part of the document for which they are responsible is in accordance with the facts and contains no omissions likely to affect the import of the document”.

3.19 DOCUMENTS ON DISPLAY

The issuer shall provide the name and the address where the documents concerning the issuer, which are referred to in the disclosure document may be inspected.

3.20 SUPPLEMENTARY INFORMATION

Where significant information becomes available that is capable of affecting assessment of the financial instrument the issuer is required to lodge and issue a supplement document to the disclosure document.

3.21 SIGNING AND DATE OF DISCLOSURE DOCUMENT

A disclosure document shall –

3.21.1 in the case where the issuer is a company, be signed by two directors of such a company,

3.21.2 in the case where the issuer is a juristic person other than a company, be signed by two senior officials of such juristic person.

3.21.2.1.1 such signatories of the placing document or prospectus shall be deemed to have authorised the issue of such disclosure document.

3.21.2.2 Every signature to a disclosure document shall be dated and the latest of such dates shall be deemed to be the date of the disclosure document.

3.22 EXCHANGE CONTROL REGULATIONS

The issuer shall describe any relevant Exchange Control laws, decrees, regulations or other legislation such as-

3.22.1 the remittance of dividends, interest or other payments to non-resident holders of the listed instrument;

- 3.22.2 the import or export of capital, including the availability of cash and cash equivalent for use by the issuer.
- 3.22.3 the MSE may grant listing approval for financial instruments issued by foreign entities or a dual listing to a financial instrument subject to the prior Exchange Control approval of the Reserve Bank of Malawi.

3.23 REGISTRATION OF DISCLOSURE DOCUMENT

Issuers are required to register their disclosure document with the MSE on or before the date of listing.

3.24 TRADING AND SETTLEMENT

- 3.24.1 trading and settlement of financial instruments will be carried out in accordance with the rules laid down by the MSE for securities in general.
- 3.24.2 Trading will be **T + 5** (Trade plus five working days) Delivery versus payment.
- 3.24.3 Bank guaranteed cheques may be a requirement of the MSE members.

3.25 DEBT ISSUANCE PROGRAMMES

- 3.25.1 Issues, which are issued under a programme and are subject to international practice, common general terms and conditions, may take advantage of debt issuance programme regime.
- 3.25.2 The application for listing must cover the maximum amount of financial instruments, which may be in issue and listed at anyone time under the programme. If the MSE approves the application, it will admit to listing all financial instruments which may be issued under the programme within 12 months after the publication of the listing particulars, subject to the MSE.
 - 3.25.2.1 being advised of the final terms of each issue;
 - 3.25.2.2 receiving and approving for publication any supplementary listing particulars that may be appropriate;
 - 3.25.2.3 receiving confirmation that the financial instruments in question have been issued; and
 - 3.25.2.4 receiving any listing fees and levies payable.
- 3.25.3 for issues in excess of the authorised maximum or made more than 12 months after publication of listing particulars, initial application and publication procedures must be followed
- 3.25.4 The final terms of each issue which is intended to be listed (“the pricing supplement”) must be submitted to the MSE as soon as possible after being

agreed and in any event no later than 12 noon on the day before listing is required to become effective.

- 3.25.4 The pricing supplement relating to an issue must provide an investor with the full terms and conditions of that issue.
- 3.25.6 The application for admission to listing need not be submitted for issues made after the first issue in any 12-month period after publication of listing particulars.
- 3.25.7 The listing particulars must contain the general terms and conditions applicable to all securities that may be issued and listed under the programme.
- 3.25.8 The listing particulars must include a statement that documents may be inspected at the registered office of the issuer and the office of the paying agent throughout the life of the programme.
- 3.25.9 The issuer must make a declaration in the offering circular in the following form-
“the issuer accepts responsibility for the information contained in these listing particulars. To the best of the knowledge and belief of the issuer (which has taken all reasonable care to ensure that such is the case) the information contained in these listing particulars is in accordance with the facts and does not omit anything likely to affect the import of such information”.
- 3.25.10 The following documentation must be available for inspection at the registered office of the issuer and the office of the paying agent for as long as issues are made under the programme-
 - 3.25.10.1 the current listing particulars;
 - 3.25.10.2 any supplementary listing particulars published since the current listing particulars were published; and
 - 3.25.10.3 any pricing supplements (relating to listing and outstanding issues) issued since the current listing particulars were published.

3.26 ASSET BACKED SECURITIES

- 3.26.1 Due to the complex nature of asset-backed security transactions, the MSE should be consulted at an early stage. Depending on the nature of any particular issue, the requirements set out below may be modified or additional requirements may apply.
- 3.26.2 The following additions and exceptions to the conditions for listing apply to issuers of asset-backed financial instruments-
 - 3.26.2.1 the issuer must normally be a special purpose undertaking for issuance of asset-backed securities;

3.26.2.2 where an issue of asset-backed financial instruments is backed by equity securities, those securities must be listed on a stock exchange or traded on another regulated and regularly operating open market, must represent minority interests and must not confer legal or management control of the issuing companies; and

3.26.2.3 there must be a trustee or other appropriate independent party representing the interests of the holders of the asset-backed financial instrument and with the right of access to appropriate information relating to the assets.

3.27 CONDITIONALITY

Where an issue may be conditionally cancelled before the first document of the title is issued and therefore the granting of the listing may not become effective, this must be made clear in the listing particulars upon submission. The subscription agreements must make the obligations thereunder conditional upon the financial instrument being accepted for a listing.

4. LISTING PROCESS

- 4.1 An issuer wishing to list financial instruments on the MSE should submit a listing application to the Exchange via a sponsoring member.
- 4.2 To be listed, issuers of financial instruments must-
- 4.2.1 conform to the law of the applicant's place of incorporation,
 - 4.2.2 be duly authorised according to the requirements of the applicant's memorandum and articles of association; and
 - 4.2.3 have any necessary statutory or other consents.
- 4.3 With the submission of the financial instrument listing application the issuer must submit where applicable-
- 4.3.1 a certified copy of the certification of registration of the company;
 - 4.3.2 a copy of the resolution by the governing authority of the issuer authorising the issue of the financial instruments;
 - 4.3.3 a copy of the provisions of the Act under which such financial instruments are to be issued and listed; or
 - 4.3.4 a copy of the memorandum and Articles of Association;
 - 4.3.5 the disclosure document duly signed by the authorised person(s) of the issuer;
 - 4.3.6 a notary certified copy of any applicable government guarantee in respect of the financial instrument; or;
 - 4.3.7 a notary certified underwriter's letter of intent or agreement in respect of the financial instrument;
 - 4.3.8 copies of all marketing material to be used in connection with the original issue of the financial instrument;
 - 4.3.9 a copy of the letter appointing a settlement agent;
 - 4.3.10 any trust deed of the issuer to the issue;
 - 4.3.11 a copy of the Reserve Bank of Malawi approval in respect of the issue if applicable; and
 - 4.3.12 evidence of the credit rating, if any, issued by a rating agency.

4.3.13 specimen copy of the debenture/bond certificate

4.3.14 list of existing holders and their holdings of the financial instrument certified by the issuer's auditors or transfer secretaries.

4.3.15 Declaration and resolution

A sworn declaration and certified copy of a resolution of the board, signed by the Chairman and Secretary, is required, to cover the particulars set out below:

- a) The amount of financial instruments applied for by the public.
- b) The amount of financial instruments issued for cash to the public.
- c) The amount of financial instruments allotted for consideration other than cash.
- d) That the certificates, or debentures/bonds or other documents in which it is desired to deal have been, or are ready to be delivered, and that they are identical to the specimen provided.
- e) That where applicable a Trust Deed has been executed and completed, the effect of such Trust Deed, and the nature of any charge created thereby in favour of the holders of the financial instruments.
- f) That all monies refundable in respect of any application or where no allotment has been made have been refunded to the applicants.
- g) That a Transfer Office has been set up and that a system of certification of transfers within 24 hours has been introduced.
- h) That all documents specified in the Disclosure Document (placing document or prospectus) have been lying open for inspection in the manner prescribed.
- i) That there are no circumstances arising from the application which should have been disclosed to the MSE Committee, and have not been so disclosed.

RESOLUTION

It is hereby certified that at a meeting of the Board of Directors of
Limited, held 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 informed of any information necessary to enable the holders of financial instruments and the public to appraise the position of the company and to avoid the establishment of a false market: and
- b) comply with the requirements of the Malawi Stock Exchange for listed financial instruments.

5. **Amendment** (General)

These rules are subject to amendment by the MSE from time to time as the MSE deems fit.

SECTION 2

FEES AND LEVIES

GENERAL

A financial instrument listing granted by the MSE in terms of the Rules will be subject to the listing fees and levies prescribed in this document which can be varied from time to time by the MSE.

The listing fees and levies applicable to all financial instruments will comprise-

- An application fee;
- A primary listing fee; and
- An annual sustaining fee

The listing fees and levies will apply to every financial instrument granted a financial instrument listing.

An issuer granted a financial instrument listing will at all times ensure that information required for the calculation of the applicable listing fees and levies is submitted timeously to the MSE.

Listing fees and levies will not be refundable where, for any reason, a listing is reduced, withdrawn, consolidated, suspended or terminated.

A financial listing granted by the MSE in terms of these Rules will be subject to the listing fees and levies prescribed in this section. The fees and levies shall be determined in accordance with the formulae appearing in this section.

This section may be amended by the MSE from time to time at its sole discretion.

APPLICATION FEE

An Issuer shall pay an initial application fee of MK1,200,000.00 at submission of the application documents.

PRIMARY LISTING FEE

A primary listing fee will be levied and is payable to the Exchange before the Listing date of the securities on the Exchange. -

- On the original application for a financial instrument listing; and
- On any increase in the issued amount in excess of the original application, subsequent to the date of listing.

A primary listing fee shall be payable on the date of the original listing application and on the date of any increase in the issued amount in excess of the original application.

Primary listing fees in respect of fixed or variable coupon listed financial instruments are to be calculated in accordance with the following formulae-

- On the date of the original listing application;
 - (1) Primary issue amount per original application
 - (2) Nominal value in Kwacha of item (1) x 0.05%
 - (3) Calculation of item (2) subject to a minimum fee of K1,200,000.00 and a maximum fee of K10,000,000.00.

- On the date of any increase in the issued amount in excess of the original application:
 - (1) increase in issue amount in excess of the original application, subsequent to the date of listing;
 - (2) nominal value in Kwacha of item (1) x 0.05%.
 - (3) calculation of item (2) subject to a minimum fee of K1,200,000.00 and a maximum fee of K10,000,000.00.

A primary listing in respect of Zero Coupon listed financial instruments will be calculated on the cash value of the financial instrument in accordance with the following formula-

- (1) Primary issue amount per original application.
- (2) Cash value in Kwacha of item (1) x 0.05%.
- (3) Calculation of item (2) subject to a minimum fee of K1,200, 000.00 and a maximum fee of K10,000,000.00.

The cumulative maximum primary listing fee payable in respect of a specific financial instrument will not exceed K10,000,000.00.

A primary listing fee will be payable by means of a cheque or by credit transfer in favour of the Malawi Stock Exchange.

A primary listing fee payable in respect of the original application must be paid in full prior to the granting of a financial instrument listing.

An issuer of listed financial instruments that fails to pay a primary listing fee, on any increase in the issued amount in excess of the original application within 30 days of such **fee becoming payable, will be notified in writing of such arrears, and of the interest due** on the outstanding amount.

If such arrears and interest are not paid within seven days of the date of notice, the financial instrument listing granted to the issuer will be suspended and a notice to that effect published in accordance with the Rules at the expense of the issuer.

If such arrears and interest are not paid within 21 days of the publication of such notice, the financial instrument listing granted to the issuer shall be terminated and a notice to that effect published in accordance with the Rules at the expense of the issuer.

ANNUAL SUSTAINING FEE

An annual sustaining fee will be levied by 15 January each year on financial instruments listed on the MSE as at the close of business on that date.

The annual sustaining fee will be payable annually in respect of the period 1 January to 31 December.

The annual sustaining fee in respect of fixed or variable coupon listed financial instruments will be calculated in accordance with the following formula

- 1) *Total amount in issue as listed on the MSE on 31 December of every year.*
- 2) *Nominal value in Kwacha (1) x 0.05%*
- 3) *Calculation of item (2) subject to minimum fee of K 1,200,000 and maximum fee of K10,000,000 per annum.*

The annual sustaining fee in respect of Zero Coupon listed financial instruments will be calculated in accordance with the following formula:

- 1) *Total amount per cash value as listed on MSE on 31 December of every year.*
- 2) *Cash value in Kwacha (1)x 0.05%*
- 3) *Calculation of item (2) subject to minimum fee of K1,200,000 and maximum fee of K10,000,000 per annum.*

The maximum annual sustaining fee payable in respect of a specific financial instrument will not exceed K10,000,000.

An issuer of listed financial instruments is responsible for the payment of the annual sustaining fee to the MSE.

An issuer of listed financial instruments will be notified in writing within 14 days of the annual levy date of the total annual sustaining fee payable to the MSE.

An annual sustaining fee must be payable no later than 1 February of every year by means of a cheque or by credit transfer in favour of the MSE.

An issuer of listed financial instruments who fails to pay an annual sustaining fee within 30 days of such fee becoming payable will be notified in writing of such arrears and of the interest due.

If such arrears and interest are not paid within 7 days of the date of notice, the financial instrument listing granted to the issuer will be suspended and a notice to that effect published in accordance with the Rules at the expense of the issuer.

If such arrears and interest are not paid within 21 days of the publication of such notice, the financial instrument listing granted to the issuer shall be terminated and a notice to that effect published in accordance with the Rules at the expense of the issuer.

* If the legal entity issuing a bond is already listed on the MSE Main Board or MSE ACM then the issuer shall pay 50% of the Applicable Annual Debt Sustaining Fees.

EXPLANATORY NOTES

1.5.1 *This provision puts the onus of proof of compliance with the laws in country of incorporation on the applicant.*

Ordinarily, such proof may be given by way of certificate produced by the Company Secretary of that company or by obtaining a Legal Opinion from any independent Legal expert in the applicant's country of incorporation.

1.5.4 *This provision seeks to make compliance with the applicable requirements under the Companies Act 2013 and the Securities Act 2010 or such other Acts as may be passed, a necessary prerequisite to listing.*

3.9.6.2.1 *This addition is necessary because the applicant may do certain acts which would produce the same result as those specifically mentioned.*

3.11 (1) *Although we have no Rating Agencies in Malawi, it is still prudent to include this provision other than leave it out. It is possible that once the market takes shape, Rating Agencies will start emerging.*

(2) *However, in the absence of Rating Agencies at the moment, MSE would use its discretion as stipulated in clause 3.11.4 before granting a listing.*

3.11.4 *Since rating is a matter of opinion by the Rating Agency, it still remains a sole decision of the market-maker/investor whether to invest or not.*

Amendment

Since the legal framework is not yet fully developed the amendment clause seeks to provide for flexibility in continuous review of the rules.