



MSM EQUITY LISTING RULES

DECEMBER 10, 2019
MASERU SECURITIES MARKET
CENTRAL BANK BUILDING, CNR AIRPORT AND MOSHOESHOE ROADS

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SECTION 1

1.1 GENERAL Citation

These rules shall be cited as MSM Equity Listings Rules.

1.2 Purpose

These rules are drafted pursuant to regulation 20 (2) (d) of the Capital Markets Regulations, 2014 and in line with the International Organisation of Securities Commissions (IOSCO) principles to ensure a high level of investor protection and confidence. The purpose of these Equity Listing Rules is to provide a transparent and an unambiguous process with regard to the listing of equity securities for new applications and the ongoing obligations for issuers.

These rules provide for the minimum disclosure, which investors and their professional advisers would reasonably require for making an informed assessment of the nature and state of an issuer's business. They outline equity issues and set out the qualifications for listing, application procedures, the minimum contents of listing prospectus and the continuous obligations that have to be fulfilled at all times after listing. They are applicable to all equity securities issued by domestic and foreign issuers and are eligible for listing on MSM in accordance with the provisions of these rules.

1.3 Interpretation

In these Rules, unless otherwise stated or the context requires otherwise, any expression which denotes any gender includes the other gender and the singular includes the plural and vice versa.

In these Rules, unless otherwise stated or the context requires otherwise, the following terms will have the meaning set out below –:

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 MSM;
Application	an application for the listing of equity securities, which application shall contain the documents

	provided for in these rules;
Applicant or Applicant Issuer	an issuer applying for admission of any class of its securities;
Authorised Amount	the amount on outstanding equity securities which the Board of Directors or similar body in respect of a non- corporate issuer has approved;
Books Closed Period	the period or periods stipulated by an issuer as being the period or periods during which the Register in respect of its equity securities is closed for purposes of giving effect to transfers, redemption or the distribution of the equity securities;
Working day	any day other than a Saturday, a Sunday or public holiday on which commercial banks settle payments;
Capitalisation issue (or bonus or scrip issue)	an issue of free additional shares to existing shareholders of the company in proportion to their shareholdings;
CBL	the Central Bank of Lesotho
Central Securities Depository	The CBL computer-based securities registration and settlement system for Government, CBL and other eligible issuers. It is a data recording system that records the holdings of all securities (Government Securities, Equities and Corporate Bonds etc.), in electronic form and performs electronic settlement of funds and securities.
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
Convertible security	an instrument or security issued by a company which is convertible into or can be exchanged for another security of that company, accompanied by options to subscribe for or purchase other securities;
Controlling shareholder	an entity or individual whose shareholding or voting rights constitute 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
Director	a "director" as defined in Section 2(1) of the Companies Act, 2011 and in relation to an issuer that is not a Company, a person with corresponding powers and duties;
Equity (ordinary) shares	shares comprising company's equity share capital and carry voting rights;
Equity securities	equity shares, securities convertible into equity shares and equity instruments;
Extraordinary Resolution	a resolution passed at a meeting convened by a majority consisting of not less than 75% (seventy-five percent) of holders of the value of a class of equity securities;
False market	a market in financial securities caused by persons or companies conspiring to buy or sell and so influence the price to their advantage;
Formal approval	the final approval granted by the MSM;
Group	a holding company, together with all the companies being its subsidiaries;
Holding company	a company that has one or more subsidiaries;
Holder of equity securities	the holders of equity securities as recorded in the register of equity securities maintained by the CBL's CSD;
IFRS	the International Financial Reporting Standards;
Interim report	an issuer financial report covering a period of less than one year. Interim statements are used to convey the performance of a company before the end of normal full-year financial reporting cycles.
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;
Investment entities	investment companies, investment trusts and unit

	trusts whose principal activity is investment in securities;
Investors	persons, natural or juristic, who acquire equity securities listed on MSM and “Potential Investors” shall be interpreted accordingly;
Issue date	the date upon which the equity securities listed on the MSM are issued by the applicant issuer, as specified in the prospectus;
Issuer	a person by whom securities have been issued or are to be issued and shall include a company or other legal entity that offers securities to the public or a section thereof in Lesotho;
Last day to Register	close of business on the working day immediately preceding the first day of a books closed period;
Listed company	a company, whose class of securities is listed on MSM;
Listing	the admission of equity security to the official list;
Listing committee	a committee constituted in accordance with the mandate issued by the board/Executive committee of the MSM for this purpose;
Listing date	the date upon which an equity security is listed on the MSM;
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 these rules, by the law, or both;
LSW/RTGS	Lesotho Wire System or Real Time Gross System - the Lesotho’s large value payment system that provides real time and intraday settlement of financial transactions on a continuous and gross basis.
Market price	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, but not limited to, a change in or

	constituent of a particular factor which may be regarded in the circumstances as being material and which would probably exceed 10% in value;
MSM	shall mean Maseru Securities Market (Pty) Ltd;
Offering circular	a document containing inter alia the provisions required by these rules, for a single issue of equity securities;
Official list	a list maintained of companies whose securities are listed on MSM;
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 to 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;
Option	contract which gives the buyer, the owner or holder of the option, the right, but not the obligation, to buy or sell an underlying asset or instrument at a specified price on or before a specified date;
Paying agent	an entity identified as such in the placing document or the pricing supplement, which undertakes certain functions with regard to payments in relation to equity securities, which entity may also be the applicant issuer;
Placing	a marketing of securities already in issue but not listed, or not yet in issue, to specific persons or to clients of the sponsoring broker or any securities house assisting in the placing, which does not involve an offer to the public or to existing holders of the applicant's securities generally and which takes place immediately before the applicant is listed
Practice note	a paper published by the MSM indicating changes, guidelines or additions to these rules;
Registrar of Capital Markets	the Registrar of the Capital markets as defined in regulation 5 of the Capital Markets Regulations of 2014;

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;
Ruling price	the price at which the last sale of a security took place, or, if higher the closing bid price, or, if lower, the closing offer price as published in the daily official list on the relevant day
Rules	the rules of the MSM as approved by the Registrar of Capital Markets;
Subscribed share capital	the portion of the company issued capital which has been subscribed for by shareholders
Sponsoring broker	a member of the MSM appointed by a listed company in accordance with Section 4;
Subsidiary	a subsidiary company as defined in the Companies Act of 2011;
Substantial shareholder	a person who holds a share or an interest in a share which entitles him to exercise more than five per cent of the aggregate voting power exercisable at the meeting of shareholders
Transfer Secretary or Transfer Agent	an entity, licensed by Registrar of Capital markets, which maintains a register of equity securities, which entity may be the issuer of such equity securities;
Trust	a fiduciary relationship in which one party, known as a trustor, gives another party, the trustee, the right to hold title to property or assets for the benefit of a third party, the beneficiary.
Warrant	security that entitles the holder to buy the underlying stock of the issuing company at a fixed

price called exercise price until the expiry date.

All other words have the same meaning ascribed to them in the Regulations.

SECTION 2

AUTHORITY OF MSM

2.1 General Powers of the MSM

- 2.1.1 Subject to the provisions of the Capital Markets Regulations and these rules, the MSM shall have power to:
- (a) grant, review, suspend or terminate a listing of any equity security;
 - (b) stipulate from time to time the rules with which a new applicant shall comply before equity securities issued by such applicant are listed;
 - (c) stipulate from time to time the rules with which issuers shall comply;
 - (d) suspend, alter or rescind a requirement stipulated before or after a listing has been granted;
 - (e) stipulate additional rules from time to time, either by way of amendment to these equity listing rules or by way of the issue of practice notes;
 - (f) stipulate the circumstances under which a listing of equity securities shall or may be suspended or terminated;
 - (g) stipulate from time to time the rules with which sponsors shall comply; and
 - (h) stipulate a percentage that is subtracted from the market value of an asset that is being used as collateral.
- 2.1.2 The MSM, in consultation with the Registrar of capital markets may list securities subject to any additional condition(s) that it considers appropriate, in which event the new applicant will be informed of, and will be required to comply with any such condition(s);
- 2.1.3 Nothing contained in this section shall limit the powers of the MSM provided for in the regulations.
- 2.1.4 Where the MSM exercises discretion in terms of these rules, it shall use its discretion in consultation with the Registrar and, subject to the provisions of paragraphs 2.8.1 below.
- 2.1.5 The MSM may require an issuer to disclose to it, within a period specified by it, such information at the issuer's disposal as the MSM may determine. Upon being satisfied that the disclosure of the information provided by the issuer, to the registered holders of the equity securities in question will be in the public interest, MSM may, by notice in writing, require such applicant issuer to publicly disclose that information within the period specified in the notice;
- 2.1.6 The MSM may require an issuer to pay for the publication or dissemination of any further information not specified in the equity listing rules in such form and within such time limits as the MSM considers appropriate. The issuer shall comply with such

requirement. If it fails to do so, the MSM may publish the information after having heard representations from the issuer or after having granted the issuer the opportunity to make such a representation.

2.2 Suspension of listing initiated by the MSM

2.2.1 Subject to regulation 22, the MSM may suspend the listing of securities if the issuer has failed to comply with the rules or if it is in the investors interest to do so and will further one or more of the following objects:

- (i) reduce systemic risk
- (ii) promote market integrity and investor confidence;
- (iii) promote investor education;
- (iv) provide high levels of investor protection;
- (v) ensure transparency in capital market dealings;
- (vi) prevent market manipulation, fraud and other financial crimes.

2.2.2 If the listing of any security is suspended and the affected issuer fails to take adequate action to enable the MSM to reinstate such listing within timeframes as shall be determined by the MSM, the MSM may terminate the listing.

2.3 Suspension at the request of the Issuer

2.3.1 The MSM may suspend a listing of equity securities at instance of the issuer where a written request is made by directors of the issuer in the event of two existing levels of information in the market and the MSM is convinced that the situation cannot be remedied by the immediate publication of an announcement to clarify the situation.

2.4 Continuing obligations of issuers

2.4.1 If the listing of securities is suspended, the issuer shall, unless the MSM decides otherwise:

- (a) continue to comply with all the equity listing rules applicable to it;
- (b) submit to MSM a monthly, or at such other interval as may be stipulated by MSM, progress report pertaining to the current state of affairs of the issuer and any action proposed to be taken by the issuer in order to have the listing reinstated; and
- (c) advise the holders of equity securities on a quarterly basis or such other interval as may be prescribed by MSM concerning the current state of affairs of the Issuer and any action proposed by the applicant issuer in order to have the listing reinstated, including the date on which the suspension is expected to be lifted.

2.5 Termination initiated by the MSM

2.5.1 The MSM may remove from the official list, any security previously included therein; provided that the listing of such a security shall first have been suspended when the

issuer failed to comply with the listing rules and it is in the investors interest to do so;

- 2.5.2 When a listing of any security is being considered for termination, the affected issuer shall be given an opportunity to make written representation to MSM in support of the continued listing of such securities, prior to MSM making any decision to terminate such listing;

2.6 Termination at the request of the issuer

- 2.6.1 An issuer may submit written application to MSM for the termination of the listing of any of its equity securities from the official list, which the MSM may grant if it deems this desirable. An application for termination shall at least include the following;
- (a) approval to remove endorsed by the shareholders of a listed company
 - (b) the reasons for the request,
 - (c) the proposed date of termination.
- 2.6.2 Where approval is required in terms of paragraph 2.6.1(a), an extraordinary resolution shall be passed by members holding a class of securities with not less than 75% (seventy-five percent) of voting rights. This excludes the issuer, directors and any parties acting in concert.
- 2.6.3 Where application is for the termination of redeemable preference shares, the listing will be terminated once the MSM has been notified and satisfied itself of such redemption.

SECTION 3
CONDITIONS FOR LISTING

3.1 Conditions for listing

3.1.1 In order to qualify for listing, an issuer shall:

- (a) be a Public Company registered in terms of the Companies Act, 2011 or be duly registered in terms of the laws of other countries recognised by the MSM and shall conform to its articles of incorporation;
- (b) either be a parent or subsidiary that has published its financial statements at least once in the last two financial years. ;
- (c) undertake to comply with MSM listing rules from date of listing;
- (d) Ensure that its directors and senior management have experience for the governance and management of the issuer business;
- (e) Ensure that corporate advisors and key persons will have no conflict of interest;
- (f) Be sponsored by at least one (1) sponsor approved by MSM and licensed by the Registrar;
- (h) give the name, capacity and signatory list of all persons nominated to act as authorized representatives.
- (g) Produce and publish consolidated accounts in respect of the issuer and all its subsidiaries;
- (h) Have its financial statements reported on by the auditor and reporting accountant without qualification, disclaimer, or adverse audit opinion. Where an issuer's financial statements have received a qualification, disclaimer or adverse audit opinion, the MSM will consider exempting the applicant from full compliance on a case by case basis;
- (i) reflect profitability in the period stated in 3.1.1 (b) above or have a strong potential to be profitable;
- (j) Not be subject to any insolvency or liquidation proceedings;
- (k) Have its securities duly authorised according to the requirements of the applicant's articles of incorporation and have all necessary statutory or other consents;
- (l) Have a minimum of one million (1,000,000) shares in issue and unconditionally issued;
- (m) Have its securities fully paid up, freely transferable and eligible for electronic settlement;
- (n) Apply for listing of the whole class of securities issued or proposed to be issued;
- (o) Have the public holding at least twenty percent (20%) of the number and class of securities in issue or proposed to be issued;

- (p) Have a minimum of three hundred (300) ordinary shareholders or one hundred (100) preference shareholders and at least twenty percent (20%) of that class of securities in public hands (where equity securities are held by an investment entity, every one-percentage point shareholding shall be deemed to be held by ten individual shareholders);
- (q) Have its share registers one hundred percent (100%) dematerialised;
- (r) Have a minimum paid up capital of one million maloti (M1,000,000);

3.1.2 Notwithstanding 3.1.1 above and under exceptional circumstances, listing may be granted to:

- (i) a class of securities where less than twenty percent (20%) of that class is in public hands or where the number of shareholders is less than three hundred (300) provided that the applicant company undertakes to increase the shareholding in public hands to twenty percent (20%) and the number of shareholders to three hundred (300) or more within the first two (2) years of admission failing which the company's listing may be suspended or withdrawn;
- (ii) a percentage of a class of securities lower than twenty percent (20%) if the market will operate properly with a lower percentage in view of the large number of shares of the same class and the extent of their distribution to the public;
- (iii) a class of securities where MSM, at its discretion and with the approval of the Registrar, accept a minimum percentage in public hands of ten percent (10%) in the case of an issuer with an expected market capitalization of over one hundred million Maloti (M100 million) at the time of listing provided that the issuer undertakes to increase the shareholding in public hands to fifteen percent (15%) not later than the end of the second year of listing and to twenty percent (20%) not later than the end of the fifth year of listing;
- (iv) an applicant without a proven track record, provided it submits to the MSM a sound business plan, certified by an independent financial adviser regulated by Registrar and approved by the MSM, covering at least three (3) years and demonstrating clearly the sustained viability of the applicant company. Forecasted financial report must be prepared by a reporting accountant and 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 in question. The applicant company shall also prominently disclose risk factors involved.

SECTION 4

SPONSORING BROKER

4.1 Appointment of a Sponsor

- 4.1.1 Sponsors shall be appointed for the duration of issuer's listing on the MSM as they are liable to ensure fair and transparent disclosure and compliance with all requirements by the issuer;
- 4.1.2 A sponsor shall be appointed at least two months before listing application to allow the sponsor to have sufficient time to meet its obligations and responsibilities and conduct due diligence on the issuer;
- 4.1.3 The sponsor appointed by the issuer shall be bound by these rules and any other applicable laws including but not limited to the Regulations;
- 4.1.4 A sponsor appointed in accordance with these rules shall enter into a written agreement with the issuer and provide copies of such agreement to the MSM;
- 4.1.5 If the agreement between the issuer and the sponsor is terminated, it becomes the duty of the sponsor and the issuer to immediately inform the MSM of such contractual termination;
- 4.1.6 If a new sponsor is not appointed within 30 (thirty) working days of termination, then the MSM may suspend the trading or listing.

4.2 Qualifications of Sponsors

- 4.2.1 Sponsors shall apply and be admitted as members of the MSM before agreeing to discharge sponsoring responsibilities;
- 4.2.2 A sponsor can only be qualified if he has made an undertaking to the MSM that he agrees to discharge the responsibilities of advising at all times to the satisfaction of the MSM;
- 4.2.3 MSM reserves the right to reject the application for registration of the Sponsor if:
 - (a) it the sponsor lacks adequate skills to perform the functions and responsibilities set out in these rules; or
 - (b) any of the sponsor's directors is a director of a listed company, which has violated any provision of these listing rules;
- 4.2.4 The MSM shall afford the sponsor an opportunity to be heard before rejecting registration application.

4.3 Responsibilities of the Sponsor

The Sponsor shall:

- 4.3.1 assess the suitability of an issuer for listing on MSM, or an existing MSM listed company;
- 4.3.2 advice and guide an applicant company on its responsibilities under these rules both in respect of its qualification requirements and its continuing obligations on an on-going basis;
- 4.3.3 ensure that applicant company has complied or the listed company continues to comply with the MSM listing rules;
- 4.3.4 examine the technical, managerial, commercial, economic and financial aspects of the applicant company;
- 4.3.5 validate that the project and company are viable and worthy of public investment;
- 4.3.6 determine the price at which the shares of the company will be offered to the public on the basis of the appraisal of the applicant company;
- 4.3.7 furnish the MSM with any other information that may be requested, in such form and within such time limits as the MSM may determine;
- 4.3.8 provide information to potential investors in the form of a prospectus or any format that may be required or deemed suitable by the MSM;
- 4.3.9 demonstrate that it is independent from the issuer.

4.4 Action against the Sponsor

- 4.4.1 If the MSM finds that the sponsor has breached these rules, it may:
 - (a) censure the Sponsor;
 - (b) take such other disciplinary action that may be appropriate including but not limited to reprimand or suspension;
 - (c) publish, or cause to be published, by whatever means the MSM may decide, the action it has taken and the reasons for such action.
- 4.4.2 The sponsor may appeal the decision of the MSM to the Registrar;
- 4.4.3 Where the MSM intends to take any of the steps described in 4.4.1, the sponsor shall be:
 - (a) given advance notice of the MSM's intended action;
 - (b) advised of the MSM's decision as soon as practicable after it is made;
 - (c) advised in writing of the reasons for any decision that is unfavourable to the sponsor.

SECTION 5

LISTING APPLICATION

5.1 Application for listing

A person who intends to list, subject to these rules and regulations shall apply to the MSM in a manner prescribed below.

5.2 An application for listing referred to in 5.1 above shall:

- 5.2.1 be made in writing by the sponsor and signed by both the applicant company's secretary or executive director and the sponsor (appendix 1);
- 5.2.2 be accompanied by a prospectus produced by an applicant company disclosing the information as specified by section 116 of the Companies Act of 2011 and additional information as may be required by MSM from time to time;
- 5.2.3 be received by the MSM at least twenty (20) working days before the expected date of admission in both electronic and hard copies accompanied by the nominated Sponsor's declaration (appendix 2).

5.3 Upon receipt of a complete application

- 5.3.1 MSM shall invoice the applicant and
- 5.3.2 the fees shall be paid prior to admission and in relation to the provisions of these rules;

5.4 Admission of an applicant

- 5.3.3 An applicant shall be admitted to the MSM only when a trading notice is issued to that effect and when the decision of the MSM has been communicated to the applicant company and announced to the public by way of a press release in at least one widely read weekly newspaper;

5.5 MSM may reject the listing application if;

- 5.5.1 MSM believes the applicant is not suitable for listing; or
- 5.5.2 the applicant does not meet the eligibility criteria set out in these rules;
- 5.5.3 an applicant shall be afforded a hearing before the application is rejected.

5.6 Application documents to be submitted

- 5.6.1 An application submitted in terms of rule 5.1 shall be accompanied by the following documents;
 - (a) a formal application for listing in the format set out in appendix 1;
 - (b) a listing undertaking in the format set out in appendix 3;
 - (c) a declaration in the appropriate format set out in appendix 2;
 - (d) a copy of the listing particulars or prospectus relating to the issue, signed by every director or proposed director of the issuer ;

- (e) a copy of the specimen application form to subscribe or purchase securities for which listing is sought;
- (f) a certified copy of articles of incorporation or equivalent (e.g., trust deed) to show that the issuer is accordingly incorporated or established;
- (g) a certified copy of the resolutions of the issuer in the meeting of shareholders, if any, authorising the issue of all securities for which listing is sought;
- (h) a certified copy of the resolution of the board of directors or other governing body authorising the issue and allotment of such securities;
- (i) a letter from the sponsor confirming that it is satisfied that the statement in the listing particulars or prospectus as to the sufficiency of working capital has been made by the directors after due and careful enquiry and that persons or institutions providing finance have stated in writing that such facilities exist;
- (j) a letter from the sponsor confirming that it is satisfied that the forecast or estimate has been made after due and careful enquiry by the directors of the issuer;
- (k) a copy of any statement of adjustments relating to the accountant's report;
- (l) an up-to-date copy of the issuer's register of shareholders;
- (m) such other documentation as may be required by the MSM.

5.6.2 All application documents or any documents sent to shareholders or potential shareholders must be in English. Copies prepared in Sesotho will be requested if there is need for such.

5.7 Block listing

- 5.7.1 Application for listing of shares in terms of executive and staff share schemes may be allowed either for block listings or for specific allotments;
- 5.7.2 Where a listed issuer issues securities in terms of approved employees' share scheme or following the exercise of conversion rights attaching to a class of convertible securities and subject to MSM concurrence, the issuer may make a single application for the total number of securities which may be issued in a particular case (a "block listing"). Subsequent issues of securities in terms of the scheme will be subtracted from the initial block until such block is exhausted, at which time an application for a further block will become necessary;
- 5.7.3 The following items must be lodged with MSM during the application of the initial block listing:
 - (a) a formal listing application signed by the authorised officer of the issuer;
 - (b) a document in printed form giving details of the number and type of securities to be admitted and the circumstances of their issue;
 - (c) payment of the appropriate initial application fee, calculated in accordance with the scale of fees set out in Section 12; and

- (d) a copy of the resolution of the board of the issuer authorising the allotment of the securities which are the subject of the application.
- 5.7.4 The issuer must send a report to the MSM, with details of the number of securities covered by the block listing which have been allotted in every three months.

SECTION 6

LISTING PARTICULARS

6.1 Requirement for a Prospectus under the Act

The prospectus of the applicant shall satisfy the provisions of Companies Act and Capital Markets Regulations

6.2 Information about the Issuer

- 6.2.1 The full name of the applicant, its date and place of incorporation and its postal address;
- (a) The full names, physical and postal addresses of the applicant's registered office and of its transfer office;
 - (b) The applicant's trading names if different from 2 (a) above, and, if applicable, translated names in which it conducts business;
 - (c) If the applicant is a subsidiary, the name and address of the registered office of its holding company, or of anybody corporate, which, had been registered under the Companies Act 2011, as its holding company;
 - (d) If the applicant has changed its name within the last three (3) years, the old name must be printed in bold type under the existing name on the first page;
 - (e) The date of the applicant's conversion into a public company, if applicable.

6.3 Information about the securities for which listing is sought, the terms and conditions of their issue and distribution:

- 6.3.1 A statement outlining the following:
- (a) the nature of the issue
 - (b) the amount of the issue and
 - (c) where applicable the number of securities which have been or will be created and/or issued.
- 6.3.2 The following terms and conditions of the issue in respect of which the application for listing is made:
- (a) the class of securities;
 - (b) the number of securities issued or offered and stating the nominal value/value of each security;
 - (c) the issue price or offer price of each security;
 - (d) the methods of payment for the issue or offer price;
 - (e) how the new securities rank for dividend;
 - (f) whether the new securities rank similarly with any existing listed securities;

- (g) any convertibility or redemption provisions, the procedure for the exercise of any right of pre-emption and the transferability of subscription rights;
- (h) the period during which the issue or offer of securities will remain open after publication of the listing particulars, the date and time of opening of the subscription list, and the names of the receiving bankers;
- (i) details of arrangements in the subscription form for the direct crediting of securities accounts for investors who already have their accounts in the CSD;
- (j) the methods of and the time limits for delivery of the securities and a statement whether temporary documents of title will be issued and the nature of the document of title;
- (k) the names, addresses and description of the persons underwriting the issue for the issuer and, where not all the issue is underwritten, a statement of the portion not covered;
- (l) in the case of an offer for sale of securities, the names, addresses and descriptions of the vendor(s) of the securities or, if there are more than 10 vendor(s), such details of the principal vendors and a statement of the number of other vendors and particulars of any beneficial interest possessed by any director of the issuer in any securities so offered for sale; and
- (m) the method of listing.

6.3.3 Where the securities for which listing is sought are allotted by way of capitalisation of reserves or profits or by way of bonus to the holders of an existing security, the following are provided:

- (a) a statement as to the pro rata entitlement;
- (b) the last date on which transfers were or will be accepted for registration for participation in the issue;
- (c) how the securities rank for dividend;
- (d) whether the securities rank similarly with any listed securities,
- (e) the nature of the document of title;
- (f) its proposed date of issue;
- (g) whether or not it is renounceable and
- (h) how fractions are to be treated.

6.3.4 Where the securities for which listing is sought are offered by way of rights to the holders of an existing listed security, a statement as to:

- (a) how securities not taken up will be dealt with and the time, not being less than 21 days or such other time period as may be acceptable to the MSM, in which the offer may be accepted;
- (b) the pro rata entitlement, the last date on which transfers were or will be accepted for registration for participation in the issue, how the securities rank for dividend, whether the securities rank *pari passu* with any listed securities,

the nature of the document of title and its proposed date of issue, and how fractions (if any) are to be treated;

- (c) whether the board of directors has received any information from any substantial shareholders of their intention to take up securities provisionally allotted or offered to them or to be provisionally allotted to them and the particulars thereof;
- (d) a statement estimating the total amount of funds to be raised through the issue, the purpose of the issue and the proposed use of the proceeds of the issue, whether the issue is conditional upon shareholder approval, and whether the issuer is fully underwritten;
- (e) Where listing is sought for securities with a fixed dividend, particulars of the profits cover for dividend;
- (f) The date on which dealings in the securities are expected to commence.

6.3.5 Where listing is sought for convertible equity securities, options, warrants or similar rights to subscribe for equity securities:

- (a) the maximum number of securities which could be issued upon exercise of such rights;
- (b) the period during which such rights may be exercised and the date when this right commences;
- (c) the amount payable on the exercise of such rights;
- (d) the arrangements for transfer or transmission of such rights;
- (e) the rights of the holders upon the liquidation of the issuer;
- (f) the arrangements for the variation in the subscription or purchase price or number of securities to take account of alterations to the share capital of the issuer;
- (g) the rights (if any) of the holders to participate in any distributions and/or offers of further securities made by the issuer and a summary of any other material terms of the options, warrants or similar rights;

6.3.6 The amount or estimated amount of expenses of the issue and of the application for listing payable by the issuer;

6.3.7 In the case of an issue of new equity securities, details of the intended use of the proceeds of the issue;

6.3.8 A statement that application has been made to the MSM for the listing of the securities;

6.3.9 A statement that a copy of the prospectus has been filed with or registered by the Registrar of companies and the Central Bank of Lesotho.

6.4 Information about the issuer's capital

6.4.1 The authorised share capital of the issuer, the amount agreed to be issued, the amount paid up, the nominal value and a description of the shares;

- 6.4.2 Where an issuer intends to increase its capital, an indication of:
- (a) the amount to be increased;
 - (b) the categories of persons having preferential subscription rights for such additional proportions of capital; and
 - (c) the terms and arrangements for the share issue corresponding to such portions.
- 6.4.3 The amount of any outstanding convertible equity securities and particulars of the conditions governing and the procedures for conversion, exchange or subscription of such securities;
- 6.4.4 Particulars of any alterations in the capital of the issuer and, if material, the capital of any member of the group, within two (2) years immediately preceding the issue of the prospectus, including the price and terms of such issues, whether they are fully or partly paid and any details of discounts or special terms granted, or an appropriate negative statement;
- 6.4.5 Particulars of any capital of any member of the group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option and the name and address of the grantee, or an appropriate negative statement.
- 6.4.6 Where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

6.5 General information about the group's history, activities and prospects

- 6.5.1 Information about the group's history, activities and prospects:
- (a) A brief history and description of the general objectives and nature of the business of the group;
 - (b) in cases where there are two or more business activities, which are material in terms of profits or losses, assets employed:
 - a. figures and explanations are necessary to demonstrate the relative importance of each such activity and details of the main categories of products and/or services offered and
 - b. an indication of any significant new products and/or activities.
 - (c) If the group carries business outside Lesotho (or the country of incorporation or other establishment of the issuer, is not Lesotho), a statement showing a geographical analysis of its business operations;
- 6.5.2 Where a material proportion of the group's assets are situated outside Lesotho, a statement giving the best practicable indication of the amount and situation of such assets and the amount of the assets situated in Lesotho;

- 6.5.3 If the issuer is a member of a group, a brief description of that group covering the issuer's position within that group and, if a subsidiary, the names of and the number of shares held, directly or indirectly, by each holding company of the issuer;
- 6.5.4 Particulars of any trade marks, patents or other intellectual or industrial property rights which are material 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;
- 6.5.5 Information concerning the policy of the group on the research and development of new products and processes over the past three (3) financial years;
- 6.5.6 Particulars of any interruptions in the business of the group which may have or have had a significant effect on the financial position in the last twelve (12) months;
- 6.5.7 Particulars of the principal investments including such investments as new plant, factories, research and development, being made or planned by the group;
- 6.5.8 In relation to the group, particulars of the location, size and tenure of its principal establishments. For purposes of this paragraph, any establishment, which accounts for more than ten (10) percent of net turnover or production, shall be considered a principal establishment.

6.6 Information about the financial position of the group and its prospects

- 6.6.1 Where necessary, an accountant's report prepared in accordance with IFRS;
- 6.6.2 Where more than six months have lapsed since the end of the financial year to which the last published annual accounts relate, an interim financial statement covering at least the first six months following the end of that financial year must be included in prospectus.
- 6.6.3 If such a statement referred to in 6.6.2 above is unaudited, that fact must be stated.
- 6.6.4 Where an issuer prepares consolidated annual accounts, the statement in 6.6.2 shall 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;
- 6.6.5 A consolidated statement – not older than six months - of the following:
 - (a) the total amount of any equity securities of the group issued and outstanding, and authorised or otherwise created but unissued, term loans, distinguishing between guaranteed, unguaranteed, secured, whether the security is provided by the issuer or by third parties, and unsecured, or an appropriate negative statement;
 - (b) the total amount of all other borrowings or indebtedness and liabilities under acceptances, other than normal trade bills, distinguishing between guaranteed,

- unguaranteed, secured and unsecured borrowings and equity, or an appropriate negative statement;
- (c) all mortgages and charges of the group, or an appropriate negative statement; and
 - (d) the total amount of any contingent liabilities or guarantees of the group, or an appropriate negative statement. Intra-group liabilities should normally be disregarded, a statement to that effect being made where necessary.
- 6.6.6 Unless otherwise agreed by the MSM in exceptional circumstances:
- (a) A statement of the general information on the trend of the group's business since the date on which the latest audited accounts of the issuer prepared; and
 - (b) a statement as to the financial and trading prospects of the group for at least the current financial year, together with any material information which may be relevant thereto, including all special trade factors or risks not mentioned elsewhere in the prospectus and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits;
- 6.6.7 Where a profit forecast appears in the prospectus, the principal assumptions, including commercial assumptions upon which it is based, must be stated.
- 6.6.8 The accounting policies and calculations for the forecast must be examined and reported by the certified accountants or licensed auditors.
- 6.6.9 There shall be a report from the sponsor confirming that the forecast has been made after due and careful enquiry by the directors;
- 6.6.10 A statement by the directors of the issuer that in their opinion the working capital available to the group is sufficient for the present requirements of the group for at least the next twelve months from the date of publication of the prospectus or how it is proposed to provide the additional working capital if not sufficient;
- 6.6.11 A statement by the directors of the issuer on any adverse change in the financial or trading position of the group since last audited accounts, or an appropriate negative statement;
- 6.6.12 In the case of a property company, a valuation report on the issuer's interests in land or building prepared by an independent qualified valuer:
- (a) in conformity with IFRS; and
 - (b) on the basis of the value of such interests as at a date which shall not be more than 3 months before the date of issue of the prospectus, subject to the requirements that where such date is not the same as the date of the end of the last period reported on by the certified accountant in his report, a statement

be provided in the valuation report reconciling the figures in the report with those in the accountants' report;

6.6.13 Information on any legal proceedings covering at least the previous 12 months, which may have or have had a significant effect on the group's financial position or an appropriate negative statement.

6.6.14 Particulars of the profits cover for interest payments and the net tangible assets.

SECTION 7

METHODS OF LISTING

7.1 Applicants without equity securities already listed

Applicants without equity securities already listed shall bring securities for listing through any of the following methods:

7.1.1 **An introduction:**

This method of listing is for companies that do not wish to raise additional cash by way of issuing new securities but simply want to list a class and/or type of securities to provide for price discovery of such securities and provide a potential exit strategy for shareholders who may wish to sell some or all of their shares. For an introduction, the securities must be of such amount and so widely held that their marketability when listed can be assumed and the listing process could be relatively fast.

7.1.2 **Specific requirements for an introduction method**

- (a) MSM will require a certified copy of the of up to date share register; and
- (b) the applicant shall comply with all conditions for listing as set out in Section 3.

7.1.3 **An initial public offer (IPO) or public offer:**

(a) *for sale*

An offer for sale is an invitation to the public by or on behalf of the holders or allottees of securities to buy securities of an issuer already in issue or to be issued 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.

(b) *for subscription*

An offer for subscription is an invitation to the public by 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. A full prospectus is required to be published.

7.1.4 **Specific requirements for an initial public offer or public offer**

- (a) An issuer shall state the minimum level of subscription, below which the issue would be cancelled and the subscription would be refunded;
- (b) In the case of offers for subscription, the MSM shall be satisfied as to the fairness of the basis of allotment so that every investor who applies at the same price for the same number of securities receives equal treatment;
- (c) In the case of offers for sale, the MSM shall be satisfied as to the fairness of the basis of allocation so that every investor who applies at the same price for the same number of securities receives equal treatment.

7.1.5 A private placement or placing

A private placement or placing is a method of listing by obtaining subscriptions for or the sale of securities by an issuer privately to selected persons or investors approved by the issuer or intermediary.

7.1.6 Specific requirements for private placement

- (a) The MSM may not permit a new applicant to be listed by way of a placing if there is likely to be significant public demand for the securities;
- (b) The MSM may be prepared to allow preliminary arrangements and placings to be made to dispose off securities before the start of dealings where necessary to comply with the requirement in 3.2.1(t) that a minimum prescribed percentage of any class of listed securities must at all times be held by the public;
- (c) The MSM may require a list of placees;
- (d) If the securities are not offered to existing holders in proportion to their existing holdings, then any offer requires the prior approval or an ordinary resolution of the meeting of shareholders.

7.1.7 Notwithstanding the requirements in rules 7.1.1, 7.1.3 and 7.1.5, the MSM may permit applicants to bring securities to listing by other methods in cases where it is satisfied that the number and distribution of securities in issue will allow the proper creation of a market.

7.1.8 An applicant contemplating any another method shall consult the MSM prior to making an application.

7.2 Applicants with equity securities already listed

In addition to methods in rules 7.1.1, 7.1.3 and 7.1.5, applicants with equity securities already listed may bring securities, whether or not of a class already listed, to listing through any of the following methods:

7.2.1 A rights issue;

An offer to existing holders of securities to subscribe for further securities in proportion to their holdings made by means of the issue of a renounceable letter of allotment or other negotiable document, which may be traded as "nil paid" rights for a period before payment for the securities is due. The renounceable letter of allotment must specify the time, being not less than 21 days, in which the offer may be accepted.

7.2.2 Specific conditions for rights offer

- (a) In a rights issue the MSM may grant a listing of securities in "nil paid" form. Upon the securities being paid up and the allotment becoming unconditional in all respects, the listing in "nil paid" form will be amended without any need for further application for a listing of fully paid securities;

- (b) If existing holders do not take up their rights to subscribe in a rights issue:
 - (i) the securities to which the offer relates must be offered for subscription on terms that any premium obtained over the subscription price (net of expenses) is to be for the account of such holders;
 - (ii) the securities may be allotted or sold to underwriters, if on the expiry of the subscription period, no premium (net of expenses) has been obtained; and
 - (iii) no excess applications are permitted without the prior permission of the MSM.
- (c) A director of the issuer will not, save for exceptional circumstances, be permitted to subscribe for or purchase excess securities without those securities being offered to existing holders on the same terms.

7.2.3 A consideration issue

An issue of securities in consideration for the acquisition of assets, or an issue of securities on an acquisition of, or merger with another company as consideration for the securities of that other company.

7.2.4 A capitalisation/scrip/bonus issue

A capitalisation issue is an allotment of further securities to existing shareholders, credited as fully paid up out of the issuer's reserves or profits, in proportion to their existing holdings. Capitalisation issue does not require any payment for shares to be made by the shareholder.

7.2.5 Specific conditions for capitalisation/scrip/bonus issue

- (a) The MSM 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.
- (b) No issuer shall proceed with a capitalisation issue involving a payment of securities out of reserves, unless it has obtained the prior written confirmation of its auditors that its reserves are sufficient for this purpose.

7.2.6 A conversion of securities of one class into another class

Securities may be brought to listing by an exchange or a substitution of securities for or a conversion of securities into other classes of securities.

7.3 New applicants and disclosure of interests of advisors

- 7.4.1 If following an offer for sale, offer for subscription or placing by a new applicant, any of the new applicant's advisers becomes interested in five percent or more of any class of equity securities being marketed, the interest must be notified to the MSM before dealings in the securities commence. Advisers, for the purpose of this requirement, include the issuer's sponsor and its associates, its lawyers, reporting

accountants and any other financial advisers appointed by the issuer in connection with its application for listing.

SECTION 8

CONTINUING OBLIGATIONS

8.1 Obligations of Directors and Officers

- 8.1.1 Directors and Officers of the company are responsible for compliance with these rules and are solely responsible for the content of information provided by the company to the MSM;
- 8.1.2 If for any reason, MSM considers that a contravention of these rules by a listed company is due to a failure by all or any of the company's directors or officers, it may:
 - (a) censure the directors or officers concerned;
 - (b) publish the fact that the directors or officers have been censured;
 - (c) state publicly that in its opinion the retention of the office by the director or an officer is prejudicial to the interests of investors.

8.2 General obligation of disclosure

An issuer shall, within 7 days in possession of information 8.2.1 and 8.2.2 and subject to approval by the MSM, publish announcement in print and electronic media giving details of:

- 8.2.1 circumstances or events that have or are likely to have a significant effect on the financial results, the financial position or cash flow of the issuer and/or information necessary 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
- 8.2.2 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 underlying price of its listed securities.

8.3 Confidentiality

- 8.3.1 Information required to be published in terms of these rules, which is price sensitive and which the company wishes to release, may not, subject to requirements of these rules, be released to any third party until such a time when such information has been released through and approved by the MSM.
- 8.3.2 An issuer shall give information in strict confidence to its advisers and to persons with whom it is negotiating;
- 8.3.3 Information required by and provided in confidence to, and for the purposes of, a government department, the Central Bank of Lesotho, MSM, or any other statutory or regulatory body or authority need not be published except where the law requires such disclosure.

8.4 Disclosure of corporate transactions

8.4.1 Significant transactions

An issuer shall advise MSM of the terms of any significant transaction agreed, disclosing the information specified in appendix 4; and for this purpose, a significant transaction shall be any transaction or transactions, during a single fiscal year which in the aggregate involve consideration to either party in excess of 25% of the value of the transaction.

8.4.2 Significant changes of business

Any disposal of 25% or more by a listed company which is deemed to be a disposal resulting in a significant change of business shall be:

- (a) conditional on the consent of its shareholders being given in a general meeting;
- (b) reported within 5 working days of its occurrence, disclosing the information specified by appendix 4;
- (c) accompanied by the publication of a circular with details of the disposal and any proposed change in business together with the information specified above and convening the general meeting.

8.5 Other Information Disclosures

8.5.1 A listed company shall release a statement advising of:

- (a) any deals by directors disclosing the information specified in appendix 5, as soon as it has such information;
- (b) any relevant changes to any substantial shareholders, disclosing the information specified by appendix 5, as soon as it has such information;
- (c) the resignation, dismissal or appointment of any director, giving the date of such incident and for an appointment;
- (d) any change in its accounting reference date;
- (e) any change in its registered office address;
- (f) any change in its legal name;
- (g) any substantial change between its actual trading performance or financial condition and any profit forecast, estimate or projection included in the prospectus or otherwise made public on its behalf;
- (h) any decision to make any payment in respect of its listed securities specifying the net amount payable per security, the payment date and the record date;
- (i) the reason for the application for admission or cancellation of any listed securities;

- (j) the occurrence and number of shares taken into and out of treasury, as specified by appendix 7;
- (k) the resignation, dismissal or appointment of its nominated Sponsor and
- (l) the admission to trading or cancellation from trading of any listed securities on any trading platform, where such admission or cancellation is at the application or agreement of the listed company.

8.5.2 The information in 8.5.1 above shall also be submitted separately to the MSM.

8.6 Applications for further issues

- 8.6.1 Where a listed company intends to issue securities on a continuous basis, the MSM may allow admission of such securities under a block admission arrangement.
- 8.6.2 Under the arrangement in 8.6.1, a listed company shall release a statement divulging the information as required in appendix 6.

8.7 Reporting requirements for financial information

- 8.7.1 A listed company shall prepare and submit Interim reports to MSM within six (6) months after the end of the reporting period.
- 8.7.2 In case of a holding company that has stake in various affiliate companies, an aggregated report based on the group performance shall be released.
- 8.7.3 A listed company shall prepare and submit annual reports to the MSM.
- 8.7.4 Audited financial statements shall be published within three (3) months of the end of the financial year.
- 8.7.5 A company that has subsidiaries shall prepare its annual audited accounts in consolidated form in accordance with the Companies Act and the relevant generally accepted accounting principles.

8.8 Financial Information

The following requirements relate to the preparation and disclosure of financial information:

- 8.8.1 The issuer's report must comply with IFRS and its financial statements must have been reported on by the auditor and reporting accountant without qualification, disclaimer, adverse audit opinion or reference to an emphasis of matter. Where an applicant's financial statements have received a qualification, disclaimer, adverse audit opinion or reference to an emphasis of matter in a past reporting period, the MSM will consider exempting the applicant from full compliance on a case by case basis;
- 8.8.2 any profit forecast of an issuer must comply with the requirements of the MSM as specified herein and be accompanied by a report prepared by a reporting accountant. The 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.

SECTION 9

INFORMATION DISSEMINATION

9.1 Market Information

- 9.1.1 At the close of business, the MSM shall dispatch to brokers in electronic format, a market report;
- 9.1.2 The report stated above shall contain;
 - (a) security turnover,
 - (b) opening price,
 - (c) closing price,
 - (d) 52 week high or 52 week low,
 - (e) outstanding shares on close of business.
 - (f) Any other news or announcements by the listed companies on the day of the report;
- 9.1.3 Where means to receive the report in electronic form are not available, the report may be collected in hard copy from the MSM.

9.2 Notices

- 9.2.1 Notices shall be information or announcement relating to members or trading activities;
- 9.2.2 All notices shall be posted on the notice board of the MSM

9.3 Company news and other significant information

- 9.3.1 For the purposes of this part, significant information means any company information that impacts on investor perception and ultimately on the company's market price;
- 9.3.2 Significant information include, but not limited to; any recommendation or declaration of a dividend; bonus; rights issues; financial results; annual general meeting or extraordinary meetings; business developments; change in company directors, company secretary; auditors of the company; change of substantial shareholding; acquisitions and mergers;
- 9.3.3 The information shall be released to the public at the expense of the company;
- 9.3.4 The medium used for the release shall be of a nation-wide media coverage;
- 9.3.5 Announcements shall be on letterhead and signed by an authorized person for purposes of credibility.

9.4 Dividends and Interest

- 9.4.1 The declaration of dividends and/or interest payments in respect of listed securities shall be immediately released through the MSM and a copy of such announcement shall be send to shareholders;
- 9.4.2 The announcements released through the MSM shall be made at least fourteen (14) days prior to record date and shall contain the following minimum information:
 - (a) record date;
 - (b) the date on which the dividend or interest is expected to be paid; and
 - (c) the cash amount that will be paid for dividends or interest.
- 9.4.3 If a listed company decides not to declare dividends or interest, this shall be released through the MSM with 24 hours after such decision is taken.
- 9.4.4 A listed company declaring a final dividend prior to the publication of the annual financial statements or interim report shall ensure that the dividend notice given to shareholders 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;
- 9.4.5 At least fourteen (14) days' notice shall be given to shareholders prior to the record date for the dividend or interest;
- 9.4.6 Payment of dividends and interest shall be effected within six (6) weeks after the record date and where a dividend or interest declaration is expressed as a percentage the Maloti equivalent shall be shown in parenthesis;
- 9.4.7 The record date shall be a working day and a penalty shall be imposed on listed companies where declaration of dividend has been reported late;
- 9.4.8 The company shall hold monies due to shareholders in a trust until procedurally claimed by the shareholders. Unclaimed funds shall be dealt with in accordance with applicable laws.

9.5 Contents of announcements

- 9.5.1 The announcement shall be dated, provide the detail of the subject matter of the announcement, and give adequate notice in instances where notice is required, in order to sufficiently inform the investors;
- 9.5.2 Dividend announcements should specify the following;
 - (a) whether interim, special or final;
 - (b) the rate of dividend declared on the amount of ordinary shares outstanding;
 - (c) the amount of dividend to be earned per share;
 - (d) the date that the dividend will be paid;
 - (e) state the book closure date; and

- (f) the address of the share registry at which the documents will be accepted for registration;
- 9.5.3 Bonus announcements require similar detail as dividend announcements;
- 9.5.4 Details in a rights issue include the price, terms and purpose of the rights issue and the financial circumstances which call for the rights issue;
- 9.5.5 In the case of meetings, 21 days' notice shall be given before such meeting is held or such shorter period as may be permitted under the company's articles or the Companies Act. Such notice must specify the place, date and time of the meeting; and in the event that the usual meeting place is changed, must give full justification for the change. The place chosen must be convenient to the general body of shareholders;
- 9.5.6 A dividend announcement, capitalization or rights issue, closing of books, shall be accompanied by an interim report.

SECTION 10

Property Companies

10.1 Definitions

10.1.1 For the purposes of this section:

- (a) “gross assets” is the net book value of the company’s assets before deducting outstanding mortgages;
- (b) “property” refers to immovable freehold or leasehold property;
- (c) “property companies” are companies engaged primarily in property activities including but not limited to:
 - (i) holding and development of properties for letting and retention of investments; or
 - (ii) purchase or development of properties; or both;
- (d) “net annual rent” is the income generated by any property attributable to the company as estimated by an external valuer:
 - (i) ignoring any special receipts or deductions arising from the property;
 - (ii) before taxation (including tax on profits and any allowances for interest on capital or loans) and
 - (iii) 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;
- (e) “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;
- (f) “published valuation” is the valuation referred to in the listed company’s annual financial statements or a circular whether produced independently or by the directors and stated as such; and
- (g) “external valuer” is an independent property valuer, who is in practice and is a member of the institute of valuers or approved by competent authority.

10.2 Additional information for listing

10.2.1 A property company’s prospectus shall include the information required by Section 6 as far as is relevant and shall include but not limited to:

- (a) summary details of the property portfolio including location, tenancies, lessees, rent, lease expiry, review date, option to review, escalation, average property yields and current replacement costs; 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 shall include but not limited to:
 - (i) a profit history which may need to be on a pro-forma basis;

- (ii) a pro-forma balance sheet;
- (iii) salient details of net distributable income and distributions;
- (iv) statements on taxation, and
- (v) a valuation report in accordance with this chapter;
- (c) details in respect of each of the promoters, managers, trustees and directors of the applicant, any subsidiary or holding company as follows:
 - (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) details of the name, legal form, business address, terms of contract, remuneration, experience and qualifications of agents who manage the property.

10.3 Valuation reports

10.3.1 Requirement for a valuation

A valuation report prepared by an external valuer shall 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
- (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 such valuation in the prospectus.

10.3.2 Where a valuation report is included in the prospectus, there shall be statement reconciling that valuation with the equivalent figure included in the listed company's published balance sheet.

10.4 Previously prepared valuation reports

10.4.1 If a valuation report has been prepared then any related prospectus or circular shall contain a summary of the valuation report.

10.5 Contents of valuation report

10.5.1 The valuation report shall be prepared by an external valuer;

10.5.2 The valuation report to be included in the prospectus or circular shall:

- (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 prospectus or circular.

10.6 Valuations of property in the course of development

- 10.6.1 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 shall be given in the valuation report:

- (a) where necessary approvals have been obtained, the date of such approvals and whether there are any material or onerous conditions attached to such approvals;
- (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, but not limited to, 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 similarly;
- (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) letting of the property.

10.7 Valuation of property occupied for purposes of business

10.7.1 Property which is occupied for the purposes of a business shall be valued normally at open market value for its existing use. Where open market value for an alternative use materially exceeds this basis, the alternative use valuation shall be stated but the costs of cessation and removal shall be estimated by the directors and shown in the valuation report.

10.8 Rentals used in valuations

10.8.1 In respect of each property that is rented out by the company, the current net annual rent and the estimated future net annual rent at a named date, where these two(2) differ by 25% or more shall be included in the valuation report, based on its current open market rental value.

10.9 Summary of valuations

10.9.1 The valuation report shall include a summary of properties and the aggregate of their valuations shall be split to show the separate totals for the freehold and leasehold properties. Negative values shall be shown separately and not aggregated with the other valuations. Separate totals shall be given for properties valued on an open market basis and on a depreciated replacement cost basis, and for external properties.

10.10 Unit trust schemes in property shares

- 10.10.1 A property unit trust is restricted to investment in the shares of property owning companies or fixed property companies and in approved securities, pending investment of cash resources into property;
- 10.10.2 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 MSM in this section.

SECTION 11

Investment Entities

11.1 General

11.1.1 When evaluating a listing application for an investment entity, the MSM shall take into account that:

- (a) those responsible for managing the investments have experience;
- (b) there is spread of investment risk;
- (c) except where legally provided for, the investment entity is a passive investor.
- (d) the investment entity, its management company, any director or manager of both the investment entity and its management company do not control, or seek to control, be actively involved in the management of the companies, or other entities, in which it invests; and
- (e) the applicant does not speculate in securities.

11.2 Additional conditions for listing

11.2.1 An investment company shall comply with the conditions for listing, as set out in section 3 with the following modifications and additional conditions except where provided for under the Central Bank of Lesotho (Collective Investment Schemes) Regulations 2018:

- (a) if the investment company is not able to satisfy fully the conditions set out in rule 3.2.1 (f), (i) and (j), it must satisfy the MSM that its directors have, and (if one is appointed) its investment manager has, sufficient and satisfactory experience in the management of investments of the type in which the company proposes to invest,
- (b) the applicant must express an intention 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 entity 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, at all times, have an investment in the capital of the applicant equal to at least 10% of the capital, unless the MSM 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 when at least half (50%) of the portfolio has been established in investments other than cash or short dated securities.
- (h) dividends must not be paid unless they are covered by income received from underlying investments;

11.3 Contents of a prospectus

11.3.1 The requirements of Section 6 apply with appropriate modification as agreed with the MSM. In addition, the following information should be provided, if applicable:

- (a) a description of the investment policy to be followed;
- (b) an analysis of the investment portfolio, or proposed investment portfolio, by:
 - (i) broad industrial or commercial sector; and
 - (ii) listed and unlisted investments;
- (c) an analysis of funds not invested in shares or securities;
- (d) an analysis of income between dividends, interest and other forms of income;
- (e) a list of all investments with a value greater than 5% of the fund, 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 (including any abnormal income);
 - (vii) any extraordinary items; and
 - (viii) the net assets attributable to the investment;
- (f) an analysis of any provision for reduction 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;
- (g) an analysis of any unrealised profits stating separately those between listed and unlisted investments;
- (h) details must be given to 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.

11.4 Annual financial statements

- 11.4.1 In addition to the financial information required as specified, an investment entity shall report the information required in paragraph 11.3.1 above in its annual financial statements.

11.5 Investment policy

- 11.5.1 The investment policy shall be stated in the prospectus and shall be adhered to for at least three years following listing.
- 11.5.2 All changes to the investment policy shall be approved by shareholders in general meeting and be filed with MSM with 7 days of such approval.

11.6 Articles of incorporation

- 11.6.1 The articles of incorporation or equivalent documents of the investment entity shall, except where the MSM 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 except to the extent that the MSM agrees.

SECTION 12
FEES AND FEE STRUCTURE
(Rule 5.4.3)

12.1 Listing Fees

The fees involved in listing may vary across entities and will be influenced by factors such as the complexity and size of the transaction. MSM Listing fees are subject to an annual review.

12.1.1 Documentation Fees		
Document	Amount (Maloti)	
Listing prospectus	3,000	
12.1.2 Initial Listing Fees		
The Initial listing fees for new issues will be computed on the value as per the following schedule;		
No.	Security	AMOUNT
1.	Equities	(i) 0.15% of the value of the securities to be listed subject to a minimum of M10, 000 and M50, 000 maximum fees. (ii) 0.25% of the value of the securities to be listed by way of introduction & subject to a minimum of M10,000 and maximum of M25,000.
12.1.3 Additional Listing fees		
If the issuer issues additional securities after listing, including bonuses and rights issues, subsequent fees are payable;		
2.	Equities	(i) 0.01% of the nominal value of the additional securities to be listed subject to a minimum of M5,000 and a maximum M25,000
12.1.4 Annual listing fees		
The annual listing fees for companies whose shares are listed shall be based on daily average market capitalization from January to November 30 annually.		
3.	Equities	(i) 0.025% of the market value of the securities listed, subject to a minimum and maximum of M10, 000 and M50, 000 respectively.

SECTION 13

OFFENSES AND PENALTIES

13.1 Non – Compliance with the Rules

- 13.1.1 Where there is a reasonable suspicion that the provisions of the regulations and these rules are being violated, the MSM may conduct or cause an inspection to be done at the cost of an issuer;
- 13.1.2 Where the investigation establishes that there is violation of the regulations and these rules, the MSM may, in addition to suspension or removal:
- (a) censure the issuer by means of private or public censure;
 - (b) impose a fine not exceeding M1,000,000.00 on the issuer and such fine maybe published in national media; or
 - (c) order the payment of compensation to any person prejudiced by the contravention or failure;
- 13.1.3 If the issuer fails to pay a fine or compensation referred to in paragraph 13.1.2 (b) and (c), the MSM may in terms of the Capital Markets Regulations of 2014, file with the clerk or registrar of a competent court a statement certified by the MSM as correct, stating the amount of the fine imposed or compensation payable;
- 13.1.4 The statement referred to in paragraph 13.1.3 above, shall have all the effects of a civil judgment lawfully given in that court against that issuer and in favour of the MSM for recovery of the amount specified in that statement;
- 13.1.5 The MSM shall give 5 (five) working days' notice to the parties before taking actions contemplated in 13.1.1 unless that will defeat smooth market operation and protection of investors;
- 13.1.6 The whole or any part of the fines imposed in terms of paragraph 13.1.2 may be used to settle any costs incurred by the MSM in enforcing the provisions of these rules.

13.2 Appeals

- 13.2.1 If an issuer is not satisfied by the decision of the MSM, such issuer shall within five (5) working days appeal the decision to the Registrar.

13.3 Publication

- 13.3.1 Without derogating from any other powers of publication referred to in these rules, the MSM may, in its discretion and in such manner as it may deem fit, state or announce that it has:
- (a) investigated dealings in a listed equity security;
 - (b) censured an issuer;
 - (c) suspended the listing of any equity security;

- (d) terminated the listing of any equity security; and/or
 - (e) imposed a fine on an issuer.
- 13.3.2 In a statement or announcement referred to in paragraph 13.3.1, the MSM may give reasons for such investigation, censure, suspension, termination or fine, as the case may be and publish conclusion or findings in the case of an investigation;
- 13.3.3 No issuer or its directors, officers, holders of any class of securities or holders of a beneficial interest shall have any cause of action against the MSM, or against any person employed by the MSM, for damages arising out of any statement or announcement made in terms of paragraph 13.3.1.
- 13.3.4 A breach of any provisions of these rules shall entitle MSM to take appropriate supervisory action and or remedial measures varying from suspension, revocation, delisting and or any penal action depending on the severity of the breach as the case may be;
- 13.3.5 Notwithstanding anything contained in these rules, MSM may waive, exempt, wholly or partially the provisions of these rules with respect to any member and/or any other person to the application of these rules.

APPENDICES

Appendix 1

(Rule 5.2.1)

Listing Application

1. The application should contain the following:

(a) A statement that:

"It is understood that the granting of a listing pursuant to this application shall constitute a contract between this company (insert the name) and the Maseru Securities Market and that in giving the general undertaking referred to in appendix 3 of the listings rules of the MSM, the company undertakes to comply with the listings rules as amended from time to time";

(b) The addresses of the registered and transfer offices (if any) in the Kingdom of Lesotho;

(c) the address from which the company operates in Lesotho, or if it operates from multiple addresses within country, the address of the office seeking to establish a business relationship or to conclude a transaction with the MSM;

(d) regarding the applicant's share capital:

(i) the value and number of securities in each class;

(ii) the amount of the share capital issued and/or to be issued in conjunction with the application of each class of shares, and the number of those securities in each class, also indicating clearly in respect of which securities listing is applied for; and

(e) as applicable, the value and number of securities of each class to be offered to the public for subscription and the date the offer is to be made;

(f) A statement as to the trading board for which listing is applied.

2. The application must be signed by the company secretary, a director of the applicant and the sponsoring broker.

3. Supporting documents to be submitted (certified where applicable):

(a) copy of the registration certificate of the applicant and its articles of incorporation;

(b) a copy of tax registration of the company issued by the Lesotho Revenue Authority; and

(c) Copies of identity documents of all signatories to the listing application.

Appendix 2

(Rule 5.2.3 and 5.6.1(c))

SPONSOR'S DECLARATION

The following declaration format shall be used by Listing Sponsors when submitting the initial listing application to the MSM. The declaration shall be on their letterhead.

To: MSM (Pty) Ltd.
Central Bank of Lesotho Building
Cnr Airport and Moshoeshoe Roads,
Maseru

..... 20.....

Dear Sir/Madam

(Full name of sponsor).....Declaration.

The attached application by ***(full name of issuer)*** in respect of ***(brief description of the listing the issuer is applying for)*** is the subject of this declaration.

The undersigned request that you allow...(number) securities of...(denomination) each of***(full name of issuer)*** to be admitted to the MSM official list.

I,a partner/director of the above sponsor, or an officer duly authorised to give this declaration, hereby confirm that I have satisfied myself to the best of my knowledge and belief, having made due and careful enquiry of the issuer and its advisers, that:

- (a) all the documents required by the listing rules to be included in the application for listing have been supplied to the MSM;
- (b) all the relevant conditions for listing and other requirements of the listing rules have been complied with;
- (c) there are no matters other than those disclosed in the listing prospectus or otherwise in writing to the MSM which should be taken into account by the MSM and the listing committee in considering the suitability for listing of the securities for which application is being made;
- (d) the directors of the issuer appreciate the nature of the responsibilities and can be expected to honour their obligations under the listing rules and the listing undertaking; and
- (e) the issuer is not in breach of the listing rules.

Should any further information come to my notice before the grant of listing, I will inform the MSM.

I acknowledge that if the MSM considers that we have been in breach of our responsibilities under the listing rules or this declaration, then the MSM may censure us or refuse to allow us to act as a sponsor for further issues by removing our firm from the register of approved sponsors or suspend our broker membership of the MSM and that the MSM may publicise the fact that it has done so and the reasons for its actions.

SIGNED BY

Partner/director or duly authorised officer, for and on behalf of:

.....

Name of sponsor

Telephone number:

Appendix 3
(rule 5.6.1 (b))

General undertaking

The following provisions should be contained in the general undertaking by the applicant, which should be in the form of a resolution of directors certified by the Chairman and Company Secretary, that:

1. the applicant will comply fully with all the listings rules of the MSM as amended from time to time, irrespective of the jurisdiction in which the applicant is incorporated;
2. the applicant will not apply to be lend, or for return of any document submitted in support of the application for listing, and that all such documents will become the property of the MSM;
3. no restrictions are placed on the transfer of fully paid securities other than when the relative statutory requirements exist;
4. the constitution of the applicant and its subsidiary companies comply with the listings rules which now are or hereafter may be in force;
5. securities in each class for which listing is applied rank pari passu in respect of dividends, rights and in all other respects;
6. 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;
7. the applicant will, in future, furnish the MSM with an electronic copy in PDF and a hard copy of the applicant's annual report when it is issued for distribution to shareholders;
8. a written communication of all non-price sensitive communications from the applicant to the MSM shall be through the sponsor and all potentially price sensitive written communication shall be through the compliance officer of the applicant or any other duly authorised persons directly to the MSM;
9. in the event of the company being placed under judicial management or liquidation, whether voluntary or compulsory, provisional or final, the applicant will immediately notify the MSM of this fact.

Appendix 4
(Rule 8.4.1 & 8.4.2(b))

SIGNIFICANT TRANSACTIONS

In respect of transactions, which require notices in relation to requirements under rule 8.4.1 and 8.4.2(b), the Company must provide the following information:

- (a) particulars of the transaction, including the name of any other relevant parties;
- (b) a description of the assets which are the subject of the transaction, or the business carried on by, or using, the assets;
- (c) the profits attributable to those assets;
- (d) the value of those assets if different from the consideration;
- (e) the full consideration and how it is being satisfied;
- (f) the effect on the Company;
- (g) details of the service contracts of any proposed directors;
- (h) in the case of a disposal, the application of the sale proceeds;
- (i) in the case of a disposal, if shares or other securities are to form part of the consideration received, a statement whether such securities are to be sold or retained; and
- (j) any other information necessary to enable investors to evaluate the effect of the transaction upon the Company.

Appendix 5

NOTIFICATION IN RESPECT OF DIRECTORS AND CLOSED PERIOD

In relation to rules 8.5.1 (a) and (b), the Company must release a statement advising of the following:

- (a) the identity of the director or significant shareholder concerned;
- (b) the date on which the disclosure was made to it;
- (c) the date on which the deal or relevant change to the holding was effected;
- (d) the price, amount and class of the listed securities concerned;
- (e) the nature of the transaction;
- (f) the nature and extent of the director's or significant shareholder's interest in the transaction;
- (g) where a deal takes place when it is in any closed period, the date upon which any previous binding commitment was notified or the date upon which the MSM granted permission to deal; and where the notification concerns a related financial product, the detailed nature of the exposure

BLOCK ADMISSION

In relation to a block admission, the company must release a statement advising of the following:

- (a) name of the company;
- (b) contact name and telephone numbers;
- (c) name of the scheme;
- (d) period of return ;
- (e) number and class of securities not issued under the scheme;
- (f) number of securities issued under the scheme during the period;
- (g) balance under the scheme of securities not yet issued at the end of the period;
- (h) number and class of securities originally admitted and the date of admission.

(Rule 8.5.1 (j))

TREASURY SHARE MOVEMENT

In relation to rule 8.5.1 (j), an applicant Company must make publication of the following:

- (a) the date of the movement into or out of treasury shares;
- (b) the number of treasury shares of each class transferred into or out of treasury;
- (c) the total number of treasury shares of each class held by the Company following such movements; and
- (d) the number of shares of each class that the Company has in issue less the total number of treasury shares of each class held by the Company following such movements.

<END>

