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# MSM DEBT LISTING RULES

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

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## **PART 1**

### **DEBT SECURITIES**

#### **1.1 Introduction**

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

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 applicant issuer's business. They outline debt 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 debt securities issued by domestic and foreign issuers that are eligible for listing on MSM in accordance with the provisions of these rules.

#### **1.2 Citation**

These rules shall be cited as MSM Debt Listings Rules of 2019.

#### **1.3 Definitions and interpretations**

In these Debt Listing 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.

Throughout these Debt Listing Rules, unless otherwise stated or the context requires otherwise, the following terms will have the meaning set out below –

<b>Term</b>	<b>Meaning</b>
Application	an application for the listing of debt securities or the registration of a programme memorandum, which application shall contain the documents provided for in these debt listing rules;
Applicant or Applicant Issuer	an issuer or a company applying for listing;
Arranger	a person or persons identified as such in the placing document or the pricing supplement which performs certain functions with regard to establishing the programme memorandum and/or the placing of debt securities, which functions may include the marketing of, and making a market in,

	such debt securities (and which person may be the issuer of such debt securities);
Asset-backed debt securities	Debt securities directly backed by assets which are intended to produce funds to be applied towards interest payments and repayment of principal on maturity if applicable;
Authorised Amount	the amount on outstanding debt securities which the Board of Directors or similar body in respect of a non- corporate Issuer has approved;
Bond	a debt security that states the interest rate (coupon) that will be paid and when the borrowed funds (bond principal) are to be returned (maturity date);
Bond indenture	a legal document outlining the characteristics of the bond;
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 debt securities is closed for purposes of giving effect to transfers, redemption or the distribution of the debt securities;
Business day	a day (other than a Saturday, Sunday or public holiday in the kingdom of Lesotho) on which commercial banks settle payments;
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. It is integrated with LSW/RTGS;
Companies Act	the Companies Act of 2011
Company	As described in Section 2(1) of the Companies Act, 2011
Convertible debt security	a debt instrument issued by a company that can be exchanged into another security of that company (e.g. equity shares). The price at which the bond can

	be converted into another security is set when the bond is issued. The bond can be converted at any point before maturity.
Corporate bond	a bond issued by a company or corporate entity;
Coupon	the stated interest payment on a debt security;
Debenture	a promissory note or a corporate bond, which is backed generally only by credit worthiness of the borrower;
Debenture stock	a debenture that has equity status in liquidation;
Debt securities	the instruments creating or acknowledging indebtedness issued or proposed to be issued by a company including debentures, debenture stocks, loan stock, bonds, notes, treasury bills, preference shares or any other instrument creating or acknowledging indebtedness;
Debt Sponsor	an entity, which is:
(a)	approved as a debt sponsor by the MSM in terms of PART 2 of these debt listing rules; and
(b)	appointed by an Issuer in respect of a placing document or pricing supplement;
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;
Extraordinary Resolution	a resolution passed at a meeting (duly convened of the holders of debt securities, by a majority consisting of not less than 75% (seventy-five percent) of the value of a class of notes or all the Holders of notes or holders of debt securities present in person or by proxy voting at such meeting;
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. These types of markets will often be marred by volatile swings because the true value of the market is clouded by the misinformation. The exact value of an investment

	may be incorrect in this market.
Formal approval	the final approval granted by the MSM;
Holder of debt securities	the holders of debt securities as recorded in the register of debt securities maintained by the CBL's CSD;
IFRS	the International Financial Reporting Standards formulated by the International Accounting Standards Committee;
Investors	persons, natural or juristic, who acquire debt securities listed on MSM and "Potential Investors" shall be construed accordingly;
Issue date	the date upon which the debt securities listed on the MSM are issued by the applicant issuer, as specified in the placing document or, in the case of debt securities issued under a programme memorandum as specified in the pricing supplement;
Issuer	any entity whose debt securities have been listed on the MSM;
Last day to Register	close of business on the business day immediately preceding the first day of a books closed period;
Lead Debt Sponsor	A debt sponsor who leads a group of debt sponsors. The lead debt sponsor assigns parts of sponsoring roles to other sponsors but takes the overall responsibility of guiding and advising an issuer of debt securities seeking a listing of the securities on MSM;
Listed amount	the principal amount of a debt security, which has been listed;
Listing	the admission of a debt security to the Official List;
Listings 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 a debt security is listed on the MSM;
Listing particulars	the particulars required to be disclosed by an Applicant Issuer from time to time in its placing

	document which are set out in Part 3 hereof;
Loan stock	shares used as collateral to secure a loan from another party;
MSM	shall mean Maseru Securities Market (Pty) Ltd;
Medium Term Notes	a financial security that generally has a longer term than a bill but a shorter term than a bond;
Offering circular	a document containing inter alia the provisions required by these debt listing rules, for a single issue of debt securities;
Official List	the list of securities, maintained by the MSM;
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 (exercise or strike) 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 debt securities, which entity may also be the Applicant Issuer;
Placing document	an offering circular, a programme memorandum or any other document, as the case may be, which contains inter alia, the provisions required by the debt listings rules for an issue of Debt Securities;
Placing or offering	the method of offering debt securities to be listed, for subscription or sale to potential investors and that takes place before such debt securities are listed;
Practice note	A paper published by the MSM indicating changes, guidelines or additions to these listings rules;
Pricing supplement	a supplement to a programme memorandum setting out additional and/or other terms and conditions as are applicable to a specific tranche of debt securities, for which application is made;
Programme memorandum	a document containing the provisions required by these debt listing rules in respect of debt securities, which may be issued by an applicant issuer;

Promissory note	a written promise by one party to pay another party a definite sum of money either on demand or at a specified future date;
Registrar of Capital Markets	The Registrar of the Capital markets as defined in regulation 5 of the Capital Markets Regulations of 2014;
Rules	the rules of the MSM as approved by the Registrar of Capital Markets;
Lead Debt Sponsor	A debt sponsor who leads a group of debt sponsors. The lead debt sponsor assigns parts of sponsoring roles to other sponsors but takes the overall responsibility of guiding and advising an issuer of debt securities seeking a listing of the securities on MSM;
Subsidiary	a subsidiary company as defined in the Companies Act of 2011;
Transfer Secretary or Transfer Agent	an entity, licensed by Registrar of Capital markets, which maintains a register of Debt securities, which entity may be the Issuer of such debt securities;
Treasury Bill	a debt security as defined in the Local Loans Act, 2001
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	a warrant is a 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. Warrants and options are similar in that the two contractual financial instruments allow the holder special rights to buy securities.



## **PART 2**

### **Authority of MSM**

#### **2.1 General Powers of the MSM**

- 2.1.1 Subject to the provisions of the Capital Markets Regulations, 2014 and these debt listing rules, the MSM has the power to:
- (a) grant, review, suspend or terminate a listing of a debt security or registration of a programme memorandum;
  - (b) stipulate from time to time the rules under which a new applicant shall comply before debt securities issued by such new applicant is granted a listing;
  - (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 debt listing rules or by way of the issue of practice notes;
  - (f) stipulate the circumstances under which a listing of debt securities or the registration of a programme memorandum shall or may be suspended or terminated;
  - (g) stipulate from time to time the rules with which debt sponsors shall comply; and
  - (h) stipulate a percentage that is subtracted from the market value of an asset that is being used as collateral or security.
- 2.1.2 The MSM, in consultation with the Registrar of capital markets may grant a listing 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 part shall limit the powers of the MSM, and MSM may at any time exercise any further powers granted to it in terms of the Capital Markets Regulations, 2014. Where the MSM exercises discretion in terms of these debt listings rules, it shall use its discretion in consultation with the Registrar of capital markets and, subject to the provisions of paragraphs 2.8.1 and 2.8.2 below and judicial review; and its rulings shall be final.

#### **2.2 Suspension of listing or registration of Programme Memorandum initiated by the MSM**

- 2.2.1 The MSM may suspend the listing of debt securities or the registration of a programme memorandum and impose such conditions as it may deem appropriate for the lifting of such suspension if either of the following applies:
- (a) if it will further one or more of the following objects and if it is in the public interest to do so

- (i) to reduce systemic risk – a risk that a failure on part of one or more registered or licenced market participants could trigger the collapse of the entire market;
    - (ii) to promote market integrity and investor confidence;
    - (iii) to promote investor education;
    - (iv) to provide high levels of investor protection;
    - (v) to ensure transparency in capital market dealings;
    - (vi) to prevent market manipulation, fraud and other financial crimes
  - (b) if the issuer has failed to comply with the Debt Listings Rules.
- 2.2.2 Where MSM intends on suspending the listing of debt securities of an issuer, the affected issuer shall be given the opportunity to make written representations to the MSM in support of the continued listing of such debt securities or the registration of such programme memorandum. Such written representations shall be brought to MSM prior to the MSM making any decision to suspend such listing or registration.
- 2.2.3 If the listing of a debt security or the registration of a programme memorandum is suspended and the affected issuer fails to take adequate action to enable the MSM to reinstate such listing or registration within timeframes as shall be determined by the MSM, the MSM may terminate the listing or registration in accordance with the set procedure.

## **2.3 Suspension at the request of the Issuer**

- 2.3.1 The MSM may suspend a listing of debt securities or the registration of a programme memorandum under the following circumstances:
- (a) where the issuer is placed under provisional liquidation or under judicial management; or
  - (b) where a written request is made by a/the director(s) of the issuer in the event of a default of the issuer.

## **2.4 Continuing obligations of issuers**

- 2.4.1 If the listing of an issuer's debt securities or the registration of the issuers programme memorandum is suspended, it shall, unless the MSM decides otherwise:
- (a) continue to comply with all the debt listing rules applicable to it;
  - (b) submit to MSM a monthly, or such other time period 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 and/or registration reinstated; and
  - (c) advise the holders of debt securities on a quarterly basis or such other time period 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 and/or registration 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 debt securities previously included therein; provided that the listing of such debt securities shall first have been suspended when the Issuer has failed to comply with the debt listing rules and it is in the public interest to do so;
- 2.5.2 When a listing of debt securities is under threat of termination, the affected Issuer shall be given an opportunity to make written representation to MSM in support of the continued listing of such debt securities, prior to MSM making any decision to terminate such listing;
- 2.5.3 If, after a period of two years from the date of registration of the programme memorandum, no debt securities have been issued under the programme memorandum, the programme memorandum will automatically terminate and a new application shall be submitted to MSM.

## **2.6 Termination at the request of the issuer**

- 2.6.1 An issuer may make written application to MSM for the termination of the listing of any of its debt securities from the official list and/or deregistration of the programme memorandum stating effective termination date. The MSM may grant the request for termination, provided paragraphs 2.6.2 and 2.6.3 below are properly complied with, except where all debt securities are owned by the issuer.
- 2.6.2 Prior to being able to effect paragraph 2.6.1, an issuer shall send a circular to the holders of debt securities complying with the following:
  - (a) approval obtained from holders of debt securities following a general meeting for the termination of the listing prior to the issuer making written application for such removal; and
  - (b) the reasons for termination clearly stated.
- 2.6.3 Where approval is required in terms of paragraph 2.6.2(a), an extraordinary resolution shall be passed by a majority consisting of members holding not less than 75% (seventy-five percent) of the value of a class of notes at a general meeting of holders of debt securities. Any debt securities holder who has proposed the termination will be excluded from voting. This includes the issuer, directors and any parties acting in concert.
- 2.6.4 Where all debt securities are redeemed, the listing will be terminated once the MSM has been notified and satisfied itself of such redemption.

## **2.7 Censure and penalties**

- 2.7.1 Where the MSM finds that an issuer has contravened or failed to adhere to the provisions of the debt listing rules, the MSM may, and without derogating from its powers of suspension and/or termination:
- (a) censure the Issuer by means of private censure;
  - (b) censure the Issuer by means of public censure;
  - (c) in the instance of either paragraph 2.8.1(a) or (b), impose a fine not exceeding M1,000,000 on the Issuer; and/or
  - (d) order the payment of compensation to any person prejudiced by the contravention or failure.
- 2.7.2 In the event that an Issuer fails to adhere to the provisions of these debt listing rules, the MSM may elect in its discretion, that:
- (a) full particulars regarding the imposition of a fine may be published in any national publications or media; and/or
  - (b) an investigation or hearing be conducted and the issuer pay the costs incurred in relation to such publication, investigation or hearing.
- 2.7.3 If the issuer fails to pay a fine or compensation as referred to in paragraph 2.7.1, the MSM may in terms of the provisions of the Capital Markets Regulations, 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. Such statement thereupon shall have all the effects of a civil judgment lawfully given in that court against that Issuer and in favour of the MSM for a liquid debt in the amount specified in that statement.
- 2.7.4 The MSM will give advance notice to the parties involved of any action that it proposes to take under paragraphs 2.7.1 and 2.7.2, and will provide them with an opportunity to make written representations to the MSM. The MSM may act without affording an issuer such a notice if it considers such action to be critical for maintaining smooth market operation or protection of investors;
- 2.7.5 The whole or any part of the fines imposed in terms of paragraph 2.7.1 may be used to settle any costs incurred by the MSM in enforcing the provisions of the Debt Listing Rules.

## **2.8 Appeals**

- 2.8.1 If an issuer, in respect of whom a decision is taken under these debt listing rules objects to such decision, such issuer shall notify the MSM in writing within five (5) business days, giving reasons for such objection. In such an event, the MSM shall consider the objection and may reconsider its decision. A decision of the MSM made in terms of this rule is subject to a further appeal to the Registrar of Capital Markets;

- 2.8.2 If the MSM decides to terminate a listing subject to the provisions of these rules and Capital Markets Regulations, 2014, and the issuer concerned objects to this decision, then the issuer may appeal to the MSM in writing within five (5) business days of the decision, giving reasons for such objection. In such an event, the MSM shall within 5 days of receipt of written objection, consider the objection and may decide accordingly. A decision of the MSM made in terms of this rule is subject to a further appeal to the Registrar of Capital Markets.

## **2.9 Power to require information**

- 2.9.1 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 debt 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;
- 2.9.2 The MSM may require an issuer to pay for the publication or dissemination of any further information not specified in the debt 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.

## **2.10 Publication**

- 2.10.1 Without derogating from any other powers of publication referred to in these debt listing rules, the MSM may, in its absolute discretion and in such manner as it may deem fit, state or announce that it has:
- (a) investigated dealings in a listed debt security;
  - (b) censured an issuer;
  - (c) suspended the listing of any debt security or registration of a programme memorandum;
  - (d) terminated the listing of any debt security or registration of a programme memorandum; and/or
  - (e) imposed a fine on an issuer.
- 2.10.2 In a statement or announcement referred to in paragraph 2.10.1, 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;
- 2.10.3 No issuer or its directors, officers, holders of debt 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 2.10.1.

## **PART 3**

### **Debt Sponsor**

#### **3.1 Scope**

Debt sponsors shall be CBL-licensed securities dealers who are admitted as members of the MSM, CBL-licensed corporate advisers, banks, accountants, attorneys and other professional advisers. A sponsor shall accept certain responsibilities as detailed hereunder.

#### **3.2 Qualifications**

- 3.2.1 Sponsors shall apply and be admitted as members of the MSM before agreeing to discharge Sponsoring responsibilities;
- 3.2.2 A Sponsor can only be qualified if he/she has made an undertaking to the MSM that s/he agrees to discharge the responsibilities of advising at all times to the satisfaction of the MSM;
- 3.2.3 Notwithstanding clause 3.2.2, a debt sponsor granted approval shall comply with the MSM debt listings rules.
- 3.2.4 Applications to become a debt sponsor shall be made to the MSM by submitting the debt sponsor application form in Appendix A.

#### **3.3 Appointment**

- 3.3.1 The applicant issuer shall appoint a debt sponsor when:
  - (a) making an application for listing of debt securities or the registering a programme memorandum;
  - (b) it wishes to submit documentation that requires approval by the MSM; and
  - (c) so requested by the MSM.
- 3.3.2 The debt sponsor shall notify the MSM of its appointment by an applicant issuer. Where there are joint debt sponsors, the applicant issuer shall appoint a debt sponsor that will lead in the process. The MSM shall deal with the lead debt sponsor appointed in respect of the issue.

#### **3.4 Responsibilities**

- 3.4.1 A debt sponsor shall:
  - (a) ensure that the applicant issuer is guided and advised as to the application of the debt listing rules;
  - (b) provide to the MSM any information or explanation known to it in such form and within such time limit as the MSM may reasonably require for the purpose of verifying compliance with the debt listing rules by it or by an applicant issuer;

- (c) ensure that any announcements comply with the debt listing rules before submission to the MSM and regulatory announcements shall appear on the MSM website;
- (d) use all reasonable endeavours to ensure that the applicant issuer complies with the debt listing rules;
- (e) manage the submission of all documentation to the MSM and ensure its compliance with the MSM debt listing rules before submission is made;
- (f) carry out any activities which are requested by the MSM in respect of the application of the debt listing rules;
- (g) discharge its responsibilities with due honesty, integrity, care and skill;
- (h) prior to the submission of any documentation that requires approval by the MSM, satisfy itself to the best of its knowledge and belief, having made due and careful enquiry of the applicant issuer, that there are no material issues, other than those disclosed in writing to the MSM, that should be taken into account by the MSM in considering the submission;
- (i) advise the MSM immediately if they are aware or have reason to suspect that any of their debt sponsor clients have or may have breached the debt listing rules; and
- (j) be present at all discussions held between the MSM and the applicant issuer. Where MSM deems appropriate, it may, communicate directly with an applicant issuer or with an adviser of the applicant issuer, in order to discuss matters of principle and/or the interpretation of provisions of the debt listing rules. Where discussions take place in the absence of the debt sponsor, an applicant issuer shall ensure, as soon as is practicable, that the debt sponsor is informed (preferably in writing) of the matters discussed.

### **3.5 Annual compliance**

- 3.5.1 Debt sponsors are required, on an annual basis, to advise the MSM whether they still meet the eligibility criteria and, specifically, whether or not they continue to have the minimum number of approved executives as required by the MSM from time to time in their employ.

### **3.6 Breach of responsibilities**

- 3.6.1 If the MSM determines, after taking account of written representations, that a debt sponsor has breached any of its responsibilities under the debt listing rules, the MSM is entitled to take any one or more of the following actions:
- (a) censure the debt sponsor;
  - (b) remove the debt sponsor from the register of debt sponsors maintained by the MSM;



(c) impose a penalty not exceeding M1,000,000 (One Million Maloti)

(d) publish details of the action it has taken and the reasons for that action.

3.6.2 Where the MSM has decided to take any action described in paragraph 3.6.1(b), the debt sponsor shall be entitled to request that the decision be taken on appeal in accordance with the provisions of paragraph 2.8.

## PART 4

### Conditions for Listing

#### 4.1 Introduction

The placing document shall contain sufficient information to provide full disclosure of the applicant issuer's operations, financial resources and requirements and the risks associated with the applicant issuer's business and market place for the purposes of a comprehensive analysis of ability of the applicant issuer to service and redeem the debt securities. It shall contain the minimum disclosure, which an Investor would reasonably require in order to be in a position to make an informed assessment of the nature and state of the issuer's business and most particularly its ability to effect agreed scheduled interest payments on debt securities and the repayment of the principal amount.

#### 4.2 Listing Approval

4.2.1 A listing application shall be approved by

- a) The MSM listings committee
- b) An employee of the MSM to whom the executive listing authority has been delegated

#### 4.3 Methods of Listing

4.3.1 All debt securities may be brought to listing by any one of the following methods.

- a) ***Offer for Subscription*** - an offer to the public to subscribe to the issuer's debt securities. The offer can be placed directly by the issuer or through an intermediary. In the case of offers by tender, MSM shall be satisfied with regard to the fairness of the basis of allotment so that every investor who bids at the same price for the same number of debt securities receives equal treatment.
- b) ***Offer for Sale*** - an offer to the public by the company or an intermediary of debt securities already in issue. In the case of offers by tender, MSM shall be satisfied with regard to the fairness of the basis of allotment so that every investor who bids at the same price for the same number of debt securities receives equal treatment.
- c) ***Other Methods*** - Debt securities may also be brought to listing by;
  - i) the exercise of options or warrants to subscribe or purchase debt securities;
  - ii) such other methods as MSM may approve from time to time.

#### **4.4 Applicants' Qualifications for Listing**

- 4.4.1 An issuer shall be government, a government-owned enterprise (parastatal), a company or trust.
- 4.4.2 If an issuer is a company, it shall be accordingly incorporated in its jurisdiction of incorporation. If an issuer is a trust, it shall be properly established. Evidence of existence/establishment shall be required from an issuer if it applies for listing.
- 4.4.3 If an issuer is a trust, an issuer shall appoint a trustee to represent the holders of its debt securities listed on MSM.
- 4.4.4 If an issuer is a company, its reported equity capital shall be at least **25%** of the nominal amount of the bond, and its reporting shall be in compliance with the International Financial Reporting Standards as applied in the listing prospectus. If the issuer is a trust it shall have net assets of at least **25%** of the nominal amount of the bond unless:
  - a) It is government; or
  - b) It is a government owned enterprise; or
  - c) Its shares are listed on MSM; or
  - d) It is a special purpose vehicle formed for listing asset-backed securities.
- 4.4.5 If an issuer is a company or trust, it shall have produced audited accounts for at least two full financial years applicable to it, before the listing application is made, except where the issuer:
  - a) Is government; or
  - b) Shares are listed on MSM; or
  - c) Is a special purpose vehicle formed for listing asset-backed securities.
- 4.4.6 If an issuer proposes to issue asset-backed securities:
  - a) It shall be a single purpose undertaking.
  - b) It may add further assets to its pool of assets whilst its securities remain listed.
  - c) It may list further classes of securities backed by separate pools of assets.
- 4.4.7 If an issuer does not meet the eligibility criteria above, it is eligible for a listing of guaranteed debt securities if:
  - a) It is a company that is accordingly incorporated;
  - b) It is 100% owned by government, or by a company that satisfies the eligibility criteria above;
  - c) Its guarantor guarantees its obligations;
  - d) It and its guarantor agree to comply with the Listing Rules

#### **4.5 Securities' Qualifications for Listing**

- 4.5.1 The debt securities shall be freely transferable with a nominal value of at least M5 000,000 or such other amount as MSM may prescribe from time to time;

- 4.5.2 The debt securities shall be authorised and registered by the Registrar of Capital Markets;
- 4.5.3 All Debt Securities to be listed shall already be held by a minimum of **10** investors;
- 4.5.4 Admission to listing may be granted to debt securities where the number of holders is less than 10 provided the applicant company undertakes to increase the number of holders to 10 or more within the first year of admission failing which the company's listing may not be renewed;
- 4.5.5 All Debt Securities to be listed on the MSM shall be cleared and settled through the CSD or any other system approved by the MSM to perform electronic settlement of funds and script from time to time;
- 4.5.6 All Issuers shall register and be admitted by the CSD and comply with the CSD Rules;
- 4.5.7 If an issuer is a company (including a government owned) its debt securities shall comply with:
  - a) the laws of the authorities where it is incorporated; and
  - b) its articles of incorporation.
- 4.5.8 If an issuer is issuing guaranteed debt securities under Rule 4.4.7 the guarantee shall:
  - a) have been properly authorised;
  - b) comply with the guarantor's articles of incorporation; and
  - c) comply with the laws of the country/authorities where the guarantor is incorporated.
- 4.5.9 The issuer shall ensure that services pertaining to corporate actions such as payment of interest and capital, as well the receipt and handling of exercise notices, are provided in Lesotho by a third party that has the requisite professional and technical capabilities;
- 4.5.10 The assigned party shall be a bank, a securities dealer, some other institution that is subject to supervision by the Registrar of capital markets.

#### **4.6 Asset-backed Securities**

- 4.6.1 If the securities are backed by equity securities:
  - a) The equity securities shall not represent minority interests and shall not confer legal or management control of the issuer of the equity securities; and
  - b) They shall be listed on MSM
- 4.6.2 If securities are backed by options or conversion rights relating to equity securities then rule 4.7.1 applies to the securities resulting from the exercise of the option or conversion rights.

- 4.6.3 There shall be a trustee or appropriate independent party to represent the interests of the holders of the asset-backed securities. It shall have a right of access to information relating to the assets.

#### **4.7 Convertible Debt Securities**

- 4.7.1 Convertible debt securities may be listed if the primary equity securities to which they relate have previously been listed on the MSM, or if they are being listed at the same time.
- 4.7.2 If debt securities are convertible into shares that have not yet been issued, the issuance and subsequent listing of the shares shall have been accordingly authorised.
- 4.7.3 If debt securities are convertible into shares, the terms of the issue shall provide for appropriate adjustments to the conversion terms if there is a change in the capital of the issuer of those shares.

#### **4.8 Warrants and Options**

- 4.8.1 The securities underlying the options or warrants shall be:
- a) Debt securities that are listed or to be listed on MSM;
  - b) Debt securities listed or to be listed on another stock exchange; or
  - c) Other debt security that MSM has approved in writing as acceptable.
- 4.8.2 If the underlying debt securities have not yet been issued:
- a) Their issuance shall have been accordingly authorised; and
  - b) Their listing shall have been accordingly approved.
- 4.8.3 If options or warrants are convertible into debt securities, the terms of the issue shall provide for appropriate adjustments to the conversion terms if there is a change in those debt securities.

#### **4.9 Listing Prospectus**

This part sets out the information that an issuer shall disclose in its listing prospectus and other requirements relating to the listing prospectus. For debt issuance programmes, these rules apply to the base listing prospectus and the supplementary listing prospectus for each issue under the programme.

- 4.9.1 A listing prospectus shall contain a disclaimer statement:
- “Maseru Securities Market (Pty) Ltd. takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever, for any loss howsoever arising from or in sole reliance upon the whole or any part of the contents of this document.”***

The disclaimer shall be clear and appear on the front cover or inside cover of the listing prospectus.

4.9.2 A listing prospectus shall contain a responsibility statement:

***“This document includes particulars given in compliance with the rules governing the listing of securities on the exchange (MSM) for the purpose of giving information with regard to the issuer. The issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.”***

Suitable amendments to the statement may be required if an issue is guaranteed. The Exchange may allow others to make the statement but an issuer shall seek prior consent for this.

4.9.3 A listing prospectus shall be compiled in accordance with all relevant laws (*Companies Act, 2011, Capital Markets Regulations, 2014 and the Guidelines for the Issuance of Corporate Bonds and Commercial papers*) and shall contain the information that investors would ordinarily expect it to contain to fully understand the product and shall include, as a minimum, the following:

- (a) instrument code or name;
- (b) issue date;
- (c) issue price;
- (d) nominal value;
- (e) International Securities Identification Number (“ISIN”);
- (f) the date from which interest accrues;
- (g) day and method for interest calculation methodology;
- (h) first settlement date;
- (i) interest payment dates;
- (j) coupon;
- (k) Last Day to Register;
- (l) Books Closed Period;
- (m) redemption/maturity date;
- (n) details of the authorised amount;
- (o) value of total notes in issue;
- (p) date of approval of the Programme;
- (q) date convention;
- (r) final amount payable on maturity if different from nominal value;
- (s) whether the instrument is linked to another listed instrument and the name, code and ISIN of that instrument;

- (t) details of credit rating for Applicant Issuer, Programme Memorandum or Debt Instrument, if applicable;
  - (u) covenants;
  - (v) events of default;
  - (w) capital raising process to be followed.
- 4.9.4 A listing prospectus shall contain any additional information that MSM may require.
- 4.9.5 A listing prospectus shall be in English, a Sesotho version may be required.
- 4.9.6 A listing prospectus shall be submitted both in printed and electronic form.

#### **4.10 Application Procedures**

This section sets out the procedures that an issuer shall follow to apply for listing of securities or listing of a debt programme. An application involves determining whether an issuer is eligible for listing and whether securities are eligible for listing. MSM will use the information that an issuer supplies to make these assessments. The documents an issuer submits shall be in English.

##### **4.10.1 An issuer shall submit the following:**

- a) A detailed application letter. If an issue is guaranteed, the guarantor shall also write a letter detailing terms of guarantee.
- b) Listing fees as provided in Appendix D.
- c) Draft listing prospectus.
- d) If an issuer is not listed on MSM a copy of
  - i) it's articles of incorporation or equivalent (e.g., trust deed) to show that the issuer is accordingly incorporated or established; and
  - ii) it's last published financial statements for the last two years except where an issue is guaranteed.
- e) If the issue is guaranteed by a company that is not listed on MSM, the issuer shall submit a copy of the guarantor's
  - i) articles of incorporation or equivalent, to show that the guarantor is accordingly incorporated or established; and
  - ii) last published financial statements for the last two years.
- f) If debt securities have been authorised by shareholders, then a copy of the shareholders meeting resolution shall be submitted.
- g) A copy of the resolutions by the issuer's governing body (for example, its board of directors or trustees) authorising
  - i) the issue and allotment of the debt securities;
  - ii) the application for listing; and
  - iii) issuing the listing prospectus .
- h) If an issue is guaranteed, the issuer shall submit a copy of the resolutions by the guarantor's governing body authorising

- i) the listing application; and
    - ii) issuing of the listing prospectus .
  - i) If an issue is convertible into shares, a copy of the approvals authorising the issue and listing of those shares.
  - j) A declaration letter from the debt sponsor complying with Appendix B;
  - k) A letter from the debt sponsor confirming that all necessary agreements are finalised and signed off by all the parties involved.
- 4.10.2 An issuer may submit drafts of the application letter in (a) and the authorisations and resolutions in (g), (h), (i) and (k) to enable MSM to consider whether an issue and issuer are eligible for listing. The final resolutions, authorisations in (g), (h), (i) and (k) may be submitted after the listing application but before listing.
- 4.10.3 After MSM has considered an application, it will issue a Listing Eligibility letter. In this letter, it will advise an issuer whether it and its debt securities are eligible for listing. The exchange will also indicate whether it requires inclusion of additional information in the listing prospectus. The letter is valid for three months from the date of issue. For routine applications, the Exchange aims to issue this letter five business days after it receives the application.
- 4.10.4 An issuer shall not publish nor distribute the listing prospectus in final form until MSM has agreed that the issuer may do so in writing. An issuer may circulate draft prospectus for arranging underwriting, syndication and marketing of the offering to institutional Investors.
- 4.10.5 In the period from when the listing prospectus is issued to the date of listing, an issuer shall advise MSM of any material event that it would have disclosed in the listing prospectus if it had been aware of the event before the listing prospectus was finalised.
- 4.10.6 An issuer shall publish a formal listing notice in English and the notice shall comply with the model form in Appendix C.

#### **4.11 Programmes**

This section sets out the procedures for listing securities under a programme that MSM has approved.

- 4.11.1 A debt programme that MSM has approved is valid for issuing debt securities for one year after the date of publication.
- 4.11.2 An issuer shall submit the pricing supplement for an issue under a programme the two(2) business days before listing is required to become effective. It shall not circulate the pricing supplement until MSM has issued a letter confirming that the issuer may go ahead.
- 4.11.3 MSM will approve the listing of all securities issued under a valid programme subject to the issuer:



- a) Notifying the exchange of the final terms of each issue;
- b) Confirming that the securities have been issued; and
- c) Paying the appropriate listing fee before listing.

#### **4.12 Continuing Obligations**

This section sets out the obligations that the issuer shall fulfil at all times for as long as its securities remain listed on MSM. If the securities are guaranteed, then the guarantor shall also comply with the continuing obligations.

4.12.1 If the MSM rules require an issuer to announce certain information, then;

- a) it should submit any announcement or notice to MSM in a ready-to-publish electronic copy of the document to the exchange for publication on the exchange's website.
- b) the announcement shall include the following disclaimer:

***“Maseru Securities Market (Pty)Ltd. takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.”***

4.12.2 An issuer shall comply with the listing rules in force from time to time.

4.12.3 An issuer shall immediately, but after consultation with the exchange, announce any information that is necessary to avoid a false market in its listed debt securities where in the view of the exchange there is or there is likely to be a false market in its listed debt securities.

4.12.4 If the securities are guaranteed, the guarantor shall immediately announce any information, which may have a material effect on its ability to meet the obligations under the debt securities.

4.12.5 An issuer shall announce as soon as possible:

- a) if aggregate redemptions exceed 10%
- b) any public disclosure made on another stock exchange about its debt securities.

4.12.6 An issuer shall notify the MSM in advance of any proposal to

- a) replace a trustee for bondholders; or
- b) amend the trust deed; or
- c) amend the terms of convertible debt securities unless that amendment occurs automatically in accordance with the terms of the debt securities.

***An issuer shall not proceed with any proposed change until MSM has advised whether it will impose conditions for the change or not.***

4.12.7 An issuer shall notify MSM as soon as possible if

- a) it has repurchased and cancelled all of an issue of its listed debt securities; or

b) it has redeemed all of an issue of its listed debt securities prior to the maturity date; or

c) all of an issue of convertible debt securities has been fully converted.

The MSM will then formally delist the debt securities.

4.12.8 An issuer shall notify the MSM as soon as possible if its debt securities are listed on another stock exchange.

4.12.9 An issuer shall provide the exchange with a copy of any circular that it sent to bondholders or to any trustee. If the circular is published on a website, then the issuer shall notify MSM when it is published on that site and it does not have to send it a printed copy.

4.12.10 If an issuer is a company, it shall provide MSM with its annual accounts and any interim report when they are issued. An issuer is exempted from this requirement if another company in which case it shall provide the guarantor's annual accounts and interim report guarantees its securities. The exchange will accept a printed or electronic copy. If the annual accounts or interim report are published on a website and the issuer notifies the exchange when they are published on the website it does not have to send it a printed copy.

#### **4.13 Authorised Representative**

4.13.1 An issuer shall appoint at least one listing sponsor and one other authorised representatives to communicate with the exchange and shall notify the exchange of any change of the sponsor or representative.

#### **4.14 Other**

4.14.1 The exchange will not allow listing of the issuer if such an issuer or its securities do not comply with these rules.

4.14.2 At its discretion, the exchange may accept or reject a listing application or make listing subject to additional conditions.

4.14.3 The exchange may impose additional obligations upon an issuer or its guarantor. The exchange will allow an issuer or guarantor to make representations before imposing requirements on it that are not imposed on issuers of debt securities generally.

## Appendix A

### Debt Sponsor – Application Form (Clause 3.2.3)

#### Application to be a Debt Sponsor

The criteria to be complied with by the applicant for approval as a Debt Sponsor by the MSM are listed in the Debt Sponsor's application and declaration below. The information is required to satisfy the MSM that the applicant is competent to fulfil the role of Debt Sponsor.

Details of the Sponsor application form to be submitted by the applying Debt Sponsor to the MSM are set out below:

1. Name of applicant

.....

2. Trading name (if different)

.....

3. Contact Details

Tel: ..... Fax: .....

Website: .....

E-mail: .....

Address:  
.....  
.....  
.....

4. Nature of entity (private company, public company, partnership, sole trader)

.....  
.....  
.....  
.....

5. Name of contact person and contact details

.....

.....

.....

.....

6. Is the applicant a member of any self-regulating organisation or recognised professional body ` (specify)?

.....

.....

.....

.....

7. Which Debt related financial services does the applicant intend offering?

.....

.....

.....

.....

8. Describe debt market experience of the applicant (if any)

.....

.....

.....

.....

9. Names and other details of executive staff that will be involved in Debt Sponsor activities

.....

.....

.....

.....

10. What procedures and controls are in place to ensure that personnel do not act outside their authority?

.....  
.....  
.....  
.....

11. Please state any other information that you may think is relevant to your application

.....  
.....  
.....  
.....

12. With respect to your approved executives, have any of them ever been:

(a) convicted of an offence resulting from dishonesty, fraud or embezzlement? If yes, provide details:

.....  
.....

(b) censured or fined by a self-regulatory organisation, or recognized professional body? If yes, provide details:

.....  
.....

(c) barred from entry into any profession or occupation?

.....  
.....

(d) convicted in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act, or was a director or alternate director or officer of a company at the time such company was convicted of any similar offence? All such convictions shall be disclosed even though they may now be “spent convictions”.

13. Applicant’s undertaking to the MSM:

We hereby apply for approval as a Debt Sponsor as defined in the MSM Debt Listing Rules.

Should such application be successful we undertake to:

- (i) be bound by and discharge our responsibilities as a Sponsor under the Debt Listing Rules as amended from time to time;
- (ii) advise the MSM, in writing, without delay, of our resignation or dismissal from a Sponsor appointment, giving details of any relevant facts or circumstances;
- (iii) acknowledge that the MSM may censure us if MSM considers that we are in breach of our responsibilities, and that the MSM may publicize the fact that it has done so; and
- (iv) apply the spirit of the Debt Listing Rules and uphold the integrity of MSM.
- (v) We declare that the information supplied is complete and correct, and we agree to comply with the additional notification requirements.
- (vi) We have read the eligibility criteria for a Debt Sponsor and believe that this application conforms to the criteria (except as specifically notified to you with this application).

.....  
Signature

.....  
Name of signatory

.....  
Position

.....  
Date

.....  
Signature

.....  
Name of signatory

.....  
Position

.....  
Date

**Appendix B**  
**(Clause 4.11.1(j))**

**DECLARATION BY DEBT SPONSOR**

The following declaration format shall be used by Debt Sponsors when submitting the first submission of the Placing Document to the MSM. The declaration shall be on their letterhead.

MSM (Pty) Ltd.  
Central Bank of Lesotho Building  
Cnr Airport and Moshoeshoe Roads,  
Maseru  
..... 20.....

Dear Sir/Madam

**(Full name of the Debt Sponsor) Declaration**

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

I,.....a partner/director of the above sponsor as approved by the MSM, or an officer duly authorised to give this declaration:

- (a) hereby confirm that I have satisfied myself to the best of my knowledge and belief, having made due and careful enquiry of the ***(full name of the issuer)*** that all the documents required by the Debt Listing Rules to be included in the application have been supplied to the MSM, that all other relevant requirements of the Debt Listing Rules have been complied with, and that there are no material matters other than those disclosed in writing to the MSM that should be taken into account by the MSM in considering the suitability of the application. Should any further information come to my notice before the approval of the application, I will immediately inform the MSM; and
- (b) hereby confirm that I will review each submission for full compliance with the Debt Listing Rules before submitting it to the MSM.

This declaration is furnished to you in accordance with the Debt Listing Rules of the MSM and may not be relied upon for any other purpose or by any other person.

Yours faithfully

---

(Initials and surname of Debt Sponsor)

---

(Signature of Debt Sponsor)

**Appendix C**  
**(Clause 4.11.6)**

**MODEL FORM OF FORMAL NOTICE FOR DEBT ISSUES**

*The **Central Bank of Lesotho** and **Maseru Securities Market** take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.*

NOTICE OF LISTING ON  
THE MASERU SECURITIES MARKET

LSL [AGGREGATE NOMINAL AMOUNT]

[ISSUER]

(Incorporated in *[jurisdiction]* under the *[Companies Law]*)

[BONDS]/[NOTES]

[Guaranteed by]

*[Name of the guarantor (if guaranteed)]*

(Incorporated in *[jurisdiction]* under the *[Companies Law]*)

Sponsor

*[Name of the sponsor]*

Lead Manager[s]

*[Name of lead manager(s)]*

Co-Managers

*[Name of co-manager(s)]*

Application has been made to the Maseru Securities Market (Pty) Limited for the listing of and permission to deal in Notes/Bonds as described in the Listing Document and such permission to deal in the Bonds on the Maseru Securities Market (Pty) Limited is expected to become effective on *[dd / mm / yyyy]*.

\_\_\_\_\_  
*(Initials and surname)*

\_\_\_\_\_  
*(Signature)*

\_\_\_\_\_  
Date: *[ dd / mm / yyyy ]*.



## Appendix D

### Listing Fees (clause 4.11.1 (b))

#### 1. Documentation Fees

Document	Amount (Maloti)
Listing prospectus	3,000
Programme memorandum	3,000
Pricing supplement	1,500

#### 2. Listing Fees

<b>Initial listing Fees</b>  The Initial listing fees for new issues will be computed on the value as per the following schedule	
Security	Amount (Maloti)
Fixed income Securities	1. 0.1% of the value of the fixed income securities to be listed: a) Corporate bonds and other fixed income securities subject to a minimum M10, 000. b) Treasury Bonds and other government securities subject to a minimum M10, 000.
<b>Additional listing Fees:</b>  If the issuer issues additional securities after listing, including bonus and rights issues, subsequent fees are payable	
Fixed income securities	2. 0.05% of the value of the fixed income securities to be listed. a) Corporate bonds and other fixed income securities subject to a minimum M10, 000.

	b) Treasury Bonds and other government securities subject to a minimum of M10,000 and a maximum M100, 000.
<b>Annual Listing fees</b> The annual listing fees for Fixed Income Securities shall be based on the total face value of the listed securities outstanding as at November 30.	
Fixed income Securities	3. 0.01% of the value of the fixed income security. This applies to commercial paper as well. (a) Corporate bonds and other fixed income securities subject to a minimum M10, 000. (b) Treasury Bonds and other government securities subject to a minimum of M10,000 and maximum of M100,000
Cross listing	4. No initial listing fees 5. Annual listing fees apply
6. Where listing is done through a number of tranches, the first 20 tranches issued under a programme in a year shall be billed at M4,000 per tranche and all tranches in excess of 20 under a programme in a year shall be billed M2,000 per tranche.	