



**Rwanda Stock Exchange LTD.**

**Rule Book**

**Prepared by:**

**Rwanda Stock Exchange Secretariat**

**2013**

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### Section 1 - INTRODUCTION AND SUMMARY

The Blue Print covers the soft operational infrastructure for the Rwanda Stock Exchange (RSE) securities market. It provides the background information on how the capital market is structured. The infrastructure consists mainly of all the rules governing the operation of the capital market, the institutional framework and the organization structure.

The Blue print starts with an overview of the recommended structure and the operational procedures for the RSE market and provides for;

- The Rules Governing the key operators and participants in the capital market. These operators include both the RSE, the members of the RSE market and the issuers.
- Management
- Membership
- Trading rules
- Clearing and settlement rules
- Listing Rules for equities
- Listing Rules for debt securities including the guidelines for issuing of debt securities in Rwanda.
- An organization structure of RSE secretariat

The long term view in the preparation of the Blue Print was to enable the Stock Market in Rwanda to be initiated immediately with the expectation of eventually integrating into the regional East African capital market.

The financial system will require an efficient banking system and an efficient capital market capable of mobilizing savings and channeling them to the productive sectors of the economy. For a capital market to play an effective role in the economy, participation by all the sectors of the economy must be achieved. The confidence of users of the capital market in the operations of the market is a key attraction for the participants who eventually will entrust their hard earned savings to the market.

An appropriate regulatory structure will be required to provide some protection to investors. The regulatory structure must also nurture an entrepreneurial environment for business to thrive. The operational structures will be aimed at upholding the integrity of the market through a system that is orderly, fair and transparent.

## Section 1 - INTRODUCTION AND SUMMARY

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### Capital Market Operational Structure

The capital market structure for Rwanda will be a Securities market operated by a self Regulatory Organization, Rwanda Stock Exchange Secretariat (RSE).

RSE will perform the day to day operations of the secondary market operations as a self Regulatory private sector market operator. As the operator of the market, It has prepared the initial rules for the operation of the RSE market.

### Implementation

The RSE market operations will be implemented in three stages.

#### Stage I

- RSE prepares the rules and guidelines for the RSE market;

#### Stage II

- Admit members, approve issues of securities, and commence RSE market operations;

#### Stage III

RSE will take over the operations of the OTC market as a private sector market operator comprised of the members of the OTC market and other participants and thereafter run as a fully fledged stock exchange.

## 1.0 BUSINESS RULES OF RSE MARKET

### 1.1 *Introduction*

The business Rules of the RSE market apply to both the Board and management of the RSE secretariat and the members of the RSE market. The rules are administered by the Board of the Rwanda Stock Exchange the “The Board as appointed by the Annual General Meeting. The Exchange is charged with the responsibility of guiding the development of the RSE Securities market in Rwanda.

### 1.2. *Membership*

Three types of memberships

#### (1) **Stockbrokers** (Full members)

These are firms that will offer the full range of stock broking services including market making. Only incorporated firms will be admitted.

#### (2) **Dealers**

Mainly trade on own account and will include both individuals and firms. Will undertake trading activities of brokerage house except sponsorships.

### **(3) Sponsors**

Mainly sponsors companies for Listing and head manage issues. These are members not involved in brokerage business and mainly be drawn from such professions as legal, finance and accounting, public secretaries.

The rules on membership provide for the members to appoint representatives to deal and utilize the facilities of the RSE market.

#### **1.3 *Bank guarantees***

The rules require that all members provide bank guarantees that shall be utilized in case of failed settlement on the secondary market transactions by any member.

#### **1.4 *Disciplinary Actions***

The dos and don'ts on the operation of the market together with the disciplinary actions are covered. Disciplinary actions range from financial, suspension to expulsion.

#### **1.5 *Liability of Directors***

The ultimate responsibility and liability for any breaches of the rules, lies on the directors of the member firms.

#### **1.6 *Financial Accounting and Business conduct***

These rules provide that members comply with the principles of good business practices.

- Members are required to ensure that they hire individuals whose character is known to be of good standing.
- Members must supervise their authorized representatives, disclose all situations where there is likely to be conflict of interest.
- Every single client must have a separate account clearly identified with the client only accept written instructions from clients.
- Clients accounts are supervised

#### **1.7 *Accounts***

A member is required to record all particulars of every client and keep updated records of the clients' identities. A member must know their clients.

#### **1.8 *Contract Notes***

A member must produce and deliver a contract note to clients after every transaction and the contract Notes must record a breakdown of all details of a transaction including fees and charges.

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### **1.9     *Brokerage Commissions***

In order to establish some starting position in a new market brokerage commissions shall be regulated by the rules. This is to ensure that members focus and compete on service delivery.

### **1.10   *Statement of Accounts to clients***

Members are required to maintain and send statement of accounts capturing all transactions conducted for the client every quarter.

### **1.11   *Margin Account***

Members may operate margin accounts and are required by these rules to have a written agreement with a client

### **1.12   *Discretionary Account***

Members may operate discretionary accounts for clients and must have a written authority from the client.

### **1.13   *Exposure to a single client and a single security***

Deficits arising from a single client should not exceed 30% of the members' average adjusted net capital

Exposure to a single security should not exceed 300% (three hundred percent) of the clients' average adjusted net capital.

### **1.14   *Trust Accounts***

Members are required to keep client funds in a Trust Account separate from the members own funds in order to protect the clients funds from creditors.

### **1.15   *Annual Accounts and Quarterly Reports***

Members are required to file annual reports and quarterly reports so that RSE can supervise and assess the members' financial condition.

### **1.16   *Code of Business conduct***

The code of conduct for members is aimed at ensuring that the interest of clients come first before those of the stockbrokers or dealers at all times during their dealings with the clients or among the dealing members.

### **1.17   *Trading Operations***

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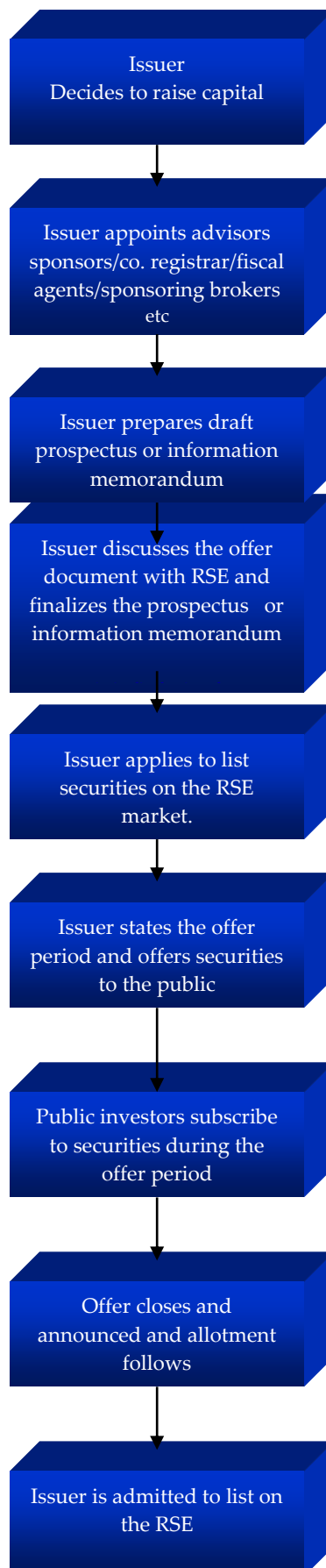
Rwanda Stock Exchange secondary trading shall be conducted through a dual process. Members will trade in an open outcry trading session which will be conducted at the RSE Secretariat from 09:00 a.m – 12:00 a.m. and through an Over The Counter market from 12:01p.m – 8:59 a.m the following business day where a member will be allowed to buy or sell directly to clients in their offices. Equally members will be allowed to transact with other members either face to face via any other way of communication

During the designated trading floor sessions at the RSE secretariat, all members must report all their transactions that they conducted outside the official trading session. The reporting must be done within one hour of executing the transactions and the transactions must respect the trading brackets of the formal session and members wishing to trade OTC must consider outstanding offers and bids at the market close and consult with each other before transacting.



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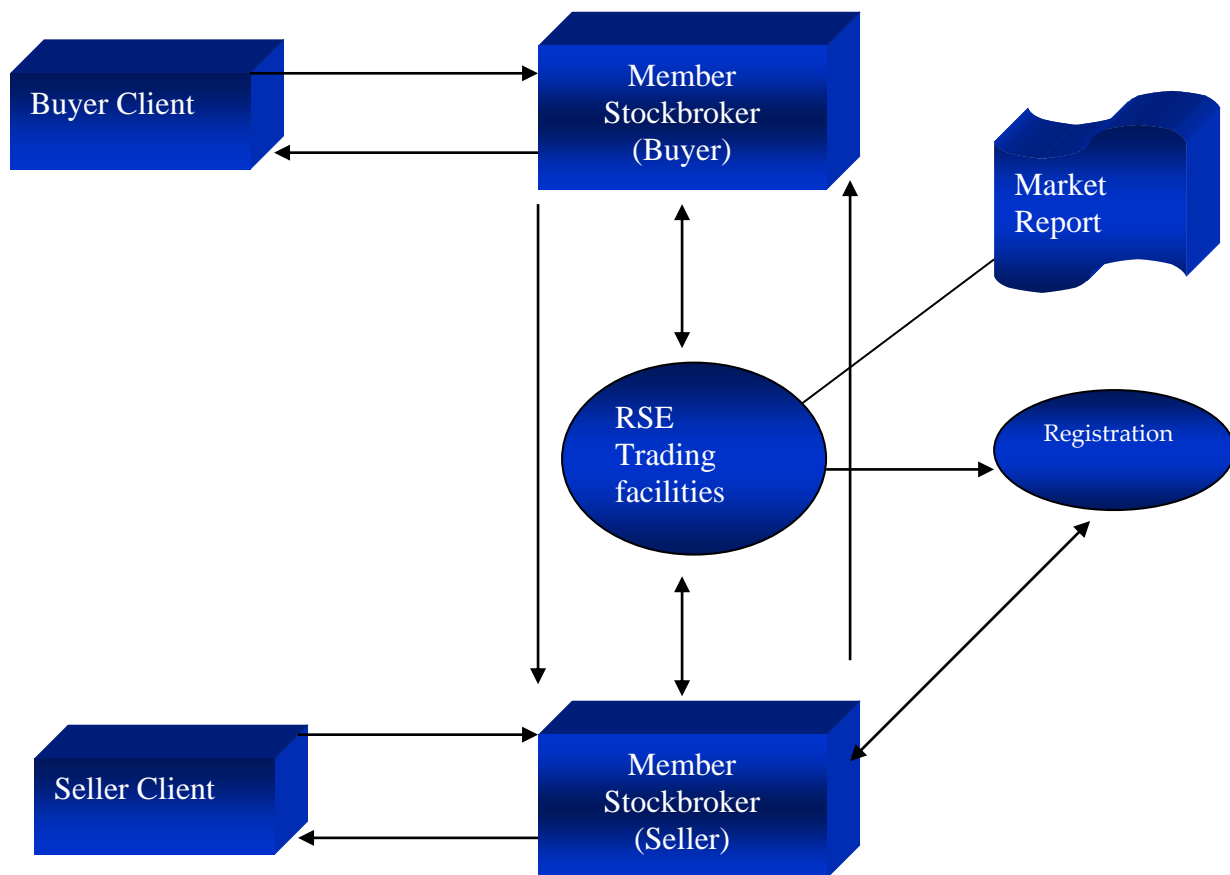
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Secondary market trading commences on the day of launching the listing on the RSE market



1. Buying client or selling client approaches stock broker, opens an A/c and pays for an order; either provide funds or give securities to broker and broker acknowledges
2. If buying broker has securities or sell order for securities sought, required at ordered price, broker sells directly to client
3. If Buying broker has no selling orders for securities and or price given by sellers, calls other brokers seeking securities required
4. Buying stockbroker and selling stockbroker attends trading sessions at the trading floor. All stockbrokers attend the session and all report:
  - (i) traded securities – prices, volumes and securities
  - (ii) Buying orders outstanding positions –price, volumes and securities
  - (iii) Selling orders outstanding positions –price, volumes and securities
5. RSE compiles market report and distribute to the market through the media.

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6. After trading hours, RSE matches the trades in the Securities Depository for settlement and the depository send an electronic message to the payment systems at the Central Bank with a value date of T+2.
7. At T+2 the Delivery Versus Payment (DVP) takes place.

At the beginning of every trading session, all members shall be required to report and display their existing and outstanding buying and selling positions for all the securities that they have orders for. This will be equivalent to presenting their order books. It will be conducted by the members' representative calling out their highest bids (buying positions) and their lowest offers (selling positions).

In addition, the members/traders must also call out all transactions that they had executed in their offices immediately after the last trading session and immediately before the opening of the current session. The RSE secretariat will record these transactions as sales for the day.

The board writers shall only record the highest bid among the bids presented by the traders and also record the lowest offers called out by the traders.

The information to be called out shall be:

1. The name of the security
2. Whether it is a bid or an offer and the price
3. The number of shares or bonds being offered or bid
4. The members trading code number

Transactions on the trading boards will be concluded when the first two counterparty bid price and the officer price are the same price.

All the information shall be recorded simultaneously on the trading boards by the RSE secretariat board writer(s). The information on the trading boards shall be displayed as indicated below.

## Section 1 - INTRODUCTION AND SUMMARY

### Arrangement of Trading Data on the Boards.

1	2				3	4				5	6	7	8
Company	Bid					Offer					Sales		
XYZ Bank	9000	15000	500	3000		300	2000	5000	50000			1000	4 - 6
Previous 250	4	3	7	1	250	300	2	6	4	5	250	8000	7 - 3
New Co	10000	900	7000		1400	1500	10000	200	11000			3000	5 - 4
Previous 1450	5	4	2	3			1	7	5		1390	100	2 - 7
												200	1 - 6

*Explanation:*

#### Column

- (1) Name of Security being traded (company) and the previous closing price.
- (2) The volume or quantity of shares (securities) the bidden is intending to buy, the bidder's trading code number: Broker1 is the first in the queue and intends to buy 3,000 shares of XYZ bank at Rwf.250 per share.
- (3) Buying Price e.g. Rwf 250 for XYZ bank –note: this was the highest bid among bids called out.
- (4) Selling price e.g. Rwf 1500 for NEWCO. –note: this was the lowest offer among those called out
- (5) Selling broker/dealer number and volume or number of shares being offered.
- (6) Transacted Price e.g. at Rwf 250 per share broker no 4 bought 1000 shares from broker no. 6 while broker no.3 sold 8000 shares of XYZ bank at Rwf 250 per share to broker no.7.
- (7) Number of shares already transacted.
- (8) The brokers who bought and the broker who sold e.g. in NEWCO broker No.5 bought from broker no.4 3000 shares @1390 per share and in XYZ Bank broker no.1 transacted 200 shares across his books, ie. He had both a buyer and a seller for 200 shares in XYZ bank.

#### *Queuing order*

The broker who calls out the highest bid first is placed ahead of everyone else. E.g. in XYZ Bank broker no.1 called out the bid price of Rwf 250 before anyone else. Equally, broken number 2 called out Rwf 300 as the lowest offer before anyone else. Selling broker 6 called out second followed by brokers 4 and 5 in that order.

#### *Across-books transactions*

This is a transaction where the same broker appears on both sides of the transaction e.g. stockbroker no.1 had an order to buy 200 shares of XYZ Bank at Rwf 250 and also an order to sell XYZ Bank shares at Rwf 250.

## Section 1 - INTRODUCTION AND SUMMARY

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### *Reported transactions*

These are trades that have already been executed either at the member's offices or on the trading boards.

The purpose of reporting all transactions irrespective of where they were concluded at the brokers own offices away from the trading floor is to improve the efficiency of price discovery by making sure that at all times and as much as possible, all traders have access to the same level of information regarding demand and supply of securities in the market.

### *Announcements*

Companies or issuers are obliged to make announcements of all material information under the continuing Listing Obligations. The announcements are summarized and posted on the announcements part of the trading boards and at the same time the secretariat will mark the relevant colors against the security name on the trading boards to alert the traders. As soon as announcements are released by an issuer, the securities start trading with the entitlements attached.

E.g. NEWCO, annced fin.div.Rwf 50, 10/Oct, BKs cl. 24/Oct, pymt 30/11

expl: on 10 October 2007, NEWCO announced a final dividend of Rwf 50 per share. The record, date for the registrar to close the register of shareholders was set was 24 October and the dividend cheque or warrants were to be distributed as from 30 November.

2. XYZ, annced:

(i) Int.div. Rwf 25, 30/Mar, Bks Cl.28/Apr, pymt 30/June

Expl. XYZ bank announced an interim div of Rwf 25 per share and books closure date was 28 April and the dividend will be paid from 30 June.

(ii) Bonus 1:2, 30/Mar, bks cl. 28/Apr, pymt 30/June.

XYZ Bank announced a bonus of one share for every two held on 30 March and the books closed on 28 April while the distribution of the bonus shares will take place on 30 June.

cum: dividend (cd), bonus (cb), rights(cr) etc

Immediately an announcement is made, the securities are marked as cum dividend or bonus or rights (where a rights issue is announced) and the security is marked and starts trading with the rights attached.

### **1.18 Transaction Number**

Immediately a transaction is concluded and or reported a trading number is generated. The trading number becomes a permanent identity for the specific transaction and shall be included in all subsequent documentation on the transaction and in all the cases where the transaction is described.

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### **1.19 Contract Note**

A contract Note is prepared immediately after every transaction and forwarded to the client.

## **2.0 CLEARING AND SETTLEMENT ON THE RSE MARKET**

### **2.1 Introduction**

Clearing and settlement refers to the process of delivering the securities that have been transacted on the RSE securities market from the sellers of the securities to the buyers of the same securities against the delivery of payment (funds) from the buyers of the securities to the sellers of securities. The outcome of the clearing and settlement process is the transfer of ownership of the securities transacted on the RSE market from the seller to the buyer and the transfer of funds for the same securities from the buyer to the seller.

Clearing and settlement process is critical to securities trading in terms of the following key factors:

- (i) the risk of transaction failure
- (ii) the speed of settlement (settlement period)
- (iii) the confidence of investors on the RSE securities market
- (iv) the confirmation of the transfer of exact rights and values attached to the securities between counterparties in a secondary market transaction over the RSE market.

### **2.2 Clearing system on the RSE market**

The clearing and settlement system adopted for the RSE market in Rwanda is such that it will allow for the traded transactions to be matched on a transaction by transaction basis.

The instruments of transfer are informed by allocation forms which will be properly executed to avoid unnecessary delays in the transfer process.

### **2.3 Clearing & settlement mechanism**

The clearing and settlement of securities will be processed through RSE Secretariat while the clearing and settlement of funds for traded securities will be processed through the RSE Secretariat and settled through existing banking arrangements.

### **2.4 Securities and Funds Settlement**

RSE secretariat will receive the two separate parts of the allocation forms for every single transaction and match them in the Central Securities Depository System (CSD). After matching the transactions marked on the allocation forms in the CSD, the rest is done in a Straight through processing to avoid any other human intervention and improve efficiency.

### 2.5 *Electronic platform*

An appropriate electronic platform for securities trading will be introduced in due course as trading activities increase to justify the investment. The existing rules will be translated into electronic language with modifications to the rules to fit an electronic trading environment.

## 3.0 **TRADING RULES**

The trading rules adopted for secondary market were designed to meet the basic principle of an efficiently price discovery mechanism in a new start up market.

The rules capture the key objectives of a well functioning trading system and are very similar to those in the rest of the East African markets.

The key objective of the rules is to promote a trading system that is efficient in price discovery

- fair to all participants
- transparent
- affordable
- maximizing liquidity
- appropriate for the RSE market in Rwanda
- adaptable to trading of equities and/ debt instruments and that will be easy to transform into an electronic trading environment.

### 3.1 *Trading system*

As a hybrid market, the trading system adopted is a continuous negotiated trading system where members will be allowed to transact directly with their clients at their offices. In addition, an open outcry session has been added to enforce transparency in the market by requiring all members to disclose their transactions and also use the sessions as a price discovery platform.

During the open outcry trading session, the market will capture all the transactions executed by members outside the session and also capture all the outstanding buying and selling positions. During the sessions, bids and offers that match will be concluded at the trading floor. The trading information will be communicated to the market and this will provide a clear indication of disclosed demand and supply, thereby injecting efficiency in the price discovery process of the quoted securities.

### 3.2 *Efficiency*

An efficient trading system allows all parties in a transaction to access all information at the same time. It should also enable transactions to be concluded as fast as possible at prices that reflect the fair value of the assets being traded. All participants must also be able to access the trading facilities with ease and at economic costs. The RSE secondary market is designed to achieve this.

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### 3.3 *Fairness and transparency*

The rules provide for the ease of access to the market by investors through their intermediaries. Equally the market is easily accessible to all issuers using the same entry benchmark. All client orders are attended to in fair queuing system and the client is informed of the nature of agency principal relationship.

### 3.4 *Transparency*

All transactions are reported to the market to ensure that the market is aware of all the volumes and prices that have flowed through the market.

### 3.5 *Principal Trades Vs Client Trades*

The rules provide for members to trade as principal but when transacting with clients the client order gets priority and the member is required to disclose to the client when the member is the counterparty.

### 3.6 *Queuing system*

The queuing system of placing orders is designed to bring about fairness in an orderly manner. When taking client orders the queuing order is on, a first come first served basis while when trading at trading floor among other members the queuing system is maintained on the first-best price.

### 3.7 *Transactions execution*

The rules also provide that a transaction will take place when the bid buyers price and seller price are the same and the parties agree to transact on the RSE market. While negotiations will be the way of transacting outside the trading floor, the spirit of the trading rules is such that “my word is my bond”.

### 3.8 *Trade clearing*

The rule requiring that all trades to be reported is a precondition for ensuring that all traders are matched at the RSE secretarial to enforce clearing and settlement of the securities transacted.

The requirement for deliveries to be made at specific times of the day is there to ensure that transactions’ clearing is undertaken systematically for purposes of settlement of securities and funds.

### 3.9 *Liquidity*

Liquidity is the ability to sell securities within the shortest time possible at prevailing market prices without suffering substantial price change in the process. The rule provide for specific days and times for settlement to ensure that there is certainty of settlement and transfer of value on a predetermined date. The shorter the settlement period the more near cash an asset is perceived to be. For a start the RSE market will use 2 days as delivery and settlement days for all securities



### 4.0 DEFINITIONS AND INTERPRETATIONS

**In these rules unless the context otherwise requires-**

**‘Act’** companies Act of Rwanda

**‘Board’** refers to the Board of Directors of RSE

**‘authorised persons’** means a person authorized by a member to deal in securities on the RSE market

**‘bad delivery’** means a delivery that:

- (i) does not comply with the delivery requirements under the Settlement rules and is not approved for registration by RSE; or
- (ii) is rejected by the registrar as not complying with the requirements.

**‘Chairman’** refers to the Chairman of the Board of Directors of RSE.

**‘Committee’** means a committee of the board of RSE constituted and assigned a specific mandate as provided under these rules, under the general direction and guidance of the board.

**‘daily Trading Summary Schedule’** is a schedule in which all transactions dealt by a member are recorded.

**‘dealer’** means a person who carries on the business of buying, selling, dealing, trading, underwriting or retailing of securities whether or not he carries on any other business.

**‘dealing in securities’** means making or offering to make with any person, or inducing or attempting to induce any person to enter into or to offer to enter into-

- a. any agreement for or with a view to acquiring, disposing of, subscribing for or underwriting securities; or
- b. any agreement the purpose or intended purpose of which is to secure a profit to any of the parties from the yield of securities or by reference to fluctuations in the price of securities.

**‘dealing spread’** refers to the allowable price margin within which a deal may move up or down during trading.

**‘delivery’** is the process of transferring documents of title, duly executed transfer forms stamped by RSE, together with such other documents as may lawfully be required by RSE and the registrar, on or after settlement due date, for purposes of registration.

**‘delivery confirmation schedule’** refers to the Schedule under the Settlement Rules.

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**‘Chief Executive Officer’** means a Director, by whatever name described who has executive responsibilities within RSE or a Member firm.

**‘failed delivery’** refers to failure to deliver documents of title by the stipulated time.

**‘good delivery’** refers to the delivery of valid documents for registration of a transfer of ownership and the issuance by the Registrar of title of a document evidencing change or transfer of title.

**‘Issuer’** means a company or other legal entity incorporated or established under the laws of Rwanda that offers securities to the public or a section thereof whether or not such securities are the subject of an application for admission or have been admitted to listing.

**‘institutional investor’** means a person resident in Rwanda, whose ordinary business is to hold, manage, or invest funds in connection with retirement benefits, insurance contracts, mortgage and saving schemes, and any fund or scheme in the nature of a collective investment or a unit trust.

**‘listed’** means admitted to the Official List of the RSE market or any other recognized stock exchange and listing shall be construed accordingly.

**‘matching’** refers to the action where the Sale Transfer Form(s) and documents of title are paired with the corresponding Purchase Transfer Form and payment cheque (consideration) for each transaction.

**‘material information’** refers to the information that may affect the price of a company’s securities or influence investment decisions. Every company, whose securities are traded on a securities market, shall disclose any such material information including:

- a) a merger, acquisition or joint venture;
- b) a block split or stock dividend;
- c) earnings and dividends of an unusual nature;
- d) the acquisition or loss of a significant contract;
- e) a significant new product or discovery;
- f) a change in control or significant change of senior management involving the Chairman or an Chief Executive Officer or an important officer in the organization;
- g) a call of securities for redemption;
- h) a decision on additional public issue of securities;
- i) the purchase or sale of a significant asset;
- j) a significant labour dispute;
- k) a significant law suit against the issuer;
- l) establishment of a programme to make purchases of the company’s own shares;
- m) a bid for a take over of another company’s securities, or
- n) any other peculiar circumstances that may prevail with respect to the company or the relevant industry.

## Section 1 - INTRODUCTION AND SUMMARY

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**'member'** refers to a body corporate or individual admitted to membership of the OTC market

**'odd lot'** is a lot comprising less than the minimum tradable board lot.

**'official List'** means a list specifying all securities which have been admitted to listing on the securities market.

**'Over The Counter market'** refers to trading practice where buyers and sellers negotiate directly and agree to transact without necessarily going through a centralized trading environment.

**'payment'** refers to the fulfillment of the buyer's obligations in a transaction by delivering a completed Purchase Transfer Form and payments for the consideration to the selling member or client which shall receive value only upon clearance of such funds.

**'principal officer'** in relation to a member means an officer, by whatever name called, whose primary responsibility is the management of the day to day affairs of a Member or RSE.

**'private transaction'** means a transaction in a listed security of a non-commercial nature that is carried out outside the commercial trading processes

**'representative'** means a representative of any admitted member who is in the employment of the member and who plays a critical role in that company, and includes a trader, director, general manager, analyst, or any other person employed by the member;

**'rules'** refers to the rules of RSE.

**'secretary'** shall include any person appointed to perform the duties of secretary, including one appointed to do so temporarily.

**'securities'** means:

- a. debentures or bonds issued or proposed to be issued by a government;
- b. debentures, shares, bonds, commercial paper or notes issued or proposed to be issued by a body corporate;
- c. any right, warrant, option or futures in respect of any debenture, shares, bonds, notes in respect of commodities;
- d. any unit, interest or share offered under a collective investment scheme; or
- e. any instruments commonly known as securities but does not include –
  - (i) bills of exchange;
  - (ii) promissory notes; or
  - (iii) certificates of deposits issued by a bank or financial institution licensed under the Banking Act.

## Section 1 - INTRODUCTION AND SUMMARY

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**‘settlement’** refers to the fulfillment of the obligation arising from a transaction including payment to the seller and delivery of documents evidencing title to the buyer.

**‘transaction number’** is the unique individual number appearing on the trading summary, by which transactions are identified.

**‘T’** is the day the transaction is done on the secondary market.

**‘trading board’** means the boards on the trading floor on which bids, offers and sales on listed securities are recorded

**‘trading floor’** is the physical place within which transactions in securities are carried.

**‘transaction across books’** is a transaction where a member represents both the buyer and the seller in the same transaction.

**‘underselling’** is a situation where a floor trader halts a transaction that is about to be concluded by offering to sell at a price which is a spread lower than the price about to be dealt at.

**‘verification (validation)’** is the process whereby registrars ignore cancellation due diligence and ascertain that the:

**transfer deed** is duly completed (full name of the security, number of shares in both words and figures, name and address of the transferor, signature and identity card or passport number of transferor and the witness to the signature);

**transferor** as identified on the transfer deed (full names and address) is on the register;

signature of the transferor on the transfer deed and the identification number quoted correspond to those on the register; shares in the transferor’s account are sufficient;

documents provided as evidence of ownership are valid and the same do not have a caution or caveat placed on them;

validity of the documents provided as evidence of title by stamp and signature on the reverse of the documents and where the said requirements are not met, the registrar shall decline to verify the shares;

**‘working day’** excludes Saturday, Sunday and public holidays. Unless expressly stated otherwise, all references to days shall be deemed to be references to working days.



## Section 2 - BUSINESS RULES

### 1.0 MANAGEMENT AND OWNERSHIP

#### 1.1 *Rwanda Stock Exchange (RSE) Limited*

The Rwanda Stock Exchange Ltd. was established to promote and manage the business of a securities exchange which include among others to provide a platform for the trading of securities with the purpose of carrying out stock market operations, named “the Exchange”. The Stock Exchange was demutualized from the start as it was registered as a company limited by shares. No one single shareholder shall exceed 20% stake in the Exchange for purposes of safeguarding against influence of a particular interest group, a shareholder, their associates or affiliates.

The Management of the Exchange is under the supervision of the Board of Directors.

#### 1.2 *Responsibilities*

The Exchange is responsible for:

- a) Development of guidelines for the issuance and trading of debt and equity securities in Rwanda
- b) Development of draft legislation required for the operations of securities issuance and transactions;
- c) Promotion of the interests of market participants;
- d) Consideration of the interests of other stakeholders;
- e) Establishment of a market to enable securities transactions;
- f) Sensitisation of the public on the role of the capital market for economic development.

#### 1.3 *Organizational Structure*

The Rwanda Stock Exchange is composed of:

- a) A Board of Directors,
- b) A Management.

#### 1.4 *Responsibilities of the Board of Directors*

The Board of Directors is responsible for:

- a) approving the business plan;

## Section 2 - BUSINESS RULES

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- b) approving internal procedures and code of conduct;
- c) approving the financial plan and annual budgets;
- d) recruiting staff for the Company;
- e) approving guidelines and draft legislations;
- f) contracting external auditors;
- g) reviewing quarterly and annual financial accounts;
- h) upholding principles of sound corporate governance

### 1.5 *Composition of Board of Directors*

The Board of Directors appointed by the Annual General Meeting (AGM) is composed of one chairperson and six members representing the shareholders, the public and listed companies as follows;

- a) One representing Government( through the Ministry of Finance and Economic Planning);
- b) Three representing Members ;
- c) One representing the Public ;
- d) One representing Listed Companies;
- e) One representing Institutional Investors;

The Board of Directors reports to the AGM.

### 1.6 *Board meetings*

Board meetings are convened by the chairperson and are held at least once a quarter or as needed.

A sitting allowance for Board members will be determined based on other allowances given to other Board members of other similar institutions.

### 1.7 *Management*

The Management is responsible for:

- a) the daily management;
- b) procurement of equipments and technical assistance on a competitive basis;
- c) prepare quarterly and annual financial accounts;
- d) abiding by principles of sound corporate governance;
- e) preparation of business rules and draft legislations;
- f) propose concepts and innovation for savings mobilization in relation to the development of the capital market;
- g) manage an RSE market website;
- h) training and capacity building;
- i) marketing to increase the volume of transactions;

## Section 2 - BUSINESS RULES

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- j) provide information to market participants;
- k) make information available to the public.

### 1.8 *Composition of the Management*

The Management comprises at least one Chief Executive Officer and at other technical and support staff.

The Chief Executive Officer and senior staff are recruited on a competence basis and appointed by the Board of Directors. Financial conditions will be determined by the Board of Directors as part of the business plan.

### 1.9 *Funding mechanism*

The Exchange will be funded through:

- a) Company budget allocations;
- b) External resources;
- c) Revenues from its activities.

## 2.0 THE BOARD

2.1 The policy and general direction of RSE shall be determined by the Board.

2.2 Members of the Board shall be elected and appointed in accordance with the MEMARTS.

2.3 The Board shall exercise such powers as may be exercised or done by RSE that are not by other written law required to be exercised or done by RSE in general.

2.4 Without prejudice to the generality of the foregoing provisions, the Board shall exercise the following powers in accordance with the procedure prescribed by these Rules.

- 2.4 a to appoint any person to be a member of a committee formed for general or specific tasks for such duration as it sees fit, and to remove him there from;
- 2.4.b to give directions to the Chief Executive Officer and to a committee in accordance with these Rules;
- 2.4.c to vary, supplement or discharge, whether wholly or in part, any decision that may be reached by the Chief Executive Officer or any of a committee;
- 2.4.d to delegate any of its powers to the Chief Executive Officer or to a committee and to revoke such delegation;



## Section 2 - BUSINESS RULES

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- 2.4.e to interpret any provision in these Rules and the validity of any act made pursuant thereto in the event of any dispute or difference over interpretation;
- 2.4.f to give and issue directions in the form of circulars to members, Brokers and Dealers from time to time for the purpose of enforcing or implementing the Articles and these Rules;
- 2.4.g to order an investigation into the affairs of any Member, Broker, Dealer, authorised representatives and Chief Executive Officers suspected of having violated any of the provisions of the Act or these Rules and for this purpose, to inspect and demand the production of all books, accounts, records and any other documents which it may deem necessary and to engage an auditor or any other person or persons to assist in the investigation;
- 2.4.i to release at its absolute discretion information as to any Broker's or Dealer's financial position or otherwise to any authorised body when so requested by any such person;
- 2.4.j to reprimand, fine, suspend or expel any Broker, Dealer, its authorised representatives and Chief Executive Officer and to exercise such other disciplinary measures as provided in these Rules;
- 2.4.k to suspend all or part of the trading activities on the RSE market in the event of an emergency as provided in these Rules;
- 2.4.l to grant, suspend or revoke the trading rights of any Broker, Dealer or its authorized representative;
- 2.4.m to appoint or remove the Chief Executive Officer of RSE.
- 2.4.n to enforce the directions given by any legally authorised body; and
- 2.4. o to exercise such other powers as are necessary to enforce the Act and these Rules.

### 3.0 COMMITTEES

- 3.1 The Board may appoint a committee comprising of Members and other persons with relevant expertise for specific tasks.
- 3.2 All committees appointed by the Board shall, in the exercise of the powers so delegated, conform to any regulations prescribed by the Board.

## Section 2 - BUSINESS RULES

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- 3.3 Each committee shall, subject always to the overriding right and power of the Board to review, vary or supplement its decisions, have full power to formulate policies, supervise and give directions in relation to the tasks or functions for which it is appointed.
- 3.4 All members of a committee shall vacate office one year after their appointment unless they are re-appointed by the Board. The Board may also fill any casual vacancies that may occur in any committee by reason of resignation, retirement or otherwise.
- 3.5 The office of a member of a committee shall be vacated if any one of the following events occur:
- 1) If a receiving order is made against a member or if a member makes any arrangement or composition with his creditors;
  - 2) If he becomes insane or is found to be of unsound mind;
  - 3) If by notice in writing to the Board, he resigns from his office; or
  - 4) If he be removed by the Board for any reason whatsoever.
  - 5) Provided that the acts of the member shall nevertheless be treated as valid and effectual in all respects up to and until an entry of the vacation of office shall be entered in the minutes of the committee.
- 3.6 The Board may at any time delegate any of its powers to the Chief Executive Officer as it may think fit.
- 3.7 Unless otherwise specified, the decisions of a committee shall be subject to ratification by the Board.

### 4.0 PROCEEDINGS OF COMMITTEES

- 4.1 Committees shall meet for the despatch of business, adjourn and otherwise regulate their meetings in such manner as they think fit.
- 4.2 Every committee shall have a convenor who shall be appointed by the Board and shall be its chairman and preside over all meetings or coordinator. If at any meeting the convenor is not present within fifteen minutes after the time appointed for holding the meeting, the members of the committee then present may nominate one of their number to act as chairman of the meeting.
- 4.3 A member of committee may be informed verbally of the time, place and agenda of a meeting, provided that the minutes of a meeting so convened shall record the fact.

## Section 2 - BUSINESS RULES

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- 4.4 A member of a committee shall give to the convenor of the committee an address in Rwanda at which notices may be served on him.
- 4.5 Unless the Board otherwise fixes, two members of a committee shall constitute the quorum necessary for the transaction of business. The Chairman and Chief Executive Officer shall be entitled to attend meetings but shall not count for the quorum nor be allowed to vote, unless expressly appointed to such committee.
- 4.6 A committee shall cause proper minutes of its meetings and all business dealt with thereat to be kept in English. The minutes of any meeting shall, if signed by the chairman of such meeting or by the chairman of the next succeeding meeting, be evidence of the facts and decisions stated therein.

A resolution in writing signed by all the members of a committee shall be as valid and effective as if the resolution had been made at a meeting duly convened and constituted.

### 5.0 THE CHIEF EXECUTIVE OFFICER

- 5.1 The Chief Executive Officer shall be appointed by the Board and shall hold office upon such terms as may be prescribed by the Board. The Chief Executive Officer shall have the general superintendence of and be responsible for the day to day management of RSE as provided by the MEMARTS and in these Rules and shall be an Ex-officio director of RSE.
- 5.2 The Chief Executive Officer shall carry out the directions, orders or decisions of the Board.
- 5.3 The Chief Executive Officer shall hold and exercise all such powers vested in the Board as shall have been conferred upon and expressly required to be exercised by the Board.
- 5.4 Without prejudice to any other provisions in these Rules expressly conferring power upon the Chief Executive Officer, the Chief Executive Officer shall have such powers as the Board may confer upon him including the following powers:
- 1) to enforce the provisions of these Rules and the Act on Members and immediately report any violations to the Board.
  - 2) to supervise the trading activities and to take all necessary steps to maintain orderly and efficient trading, in accordance with the Rules of RSE; and to suspend trading in any issue of securities or by any Member in the manner as provided in these Rules or as directed or authorized by the Board;
  - 3) to be responsible for the employment and removal of staff and officers of RSE;
  - 4) to report periodically to the Board on all matters concerning RSE;
  - 5) to scrutinize and manage all matters relating to listing;

## Section 2 - BUSINESS RULES

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- 6) to ensure good order and behaviour in the utilisation of the trading facilities;;
- 7) to attend all meetings of the committees; and
- 8) to be the spokesman in respect of all administrative and technical matters of RSE.

5.5 The Chief Executive Officer shall attend Board meetings but shall have power to appoint any officer under him to represent him in Board or committee meetings in consultation with committee chairman.

### **6.0 REGISTERS**

6.1 The Chief Executive Officer shall keep the registers of Members, Chief Executive Officers, Broker Representatives, principal officers, Broker Agents or any other registers as may be provided by these Rules.

6.2 The Registers kept by the Chief Executive Officer under Rule 6.10 shall be open for inspection at any time during office hours by any Member or legally authorised person.

### **7.0 EMPLOYEES**

7.1 The Chief Executive Officer may appoint any employee of RSE as the Board may find appropriate. The employees so appointed shall perform such functions and duties as are prescribed by the terms of their appointment or delegated by the Chief Executive Officer from time to time.

- 1) Employees shall not accept directly or indirectly any gifts, compensation, or any form of remuneration or benefit whatsoever from any Member, Board member or member of a committee;
- 2) It shall be a serious offence for any employee to directly or indirectly divulge or use for his own benefit any information whatsoever that may come into his knowledge by virtue of or incidental to his office or employment with RSE.

7.2 Any Member or member of the Board or Committee who causes or attempts to cause or induces any employees or officers of RSE to contravene Rule 7.1 (2) above or who is privy to such contravention shall be guilty of misconduct and may be subject to disciplinary measure, including suspension and expulsion as the Board may consider appropriate in the circumstances.

### Section 3 - MEMBERSHIP

#### QUALIFICATIONS

*Any person can apply for membership, dealership or to become a sponsor of RSE provided they meet and adhere to the prescribed conditions.*

#### 1.0 MEMBERS (STOCKBROKERS)

Qualifications:

##### **Eligible Entities**

- (a) Members shall be companies or corporations carrying on or incorporated or established in Rwanda with the primary object of carrying out the business of dealing in securities and individuals shall not be entitled for Membership;

##### **Net-worth Requirements**

- (b) Have satisfied or will satisfy upon admission, all the financial requirements prescribed by these Rules. These shall comprise of Rwf 10 million comprising of the minimum paid up capital Rwf 3 million plus free reserves (excluding revaluation reserves, capital reserves and specified reserves, and value of Membership / Dealership / deposit with RSE/ other stock exchanges) less accumulated losses, if any. Minimum funds committed for RSE operations should be Rwf 10 million.

##### **Minimum Education Qualifications-**

- (c) Corporate - University or College graduate. At least 1 Chief Executive Officer must have a university degree or passed examination approved by RSE.

##### **Citizenship**

- (d) Corporate – Company should be incorporated or registered in Rwanda.

##### **Experience**

- (e) Minimum of 1 Director should possess a minimum of 2 years experience in capital market / portfolio management / investment consultancy/advisory.

## Section 3 - MEMBERSHIP

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### Trading Infrastructure

- (f) Members shall have at least the minimum prescribed infrastructure, which shall include:
  - 1. An appropriate office space
  - 2. Direct telephone connections
  - 3. Computer equipment and network with appropriate software to run business of stock broking

### Selection Procedure

- (g) Prospective Members shall submit an application to the Rwanda Stock Exchange Chief Executive Officer of RSE in the prescribed form.
- (h) Membership selection shall be at the sole discretion of the Board of RSE.

### Functions of Members

- (i) Members shall undertake the following functions:
  - 1. Appraisal and evaluation of investment proposals projects
  - 2. Valuation of shares of companies appraised
  - 3. Participation on buyout deals
  - 4. Offer of shares to the public
  - 5. Stock broking activities
  - 6. Market making
  - 7. Investor services

## 2.0 DEALERS

### 1) *Sole proprietorship*

#### Age limit

- a) The age for individual dealer applicants shall be 21 years.

#### Net- worth Requirements

- b) Minimum net-worth requirements shall be Rwf 5m (five million) excluding the value of membership/dealership/deposits with RSE or other stock exchanges
- c) Minimum Education Qualifications-

An applicant Dealer must have a university degree or passed an examination administered or recognised by RSE.

## Section 3 - MEMBERSHIP

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### Experience

- d) An applicant dealer must have a minimum of 2 years working experience in the Capital Markets / Stock broking / Portfolio Management / Investment Consultancy

### Citizenship

- e) An applicant dealer must be a person legally resident in Rwanda.

## 2.0 Corporate Entity

### Net- worth Requirements

- a) Minimum net-worth requirements for corporate Dealers shall be Rwf 8m (Eight million) excluding the value of membership /dealership/ deposits with RSE or other stock exchanges. The minimum paid up capital shall be Rwfs 5m (five million) plus free reserves (excluding revaluation reserves, capital reserves & specified reserves, cost of a leadership & net-worth of other stock exchanges) less accumulated losses if any.

### Minimum Education Qualifications-

- b) Corporate - University or College graduate. At least 1 Chief Executive Officer must have a university degree or passed an examination administered or recognised by RSE.

### Citizenship

- a) Corporate – Company should be incorporated or registered in Rwanda.

### Experience –

- a) Minimum of 1 Director should possess a minimum of 2 years experience in capital market / portfolio management / investment consultancy/money market operations/banking.

### Trading Infrastructure

- b) Members shall have at least the minimum prescribed infrastructure, which shall include:
  - 1. Appropriate office space
  - 2. Direct telephone connection
  - 3. Computer equipment and network with appropriate software to run business of a dealer.
  - 4. The entity should not be engaged in any funds based activity.

### Dealership Selection Procedure

## Section 3 - MEMBERSHIP

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- c) Prospective Dealers shall submit an application to the Chief Executive Officer RSE in the prescribed form.
- d) Dealership selection shall be at the sole discretion of the Board of RSE.

### Function of Dealers

- e) Dealers shall undertake the following functions:
  - 1. Dealing activities
  - 2. Market making
  - 3. Investor services
  - 4. Participation in buy out deals

## 3.0 SPONSORS

### Eligible Entities

- a) Sponsors shall only be those who have applied and admitted to act as such by RSE.

### Net-worth Requirements

- b) Have satisfied or will satisfy upon admission, all the financial requirements prescribed by these Rules. These shall comprise of Rwf 10 (ten million) comprising of the minimum paid up capital plus free reserves (excluding revaluation reserves, capital reserves and specified reserves, and cost of sponsorship) less accumulated losses, if any. Minimum funds committed for RSE operations should be Rwf 10 million (ten million).

### Minimum Education Qualifications-

- c) Corporate - College graduate. At least 1 Chief Executive Officer must be a college graduate or passed an examination administered or recognised by RSE.

### Citizenship

- d) (i) Corporate – Company should be incorporated under the Companies Act,  
(ii) Individual –should be a registered practising member of a professional body or association.

### Experience

- e) Minimum of 1 Director should possess a minimum of 2 years experience in capital market / portfolio management / investment consultancy/legal, finance or accounting practice.

### Business Infrastructure



## Section 3 - MEMBERSHIP

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- f) Sponsors shall have at least the minimum prescribed infrastructure, which shall include:
1. Appropriate office space
  2. Direct telephone lines

### Sponsors selection Procedure

- g) Prospective Sponsors shall submit an application to the Chief Executive Officer RSE in the prescribed form.
- h) Sponsors selection shall be at the sole discretion of the Board of RSE.

### Function of Sponsors

- i) Sponsors shall undertake the following functions:
1. Participation on bought out deals
  2. Appraisal and evaluation of proposals
  3. Sponsor companies for listing and lead manage those issues
  4. Appoint market-makers for all issues sponsored.

## 4.0 BANK GUARANTEE

- 4.1 Every Member and Dealer shall furnish RSE with a bank guarantee of Rwf 25m (twenty five million) that shall not be less than the *prescribed amount in appendix 2*. Such bank guarantee shall be free of any charges or encumbrances and shall not count for purposes of a Member's share capital prescribed by these Rules.
- 4.2 A member or dealer who fails to restore its bank guarantee in accordance with these Rules shall not be entitled to trade until the guarantee shall have been restored.

## 5.0 INDEPENDENCE

No Member or Dealer shall directly or indirectly hold beneficial interest in the shares of any other member.

## 6.0 EXPULSION

A Member or Dealer shall be liable to expulsion in accordance with these Rules if in any of the particulars or information given by the Member or Dealer any misrepresentation or omission of a material fact shall be found to have been made. In the event of expulsion, the Member or Dealer shall cease forthwith to have access to the trading and clearing facilities of RSE.

## Section 3 - MEMBERSHIP

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### 7.0 LIABILITY OF DIRECTORS AND OFFICERS

- 7.1 Any director, manager, or officer of Member shall together with such Member be liable for any breach, non-compliance, violation or contravention of *any legislation*, the Articles or these Rules if such breach, non-compliance, violation or contravention was committed or caused with the consent or connivance of or attributable to any neglect on the part of such director, manager, or officer.
- 7.2 Only Chief Executive Officers or their duly appointed agents may act as corporate representatives of Members at a general meeting of RSE.

### 8.0 AUTHORISED PERSONNEL

- 8.1 Members shall have Traders and Authorised Clerks registered with RSE for purposes of permission to access and use the facilities under RSE.
- 8.2 A Member shall be liable for all transactions made on its behalf by any authorised persons employs and shall fulfil such transactions according to these Rules.
- 8.3 Every person wishing to be registered as a Trader, Authorised Clerk or Investor Agent, shall make an application in writing on the form prescribed by the Board and agree to abide by these Rules and the rulings of the Board and if approved, his name shall be entered in the Register of Authorised persons kept by RSE. Upon such registration, he may join and remain with any Member as long as his name remains on the said Register.
- 8.4 The Member shall ensure that any applicants for registration are proper and fit persons for the responsibility of dealing in securities.
- 8.5 Every Authorised Person shall have passed examination prescribed by RSE.
- 8.6 Upon registration, Authorised persons shall pay to RSE an entrance fee and thereafter a yearly sum as prescribed by these Rules.
- 8.7 Members shall be responsible for reporting such a departure to RSE of authorised persons to RSE.

### 9.0 COMPANY NAME AND ADDRESS

- 9.1 Every Member shall register with the RSE the company name under which it carries on the business of dealing in securities as a Member and no Member shall without the prior consent of the Board change the company name so registered. The company name of a Member registered with the RSE shall be the same as registered by such Member under the Companies Act.

## Section 3 - MEMBERSHIP

### 10.0 BUSINESS RECORDS

- 10.1 A Member shall keep complete records and accounts of its business in accordance with these Rules and provisions of the Act.

### 11.0 SCHEDULE OF FEES

- 1) It is the obligation of an Applicant, a Listed Company, an Adviser and a Sponsor to pay the RSE of such amount within such time period as specified in this schedule
- 2) RSE reserves the right to add to, vary or delete any of the fees from the Schedule from time to time, as it deems fit.
- 3) Any late payment of fees shall result in late payment charges calculated based on 10% per annum on daily rate basis
- 4) No refund of any fees paid will be allowed

Note: For the perusal of documents, RSE will charge a fee as determined from time to time.

### STOCK EXCHANGE/MEMBER/DEALER/ ADVISER AND SPONSOR FEES AND CISS

Types	Amount	Time period for payment	Amount
<b>Application Fee</b>	275,000	On application	275,000
<b>Initial Fee</b>		On admission	
Member	320,000		320,000
Dealer	320,000		320,000
Adviser	320,000		320,000
Sponsor	320,000		320,000
Principals/Representatives/Agent	N/A		100,000
<b>Annual Fees</b>			
Member	160,000	Payable annually in advance no later than	320,000
Dealer	80,000	31 <sup>st</sup> January of each	80,000
Adviser	80,000	calendar year.	80,000
Sponsor	160,000		320,000
Principals/Representatives/Agents	N/A		100,000

## Section 3 - MEMBERSHIP

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### Section 4 - TRADING RULES

#### 1.0 GENERAL

##### INTERPRETATION

Unless inconsistent with the context, the singular includes the plural and the use of either gender includes the other.

Headings are purely for reference purposes and shall not be taken into account in the interpretation of the rules.

#### 2.0 TRADING RULES

##### 2.1 *Trading System*

The trading system under RSE shall be a dual trading system with a formal open outcry trading and Over The Counter trading sessions.

##### 2.2 *Trading Time*

Trading shall be conducted simultaneously throughout business hours on working days in the members' offices and during the trading sessions on the trading facilities at the RSE floor.

Trading sessions at the Trading floor shall be conducted every day between 09:00 am and 12:00 p.m. After trading formal trading session, there will be continuous negotiated Over the Counter trading.

##### 2.3 *Trading Sessions*

The trading boards shall only be utilised for the display of the highest bids, offers and display of transacted deals as reported by members and dealers.

Once the reporting session is completed and all records captured on the display boards, traders may transact purely on a willing seller willing buyer until the end of the trading session.

There will be no forced transactions.

In order to maintain the integrity of the market, the closing bids and offers shall form the guiding dealing prices between trading sessions.

## Section 4 - TRADING RULES

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Where members transact at prices outside the dealing ranges, they will only be required to inform RSE soon after transacting.

### 2.4 *Board Lot*

The minimum board lot shall be 100 shares.

### 2.5 *Trading boards and Market Reports*

The display boards shall capture trading data in the format below.

COMPANY	BID Member code Price	OFFER Price Member code volume	SALES
NEW CO.			

The trading information shall be captured on the call over sheet as it appears on the display boards above.

### 2.6 *Market Reports*

Daily market reports shall be based on the trading activity captured on the trading boards as reported by traders.

### 2.7 *Identity of Traders on the Trading Boards*

Members shall be allocated trading numbers and all bids and offers shall be displayed against the trader's numbers on the trading boards.

## 3.0 TRADING PROCEDURES

### 3.1 *General Procedures*

The board writers must be punctual, present and ready at the opening of all trading sessions. Trading boards shall be wiped cleaned of all transaction prices before the start of each trading session.

The trading session will commence immediately after the ringing of the bell by the Trading Supervisor.

Floor traders will call out their bids and offers audibly and the board writer shall record them on the boards.

Traders shall quote the quantities and prices to be recorded and displayed on the boards.

## Section 4 - TRADING RULES

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### 3.2 *Transactions before Company announcements*

When companies release announcements, trading shall continue without any interruption. Although there is no forced trade under the RSE market, all transactions agreed and concluded before company announcements shall be firm and irrevocable.

### 3.3 *Marks on the boards and against securities*

- a) A green colour tag against a security name will signify a dividend and the security will be traded cum dividend.
- b) A yellow colour tag against a company name on the boards will signify a bonus issue and the security will be traded cum bonus.
- c) When a security is suspended from trading, a red mark shall be placed against the name of that security on the boards and no transactions will be recorded on that particular security.
- d) A black colour tag against a company name on the boards will signify that the security is traded ex dividend.
- e) A blue colour tag against a company on the announcement boards signifies the latest announcements.
- f) A white colour tag against a company name on the boards will signify that the share is traded ex bonus.

### 3.4 *Agency and principal trading*

- a) Trading in securities shall be conducted between members of RSE and between members of RSE and clients during the prescribed times within these Rules.
- b) Where in the opinion of the Chief Executive Officer circumstances exist or are about to occur that could result in other than the transparent, fair and orderly trading of the securities quoted on RSE, he may, in consultation with the Board or in its absence the Chairman and any two members of RSE *Trading Committee*, suspend trading of a security for one or more sessions or any part of a trading session.
- c) Trading information including dates, prices, quantities, lots etc appearing on both the trading boards and trading slips shall not be altered after the close of trading except with the express authority of RSE.
- d) Members may trade directly over the telephone but all trades shall be discussed and reported before the end of the next auction session.

## Section 4 - TRADING RULES

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### 3.5 *Trading Supervision*

- a) Auction sessions shall be supervised by a person or persons temporarily or permanently appointed. The supervisor shall have jurisdiction with respect to conduct and discipline of all authorized persons and employees of RSE below him.
- b) The Trading Supervisor or his deputy shall have authority in connection with trading on the Floor to settle disputes and where an interpretation of Rules is concerned to render interpretations after consulting the Chief Executive Officer.

### 3.6 *Access to the Trading Facilities*

- a) Authorised persons shall be allowed to access the trading facilities of RSE.
- b) The Trading Supervisor shall have the discretion to refuse access of any to the trading facilities.

### 3.7 *Conduct and business language:*

- a) All persons on the trading facilities of RSE will be expected to conduct themselves in a respectable manner.
- b) The English language will be the official business language.

### 3.8 *Dressing*

All persons on the Trading Floor will be required to wear prescribed attire.

Trading floor personnel shall wear jackets in the following colours:

<u>Personnel</u>	<u>Jacket Colour</u>
Board-writers	Green
Dealers/Authorized clerks	Red
IT Personnel	Blue

## 4.0 **TRADING PROCEDURES SPECIFIC TO EQUITIES**

### 4.1 *Pre-Trading Verification or Validation of Orders*

- a) No stockbroker shall authorise a floor trader to place a buy or bid order at the trading floor unless irrevocable arrangements for payment or settlement have been made with the client at a price confirmed by such client.



## Section 4 - TRADING RULES

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- b) No stockbroker shall authorise a floor trader to place a sale or offer order of any security unless it has obtained and verified the proof of ownership of title and the executed transfer deed for the securities for offer or sale.

### 4.2 *Queuing of orders on the trading boards*

The board writers will queue the traders' orders on the basis of: -

- a) The first order called out; or
- b) The highest bid price called out; or
- c) The lowest offer price called.

### 4.3 *Limits on bids and offers*

- a) The daily allowed price movement from the last transacted price in the previous trading session shall be no more than 10% of that price.
- b) The opening bid price or offer price for the day for every share shall fall within six spreads either above or below the last immediate transacted price.

### 4.4 *Transactions*

- a) A transaction will take place at a price when both the bid price and the offer price are exactly the same.
- b) Bids and offers resulting in a transaction will be CROSSED or CANCELLED to mark the conclusion of the deals.

### 4.7 *Overbidding/underselling*

- a) Overbidding will be allowed during formal trading sessions but No overbidding or underselling will be allowed on the OTC market.
- b) Announcements  
  
There shall be an "Announcements Board" section on the trading floor.
- c) This rule shall not apply where there is a corporate action announcement.

- 4.8 All securities shall be traded ex-dividend, ex-bonus or ex-rights after the respective books closure date.

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### 5.0 ADDITIONAL TRADING PROCEDURES FOR FIXED INCOME SECURITIES

- 5.1 Bonds shall be traded on a separate board to be known as the Fixed income Securities Board.
- 5.2 Bids and offers shall be displayed on the Fixed Income Securities Board in the order in which they are called.
- 5.3 Bids and offers shall be matched first, on the basis of best price, and second on first come first served basis.
- 5.4 Bids and offers must be equal and for at least 50% of the value on offer for matching to take place. There shall be no bidding spreads or forced transactions.
- 5.5 The board lots shall be at par and the prices shall be expressed as a percentage of Rwf 100 par and rounded to three decimal places.
- 5.6 The minimum board lot shall be the outstanding minimum nominal value of the bond.
- 5.7 Bonds with periodic partial principal repayments shall be traded at the subsequent minimum nominal value following the partial principal repayments.
- 5.8 The value of the bonds on bids and offers shall be denoted e.g. '25' representing 25 million.
- 5.9 Where the bonds traded bear a floating rate of interest, the daily applicable reference interest rate shall be displayed on the Fixed Income Securities Board at the start of the trading session.
- 5.10 All bonds shall be traded cum coupon up to the date fixed for the closure of books as communicated by the issuer for determination of entitlements.

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5.11 No bond shall be traded within the last 3 working days of the principal redemption.

### 6.0 SETTLEMENT

#### DELIVERY/ALLOTMENT OF EQUITIES

##### 6.1 *Due dates*

6.2 Members shall allot shares to the respective investors for transactions traded on trading boards and make the deliveries to RSE Secretariat by 13:30at T for all securities. For those transactions traded OTC, the deliveries of allocation forms shall be made by 13:30at T+1.

##### 6.3 *of Deliveries*

- a) Members shall collect deliveries due to them between 12.00 noon and 1.00 p.m. by T+2.
- b) Deliveries not collected by T + 2 will be sold out.

##### 6.4 *Good Deliveries*

- a) A delivery/ shall be deemed to be good on transfer by the CSD of the security in issue.
- b) A delivery shall be deemed to be prima facie good and approved for registration by RSE Secretariat if it includes the following:
  - (i) a duly completed and executed instrument of transfer
  - (ii) documents of title for the securities sold
  - (iii) a copy of the contract note pertaining to the transaction
  - (iv) for transactions executed under a power of attorney,  
**the original and certified copies of identification of the attorney**

##### 6.5 *Delivery Process at RSE*

- a) For transactions executed by an Executor or Administrator of an Estate, the original and a certified copy of the grant of probate and originals and certified copies of identification of the Executor or Administrator.

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- b) All deliveries, from each Member, for the day shall be accompanied by a Delivery Confirmation Schedule in duplicate. One copy will be retained by the Member and the other by RSE.
- c) The delivery confirmation schedule shall include:
  - (i) the transaction number
  - (ii) the deal date
  - (iii) the security in issue
  - (iv) the number of shares [securities]
  - (v) the price
  - (vi) the total consideration
  - (vii) the buying broker code
  - (viii) the selling broker code
  - (ix) issue number for Fixed Income Securities
- c) Upon receipt at RSE the deliveries shall be verified against the Delivery Confirmation Schedule and if good delivery will be approved for transfer.
- d) Once deliveries are processed, a collection schedule shall be generated in duplicate one of which shall be retained by RSE and the other by the buying broker.
- e) The collection schedule will contain:
  - (i) the trading slip number [transaction number]
  - (ii) number of shares [securities]
  - (iii) Security.
  - (iv) deal date.
  - (v) respective selling broker and
  - (vi) price.
- f) The buying broker will verify the collection schedule against the deliveries.
- g) The buying broker will sign to certify the deliveries as prima facie good and RSE will stamp for collection on each schedule.

### 6.6 *Bad Deliveries*

- a) A bad delivery will be returned to the selling broker upon confirmation that it is not complete.
- b) A bad Delivery will be regarded as a non-delivery and RSE will give notice for buy-in immediately. Buy-in procedure will commence in accordance with these rules.

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### 6.7 *Deliveries Returned from the Registrars*

- a) Deliveries returned from the registrars to the buying broker as non-registrable will be returned to the selling broker through RSE giving reasons thereof.
- b) The RSE Secretariat shall dispatch the deliveries to the selling broker giving five day's notice for buy-in. Buy-in proceedings will commence on the seventh day following notification in accordance with these rules.

### 6.8 *Buy-In Procedure*

- a) If a member fails to make a good delivery for a transaction by T+2 for both equities and fixed income securities RSE will prepare and dispatch to the defaulting broker a buy-in notice by T+2 by written notice by 3.00 p.m.
- b) If no delivery is received by 11.00 a.m. on T+3 RSE will institute buy-in against the defaulting broker.
- c) During the buy-in but before the transaction is concluded the defaulting broker may still deliver.
- d) Sellers in buy-ins will deliver by 10.00 a.m. on T+1 following the buy-in
- e) If shares to be bought in are not available in the market, (five) 3 working days after commencing the buy RSE may rescind the transaction.

The selling broker will be expected to pay the buying broker liquidated damages to be determined at RSE's bank prevailing interest charges as per the penalty schedule

- f) The defaulting broker will not participate in the buy-in process.

### 6.9 *Penalties for Non-Deliveries*

- a) The defaulting broker will offset the price difference between the initial price and the buy-in price.
- b) A penalty fee of Rwfs.10, 000 is payable to RSE for every buy-in.
- c) All penalties pertaining to the buy-ins will be debited in the account of the defaulting broker on the day following the buy-in.

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- d) In the event the funds are not sufficient in the defaulting broker's account to settle RSE shall invoke the broker's bank guarantee.

### 7.0 SETTLEMENT

- a) RSE will match all transactions directly into the CSD for settlement purposes And all will be done in a Straight Through Processing environment until DVP is done at T+2.
- b) Settlement procedures shall be developed by the Central Securities Depository.

### 8.0 ADDITIONAL RULES FOR FIXED INCOME SECURITIES

#### 8.1 For trades in the fixed income securities

- a) valued at less than or equal to Rwf 50 million payment shall be made by way of inter bank transfer to the client or Member's cheque;
- b) valued more than Rwf 50 million, payment shall be made by way of inter bank transfer to client or as shall be determined in settlement procedures.

#### 8.2 Penalties For Non-Settlement

- a) Failed settlement will occur where:
  - (i) A member fails to deliver a cheque and or duly executed transfer form on settlement date.
  - (ii) A member's cheque is dishonoured.
- b) RSE will impose a penalty fee according to the penalty fee schedule

### 9.0 RULES SPECIFIC TO FIXED INCOME SECURITIES

#### 9.1 *Notification to the Registrar of the Daily Transactions*

RSE Secretariat shall furnish the CSD with a list of the fixed income securities transacted on a daily basis with the transaction details as contained in the trading summary. Members shall be required to furnish the RSE with allocation forms by 1:00 p.m. at T.

#### 9.2 *Failure to pay penalty*

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Where a member firm has been penalized for non-payment or non-delivery penalties shall apply as prescribed in the penalty fee schedule.

### 9.3 *Registration*

### 9.4 *Equities*

Matched transactions pertaining to a transaction shall be forwarded to the Registrar for registration periodically as per CSD settlement rules and agreement with the respective registrars.

### 9.5 *Fixed Income Securities*

Matched transactions pertaining to a transaction shall be forwarded to the Registrar for registration periodically as per CSD settlement rules and agreement with the respective registrars.

### 9.6 *Bonus and Dividend Claims*

Trading Securities on “ex” or “cum” basis.

- a) All securities will be traded "ex" (i.e. ex-dividend, ex-bonus, ex-rights) two clear working days before the date fixed for the closing of books or determination of entitlement.

Claims for accruing bonus securities

What constitutes a Valid Claim

- b) Bonus and Dividend claims will be deemed valid if they meet the following criteria:
  - (i) The delivery was made to the buying broker after book closure at the Registrars.
  - (ii) The delivery when lodged for registration before the company book closure by the buying broker was rejected by the registrar.
  - c) The buying broker will, if he cannot raise the buyer to sign for transfer as the transferor, protect the interest of the buyer by undertaking to register the shares in their nominee account.

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- d) Every broker will have a nominee account for this purpose.
- e) The claim will have been forwarded to RSE three months from the date announced for dispatch of entitlements.

### Details of the transaction to be forwarded to RSE

- f) The following details will be forwarded to RSE when a claim is made:
  - (i) Date of transaction.
  - (ii) Trading number (transaction number).
  - (iii) Number of shares.
  - (iv) Security.
  - (v) Type of claim, dividend and/or bonus.
  - (vi) The Net Dividend Amount due, in case of a dividend.
  - (vii) The Number of Bonus shares, in case of a bonus claim.
  - (viii) Date of Delivery.
  - (ix) Date of Announcement for which the claim arises.
  - (x) Date of register closure at the company.

### Processing at RSE

- g) On receipt at RSE, the copies will be stamped to acknowledge receipt and distributed as follows:
  - (i) One copy to the buying broker.
  - (ii) One copy to the selling broker.
  - (iii) One copy retained at RSE.
- h) Both the selling and buying broker representatives will sign for their copies of the claim(s) at the point of collection.
- i) Member firms will forward to RSE the names of their staff members to whom such claims will be addressed by RSE and names of staff members



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authorised to collect the same from the Exchange. Member firms will be expected to address the claim within 14 days of receipt of the same.

- j) In case the claims are disputed or any clarifications are to be sought from clients, RSE e.t.c these will be done within the said 14 days.

### Delivery & Settlement of claims

- k) On the 15th day, the member firms will:
  - (i) Make payment to offset any dividend claim.
  - (ii) Make delivery in case of a bonus claim.
  - (iii) Or both of the above.

### Failure to make payment on due date

- l) RSE will levy a non-settlement penalty of Rwfs.10, 000 for every transaction due but not settled on time.
- m) Interest charges will accrue at 2% over and above the prevailing interbank rate of the time the payment remains outstanding.
- n) The penalty fee should be settled on the next business day.

### Failure to make delivery on due date

- o) RSE will institute buy-in procedures at selling broker's cost on the 16th day from date of receipt of claim at RSE, if the claim remains outstanding after notice.
- p) The buy-in costs will include a penalty of Rwfs.10, 000 per transaction.
- q) The buy-in costs should be settled on the next business day following the buy-in.

### Failure to pay penalty

- r) If after the member firm is penalised for non payment or non-delivery and the penalty fees are not offset within 14 days RSE will invoke the guarantee and report to the Trading committee for their necessary action.

### Disputed claims

- s) Disputed claims shall be referred to RSE for arbitration and reconciliation.

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### 9.7 *Dishonoured Settlement*

- a) In the event that the cheque paid to RSE is dishonoured, RSE will immediately notify the defaulting broker in writing of its intention to invoke the bank guarantee unless a replacement cheque in the form of a banker's cheque is presented to RSE the day following the notice by 12.00 a.m.
- b) If no replacement cheque is received within the time stipulated RSE will proceed to invoke the bank guarantee and immediately inform the *Disciplinary Committee of RSE*.
- c) Penalties as for failed settlements will apply as in this case.

### 10.0 **TRADING OF SECURITIES ON "EX" OR "CUM" BASIS**

- 10.1 For the purpose of trading and quotation, all the securities will be traded and quoted "ex" (i.e. ex-dividend, ex-bonus, ex-rights) two clear working days before the date fixed for the closing of books or the determination of entitlements.

### 10.2 *Securities Sold Cum Bonus*

- a) Where securities are sold cum bonus an amount as in (2) below shall be deducted by the selling Broker from the settlement pending delivery of the accruing bonus securities.
- b) The amount to be deducted from the settlement shall be determined by RSE and paid by the selling Broker to RSE.
- c) RSE shall hold the amount so deducted in an escrow account and issue a receipt in duplicate to the selling broker, who shall hold the original receipt and give the duplicate to the selling client.

### 10.3 *Claim for accruing bonus securities*

- a) Where the bonus securities have not been delivered to the buying Broker within fourteen days of the date announced for dispatch of the bonus securities, the buying Broker shall within seven days claim upon the selling Broker through RSE.
- b) Claims for bonus securities shall be prepared by the buying Broker in triplicate. A separate claim form shall be issued in respect of each transaction and the following information shall be included in each form:-
  - (i) Details of the securities in respect of which the claim is made;

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- (ii) Details of the accruing bonus securities;
  - (iii) Date of purchase by the buying Broker;
  - (iv) The name of the registered holder;
  - (v) The date on which the books closed or the record date to determine shareholders' entitled to participate in the issues;
  - (vi) The date the securities were received by the buying Broker;
  - (vii) The original selling Broker's code;
  - (viii) The date the original securities were lodged with the company for registration.
- c) The buying Broker shall forward through RSE the original and duplicate of the claim, together with the relevant securities transfer form(s) if applicable to the selling Broker. The triplicate copy shall be retained by the buying Broker as a permanent record of the claim.
- d) The selling Broker shall acknowledge and return the duplicate copy of the claim to the buying Broker not later than seven business days following receipt of the claim, indicating whether he accepts the claim or not.
- e) When the selling Broker has accepted a claim he shall deliver the bonus securities together with signed transfer forms to RSE, and RSE shall immediately notify the buying Broker.
- f) When the selling Broker fails to deliver the bonus securities RSE shall pay monies held on escrow to the buying Broker, and the buying Broker shall within three days of receipt repay such monies to the buying client.

### 10.4 Securities sold "*cum rights*"

- a)
- (i) Where securities sold "*cum rights*" have not been delivered in time for registration for the buyer to receive his entitlement direct, the securities may nevertheless be delivered pursuant to the sale provided that an amount as in (ii) below shall be deducted from the settlement pending delivery of the signed renunciation forms.
  - (ii) The amount to be deducted by a selling Broker pending delivery of the signed renunciation forms shall be determined by RSE and shall be paid by

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the buying Broker upon delivery by the selling Broker of a signed renunciation form for the accruing rights.

- b) Where the seller of securities is not the registered owner and where it is apparent that the securities sold "cum rights" may not be delivered to the buying Broker in time for registration in the buyer's name before the closing date of books for entitlement' the seller shall protect the buyer's interest as regards the rights entitlement as provided in the following ways:-
  - (i) seller to register the securities in his name promptly after the sale.
  - (ii) Selling Broker to forward documentary evidence of such registration to the buying Broker and RSE.
  - (iii) Exchange may not institute buying in action in accordance with these Rules if it is satisfied with the evidence furnished.
  - (iv) Seller undertakes to deliver the relevant securities and the signed renunciation form(s) for the accruing rights as soon as these are received by him.

### **10.5 *Claims for accruing rights securities***

- a) In a sale of securities carrying a specific entitlement where the securities have been delivered in time but not transferred to the buyer before the date of the closing of the transfer books to determine the holder's entitlement to participate in a new issue, it shall be the responsibility of the buyer to immediately advise and instruct the buying Broker to promptly claim upon the original selling Broker.
- b) Claims for rights shall be prepared by the claiming Broker in triplicate. A separate claim form shall be issued in respect of each transferor and the following information shall be included in each form:
  - (i) Details of securities in respect of which the claim is made;
  - (ii) Number of rights claimed;
  - (iii) Date of purchase by the claiming Broker;
  - (iv) The name of the registered holder;
  - (v) The date on which the books closed to determine shareholders' entitled to participate in the issue;

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- (vi) The date the securities were received by the claiming Broker;
- (vii) The original selling Broker's code number;
- (viii) The date the original securities were lodged with the company for registration when such securities were received by the claiming Broker more than two months prior to the date of the claim;

### 10.6 *Securities transaction "cum dividend" or "cum interest"*

- a) When securities are bought 'cum dividend' or 'cum interest' the procedure prescribed in section 6.2 and 6.3 above shall apply mutatis mutandis, save that any reference to bonus shall be construed as a reference to dividend or interest.
- b) The amount to be deducted and held on escrow by RSE shall be the net dividend or interest paid on the securities

### 10.7 *General*

- a) The buying-in procedures shall not apply whenever the Committee has declared that a corner situation has arisen or a single interest or group has acquired such control of the security that the same cannot be obtained for delivery except at prices and on terms dictated by such interest or group.
- b) The Board may suspend either indefinitely or for such time as it thinks fit the buying-in of any securities when circumstances appear to make such suspension desirable.
- c) The Board may from time to time, either during the continuance or after the termination of any such suspension, remove, renew or re-impose such suspension.
- d) In respect of buying-in effected under these Rules, a commission at the full applicable rate shall be charged and borne by the Broker finally at risk, such commission to be credited to the funds of RSE.
- e) All resulting deficiencies or differences shall be settled by the parties at the normal time for settlement on the business day following completion of the transactions.
- f) In the event of a Broker selling to another Broker failing to deliver securities when due, the offended Broker shall purchase the securities against the Broker in default in accordance with the procedures set out in these Rules.
- (i) where an amended consideration is shown thereon and such correction has not been signed by the transferor; or

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- (ii) where erasures of material information have been made; or
- (iii) where the transfer form has been altered in some other material manner.

### **10.8 *Death of Vendor***

In the event of the death of a vendor of securities between the time of his placing the order to sell but before he has signed the relative transfers, the buyer's right to institute buying-in proceedings against the seller shall not be impaired and the executor/s or administrator/s of the deceased vendor shall be liable to pay for all losses and expenses incurred as a result of the buying-in.

### **10.9 *Death of Purchaser***

In the event of the death of a purchaser of securities between the time of his placing the order to buy but before he has paid for such securities, the seller's right to institute selling-out proceedings against the buyer shall not be impaired and the executor/s or administrator/s of the deceased purchaser shall be liable to pay for all losses and expenses incurred as a result of the selling-out.

### **10.10 *Powers of Attorney***

- a) Any transfer of securities executed under a power of attorney or by an executor or administrator shall bear an endorsement to the effect that the power of attorney, probate, or letters of administration has or have been exhibited to the Issuer.
- b) Any transfer of securities executed under a power of attorney shall be accompanied by a statutory declaration of the non-revocation of such power of attorney at the time of signing of the transfer, or shall bear a marking by the Issuer that the declaration or statement has been lodged with such Issuer.
- c) A Broker who has in good faith delivered for a client or taken from a Broker such a transfer, shall be under no liability to the client of the buying Broker in respect of any loss which such client may suffer by reason of the invalidity or insufficiency of the power of attorney, declaration, statement or transfer, or any defect in the title of the transferor.

## **11.0 BROKERAGE**

### **11.1**

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All Brokers' notes passed between Brokers and from Brokers to their clients shall have printed or written on them the words "SUBJECT TO THE RULES AND REGULATIONS OF RSE".

### 11.2

- a) Brokers shall charge all their clients, on whose behalf they deal, whether as buyer or seller, brokerage commissions prescribed by these Rules as amended from time to time with the approval of RSE;
  - b) The commission shall be inclusive of the clearing fee prescribed by these Rules and the fee payable by the buyer or seller of any RSE security prescribed by RSE.
  - c) Any Broker who shall be found to have charged less than stipulated rates of commission shall be liable to a fine not exceeding Rwfs.200,000/- in the first instance and/or suspension or expulsion on the second count.
  - d) A Broker shall only share their commission with a registered Agent, Representative or a foreign broker.
  - f) Rates of brokerage in respect of dealings in overseas or local securities which are not listed on RSE shall not be subject to these Rules.
  - g) Except as provided in these Rules sharing or rebating of brokerage, by any device, or the wrongful use of Broker's discretion in regard to stipulated rates is prohibited.
  - h) The brokerage charged shall be shown on every contract between Broker and client and net contracts shall not be made.
  - i) All bank charges or expenses incurred on behalf of clients shall be borne by the clients concerned.
  - j) A Broker shall pay a return of commission to Agents provided that such Agents are registered with RSE.
- k) Where a company makes a flotation whether by public issue, rights, offer for sale, placing or tender, and a Broker is appointed a sponsoring broker, such Broker shall be paid a fee, not being brokerage, as may be negotiated between the parties concerned. In respect of placing a specific number of securities, the sponsoring Broker and any other Broker who may be invited to participate, shall be paid at such rate prescribed by these Rules. Other distribution agents, provided they are approved in respect of such issue, shall be entitled to the same rate of brokerage as prescribed to Brokers by these Rules.

### 11.3 *Clearing Fee*

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Every Broker or Dealer shall pay to RSE in respect of business transacted and cleared through RSE or other body for the time being authorised by RSE with respect for clearing, settlement or other related activities the fee or charge prescribed by these Rules.

### **12.0 FINANCIAL, ACCOUNTING AND BUSINESS CONDUCT**

- a) Every Member shall at all times adhere to the principles of good business practices in the conduct of its business affairs.
- b) Each Broker or Dealer shall ensure that all its traders, authorised clerks and agents comply with RSE's Rules or requirements.
- c) RSE may require at any time that the name, terms of employment, and actual duties of any person employed by a Broker to Dealer be furnished to RSE, together with such other information with respect to such employee as it may deem appropriate to permit it to enforce compliance with the Rules or requirements of the securities market.

#### **12.1 *Dealings by employees***

- a) No business shall be transacted on account of an employee or for an account in which an employee has a direct or indirect interest, except with the prior written consent of an Chief Executive Officer of the Broker in respect of each transaction.
- b) A Broker shall not buy or sell securities for a person employed by another Broker.

**12.2** A Broker shall not employ in its business a person who is not of good standing.

**12.3** No Broker shall allow clients or other persons not being its employees or Broker Agents to use or operate out of its business premises.

#### **12.4**

- a) Every Broker is required through a principal officer to:
  - (i) use due diligence to learn the essential facts relative to every client, every order, every cash or margin account accepted or carried by the Broker and every person holding power of attorney over any account accepted or carried by the Broker;
  - (ii) diligently supervise all accounts handled by its appointed Representatives;



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- (iii) Specifically approve the opening of an account prior to or promptly after the completion of any transaction for the account of or with a client. The designated principal officer approving the opening of the account shall, prior to giving his approval, be personally informed as to the essential facts relative to the client and to the nature of the proposed account and shall indicate his approval in writing on a document which shall become part of the permanent records of the Broker.
- b)
  - (i) All orders to buy or sell securities shall be in writing and signed by the client.
  - (ii) Every Broker shall:
    - (a) Prior to entering into transactions for an account for a corporation, have on file a resolution of the directors of the corporation empowering specific directors and officers to trade in securities in an account on behalf of the corporation and to execute all documentation necessary to effect transfers and assignments in connection with trading in the corporation's account. Where a resolution of the directors cannot be obtained, the principal officer of the Broker carrying the account should prepare and sign a memorandum for the Broker's files indicating the basis upon which it believes the corporation can properly engage in transactions and that the persons acting for the corporation have been duly authorized to trade on its behalf.
    - (b) prior to accepting orders from a third party for the account for any client other than a client referred to in (1) have on file a trading authority signed by the client empowering the third party to enter orders on the account.

### 12.5 Nominee Accounts

- a) Where an agency (nominee) account is carried by a Member, its files should contain the name of the principal on whom the agent is acting and written evidence of the agent's authority to transact on behalf. Such files shall be made available to RSE at any time, on request.
- b) Where estate and trustee accounts are involved or where a husband is acting as agent for his wife, or a wife is acting for her husband, a Member should obtain advice from legal counsel as to the documents that should be obtained before opening the account.
- c) All client accounts must be identified and designated by the full name of the client and no Broker shall carry a client account designated only by a number or symbol.

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- d) All Brokers are required to inform RSE of particulars of delinquent accounts.

### 12.6 *Particulars of Clients*

All particulars relative to every client shall be recorded and maintained up to date at the office of the Broker. Such particulars shall include the identity card and/or passport numbers, residential address and telephone numbers, occupation and name, address of employer if applicable and all information concerning the client that may be useful in identifying such client, in addition to the particulars prescribed by RSE.

### 12.7 *Contract Notes*

- a) A Broker shall forthwith but not later than the next business day despatch by ordinary post, hand delivery or electronic mail to its client a contract note in respect of the purchase or sale of securities executed for and on account of the client.

A contract Note should contain:

- (i) The name and style under which the Broker carries on business and the address of the principal place at which it so carries on business;
- (ii) Whether acting as agent or principal
- (iii) The name of the person to whom the Broker is required to give the contract note;
- (iv) The date of the contract, and the date on which the contract note is made out;
- (v) The quantity and description of the securities that are being acquired and disposed of;
- (vi) Except in the case of an exchange, the price per unit of the securities;
- (vii) The amount of consideration payable under the contract or, in the case of an exchange, sufficient particulars of the securities exchanged to identify them;
- (viii) The rate or amount of commission payable in respect of the contract;
- (ix) The amount of stamp duty and registration charges (if any) payable in connection with the contract and, where applicable, in respect of the transfer;

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- (x) The amount of Clearing fees or other RSE charges.
- (xi) Any other fee as shall be prescribed by RSE from time to time.
- b) Contract notes, duly stamped, must be sent by the Broker to clients not later than the end of the next trading day following the transaction.

### 12.8 *Statements of Account to Clients*

- a) A statement of account shall be sent at least quarterly to each client in whose account there have been any transactions in securities recorded therein, inclusive of entries such as interest and other charges. In addition, statements shall be sent to all clients having open margin or discretionary accounts on a monthly basis. Statements shall set forth the money balance carried forward, and security position as of the statement date.
- b) Each quarterly statement of account sent to a client shall bear a legend as follows:-  
  
"A financial statement of this Broker is available for your personal inspection at our offices".

### 12.9 *Payment to Client*

- a) All payments to clients shall be made out in authorized manner including the Broker's or bankers cheques. Such cheques shall be delivered to the client not later than the business day next following the Clearing House Settlement day, less the fees payable to RSE by the client.
- b) All clearing and other fees payable by a Broker in respect of dealings in marketable securities shall be charged to and paid by the Broker and not passed on to the client.

### 12.10 *Trading on Own Account*

- a) A broker may deal in securities on its own account but must clearly segregate the account from those of its clients.
- b) The stock account operated for persons associated with the Broker shall be operated by a principal officer duly authorised by the Broker's board of directors and shall be made available for inspection at any time by RSE.

### 12.11 *Margin Account*

## Section 4 - TRADING RULES

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- a) A Broker may extend credit facilities to approved clients for securities transactions subject to the margin account requirements prescribed by these Rules.
- b) Margin account arrangements must be evidenced in the form of a written agreement executed between the Broker and the client.
- c) A client who operates a margin account with a Broker shall authorise the Broker to mortgage, pledge or hypothecate the client's securities or property for a sum not exceeding the debit balance in the margin account and without obligation to retain in its possession or control securities of like character. The Broker shall also be given the discretion to sell or dispose of any or all the securities in any manner in order to meet the prescribed margin requirements.
- d) The margin deposited by clients with the Broker shall be in the form of cash, securities issued by the Government or its agencies, marginable securities and such other instruments as RSE may from time to time prescribe. The initial margin must be deposited with the Broker not later than seven days from first date of securities transaction and shall be such amount that would result in the equity being not less than 140% of the debit balance in the margin account.
- e) Whenever the equity in a client's margin account falls below 130% of the debit balance, the Broker shall request the client to provide additional margin to bring the equity to not less than 130%. Such additional margin must be satisfied by deposit of cash or marginable securities within three days from the date of notice. The Broker shall not permit any new transactions in the margin account unless the resulting equity in the account would be not less than 130% of the debit balance.
- f) A Broker shall not permit the equity in a client's margin account to fall below 120% of the debit balance. Once the equity falls below this level, the Broker shall have absolute discretion and without notice to the client to liquidate the margin account including the marginable securities deposited to bring the equity to not less than 130% of the debit balance.
- g) The Broker shall cause daily review to be made of all margin accounts to ensure that credit is not over-extended beyond the approved facility and that the margin requirements prescribed above are met at all times. For the purpose of computing margin requirements in a margin account, the last done price of the security on the preceding market day shall be used. All transactions done on the same day shall be combined on a transaction date basis and the total cost of purchase or the net proceeds of sale including any commission charged and other expenses shall be taken into account for computing margin requirements.
- h) The Broker shall require substantial additional margin in account where the securities carried are subject to unusually rapid or violent changes in value, or do not have an active market or have been suspended from trading on the RSE market for

## Section 4 - TRADING RULES

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more than seven days or where the quantity carried is such that it cannot be liquidated promptly.

- i) A client may withdraw cash or securities from his account provided that the equity in his account does not fall below 140% of the debit balance.
- j) All securities transactions in a margin account shall be those listed on the RSE market. The margin account shall not be used to subscribe for new issues of securities.
- h) For the purposes of this section:-
  - (i) "debit balance" means the cash amount owed by a client in his margin account before deducting cash deposited by him as margin;
  - (ii) "equity" means the sum of margin and current market value of securities bought or carried in a client's margin account;
  - (iii) "margin" means the aggregate amount of cash and market value of securities deposited by a client into his margin account, but shall not include securities which are bought and carried in the margin account;
  - (iv) "marginable securities" means securities permitted by RSE to be bought and carried in margin accounts.

### **12.12 Discretionary Account**

- a) Discretionary account means an account in which the client gives a Broker discretion which may be complete or within specific limits as to the purchase and sale of securities including selection, timing and price to be paid or received.
- b) No Broker shall exercise any discretionary authority in respect to a discretionary account unless:-
  - (i) the client has given prior written authorization to the Broker to exercise discretion on the account.
  - (ii) the Broker has accepted the discretionary account in accordance with these Rules.

The authorization given to the Broker shall specify the investment objectives of the client with respect to the particular discretionary account. Each authorization or acceptance may be terminated by notice in writing by Broker or the client, as the case may be.

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### 12.13 *Exposure to a single client*

- a) No Broker shall permit deficits arising from transactions by a single client to exceed 30% (thirty per cent) of its average adjusted net capital.
- b) In (12.13) above, "deficits" means -
  - (i) the excess of amount owed by the single client in his cash account over the market value of all his securities held by the Broker as collateral;
  - (ii) the amount of margin deficiency in the single client's margin account as determined by minimum margin requirement permitted under clause 10.14(6) of these Rules;
  - (iii) the amount of unsecured interest charged on amounts owed by the single client; and
  - (iv) the amount of unsecured loans and advances granted to the single client.
- c) In (12.13) above, "average adjusted net capital" means the average of adjusted net capital of the three (3) months preceding the previous month and "adjusted net capital" Rule 10.23 of these Rules.

### 12.14 *Exposure to a single security*

- a) No Broker shall permit its exposure to a single security to exceed 300% (three hundred per cent) of its average adjusted net capital.
- b) In (12.14) above, "exposure to a single security" means -
  - (i) the net amount of the single security underwritten or sub-underwritten by the Broker;
  - (ii) the book value of the single security carried in the Broker's own account;
  - (iii) the contract value of the single security underlying clients' cash accounts to the extent that they have not been paid for;
  - (iv) the amount of credit extended to clients for the purchase of the single security on margin;
  - (v) the amount of interest receivable secured by the single security; and

## Section 4 - TRADING RULES

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(vi) the amount of loans and advances secured by the single security.

c) Rule 12.14 (1) shall not apply to -

(i) securities issued by the Government of Rwanda or its agencies; and

(ii) the Broker's arbitrage transactions.

### 12.14

Every Broker shall maintain records in sufficient detail to show particulars of:-

- (i) all moneys received or paid, including moneys paid to, or disbursed from a trust account;
- (ii) all purchases and sales of securities by persons associated with the Broker and the charges and credits arising there from, and the names of the buyer and seller respectively, of each of those securities;
- (iii) all income received from commissions, interest and other sources and all expenses, commissions and interest paid;
- (iv) all assets and liabilities including contingent liabilities of the Broker;
- (v) all securities that are the property of the Broker, showing by whom the securities, or the documents of title to the securities, are held and, where they are held by some other person, whether or not they are held as security against loans or advances;
- (vi) all securities that are not the property of the Broker and for which the Broker or any nominee controlled by it is accountable, showing by whom, and for whom, the securities or the documents of title to the securities are held and the extent to which they are either held for safe custody or deposited with a third party as security for loans or advances made to the Broker.

### 12.15 *Trust Accounts*

- a) Each Broker shall establish and keep in a bank or banks in Rwanda one or more trust accounts, designated or evidenced as such, into which he shall pay:-
  - (i) all amounts (less any commission and other proper charges) that are received from or on account of any person (other than a Broker) for the purchase of securities and that are not attributable to securities delivered to the Broker not later than the next bank business day following the day on which they were received by the Broker; and

## Section 4 - TRADING RULES

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- (ii) all amounts (less any commission and other proper charges) that are received for or on account of any person (other than a Broker) from the sale of securities and that are not paid to that person or as that person directs not later than the next bank business day following the day on which they were received by the Broker.
- b) All amounts received by the Broker for or on account of any person and are required by (1) above to be paid into a Trust Account shall be retained in the Trust Account until:-
  - (i) paid to the person entitled thereto or as such person directs in writing;
  - (ii) withdrawn for the purpose of defraying commission and other proper charges;
  - (iii) paid as otherwise authorised by law.

### 12.16 *Annual Accounts*

Every Broker shall submit to RSE audited annual accounts within three months following the closure of Broker's financial year.

### 12.17 *Quarterly Returns*

- a) Each Broker shall submit to RSE by fourteenth day of April, July, October and January in every year statements of assets and liabilities, adjusted net capital, and aggregate indebtedness in the format prescribed by these Rules.
- b) Where a Broker fails to submit the statements required in (1) above within the prescribed time, there shall be imposed upon the Broker a charge of Rwf.10,000 for each day that the statements are not submitted, unless an extension of time has been granted. Requests for extension of time must be submitted to RSE at least three business days prior to the due date.

### 12.18 *Adjusted Net Capital Requirement and Aggregate Indebtedness*

- a) Aggregate indebtedness, which shall be calculated monthly, means the total liabilities of the Broker less:-
  - (i) deferred taxes;
  - (ii) amounts due to a director or an associate;



## Section 4 - TRADING RULES

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- (iii) non-current liabilities fully secured by a director or associate;
  - (iv) any subordinated loans acceptable to RSE.
- b) The debit balance shall mean the cash amount owed by a client in the client's margin account without deducting any cash deposited by the client as margins.
- c) Margin shall mean the aggregate amount of cash and market value of securities deposited by a client into the client's margin account but shall not include securities which are bought or carried in the margin account.
- d) Adjusted net capital, to be calculated monthly, shall mean the Broker shareholder's funds for carrying out the business of stock broking and ancillary business less:-
  - (i) non-current assets and pre-paid expenses;
  - (ii) unsecured loans and advances included under current assets;
  - (iii) amounts due from a director or associate included under current assets;
  - (iv) excess or the book value of securities carried in the Broker's own account over market value; and
  - (v) deficits in clients accounts, less any provisions for bad or doubtful debts already made.

### ***12.19 Code of Conduct for Members and Dealers***

#### ***Applicability***

This Code of Conduct is applicable to all Members of the Rwanda Stock Exchange (RSE) market.

- 1) A Member in the conduct of business shall observe high standards of commercial honor, business morality and integrity and just and equitable principles of trade and shall not operate in any way that is detrimental to the interest, good name and welfare of the RSE market or prejudicial or subversive to its objects or purposes.
- 2) Members shall refrain from any unethical practices that shall damage the confidence of investors and hamper the sound development and growth of the RSE market.
- 3) Members shall not be allowed, without prior written consent of RSE, knowingly, employ in its business a person who has committed a default under these Rules or

## Section 4 - TRADING RULES

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- a breach of any provision of the securities regulations or been expelled from Membership or partnership of any member of the RSE market.
- 4) No Member shall, in the conduct of their business be involved in the use of share hawking or other methods which are not approved by RSE Rules or which in the opinion of RSE, amounts to advertising securities for sale or purchase.
  - 5) A member, accepting orders from customers, must execute them promptly regardless of the impact on the market price or any other considerations.
  - 6) A Member must deliver funds to customers and other Members within the time period specified by RSE Rules.
  - 7) A member must execute transactions on customer accounts strictly in accordance with the customers' instructions.
  - 8) Only authorized representatives as notified in writing to RSE by members are allowed to transact on RSE facilities with the other constituents of the RSE market.
  - 9) The brokerage commission charged by Members must not exceed the percentage prescribed by RSE from time to time.
  - 10) No member shall be involved in unethical conducts like undercutting commissions below the percentage prescribed by RSE.
  - 11) A Member who is a market maker for a security must not charge any brokerage commission for its direct deals.
  - 12) A member making market for a security must refurnish its quotations for that security as soon as it's previous quotation is exhausted.
  - 13) All bid and offer quotations made by a Member making a market in any security must be accompanied by the "depth" which is the number of securities the Member is willing to buy or sell at the stated bid or offer prices.
  - 14) A Member's bid or offer quotation for any security must be regard him as under an obligation to transact business upholding the spirit of "my word is my bond".
  - 15) A Member having acquired securities of a company during its market making operations in that security on RSE shall not use such holdings to destabilize the management of the company.
  - 16) A Member should not make or allow any other party to make improper or unauthorized use of securities or funds belonging to or entrusted by a customer or another Member.

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- 17) A Member must not make improper use of customer information it has privilege to receive.
- 18) A Member must not guarantee or agree to indemnify customers against loss in any security transactions or share in the profit or losses of any customer. This does not include agreements between customers and a Member for portfolio management.
- 20) A Member must not offer discounts, concessions or any other allowances or direct or indirect inducements in cash or kind to customers on their security transactions over and above the value of the transactions as recorded, and must not indulge in or encourage underhand dealings of any kind.
- 21) A Member must strictly adhere to and follow guidelines prescribed by RSE from time with regard to the recruitment and employment of personnel.
- 22) No person associated directly or indirectly with a Member shall make use of or take advantage of "sensitive information", by executing, or causing to be executed, transactions in the security which is the subject of that information, either on its own account or on the account of a third party directly or indirectly.
- 23) A member must follow directives given from time to time by RSE as to the available facilities, layout, environment and display at its location.
- 24) RSE reserves the right to add new clauses or modify or delete any existing clauses in the Code of Conduct for members and Dealers on the market, at any time and without notice.
- 25) In the event of any conflict of interest directly or indirectly between Broker and client, the Broker shall not accept the instructions of the client in relation to the transactions in question or shall accept such instructions only upon having informed the client of the possible conflict and the client approving the proposed course of action.
- 26) A Broker shall place all orders through the Trading Floor and shall clearly distinguish business transacted for its clients and business transacted on behalf of persons associated with the broker. At all times, the Broker shall first consider the interest of its client and its own interest shall be subordinated to that of the client.
- 27) A Broker shall avoid any practice which may create a false market and may not directly or indirectly participate in any operation by others which shall have a similar result. Any knowledge gained by a Broker of a transaction which would result in the creation of a false market should immediately be reported by the Broker to RSE. A false market includes a market in which the movement in the price of a security or the level of the price of a security is created by the publication of information which is false, exaggerated or tendentious or is brought about or sought to be brought about

## Section 4 - TRADING RULES

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by any one Broker or a group of them to deliberately distort the market for financial gain.

- 28) A Broker should act in compliance with the letter and spirit of these Rules and the Law relating to the securities business and in particular, warn clients where they may be held to be in violation of provisions such as those on insider dealing.
- 29) In the event of RSE finding that any quotes placed or about to be placed are disorderly or malicious, the Broker shall comply with the order of the Trading Supervisor to set aside or suspend such quotation.
- 30) A Broker shall make available for inspection to any client who so requests its last audited balance sheet, his fixed scale of charges and the names of directors or principals of its business.
- 31) A Broker shall comply fully with any inquiries or investigations undertaken statutorily by any competent authority or RSE.

### **12.20 Clients Complaints**

- a) Every Broker shall have in operation a procedure for the handling of complaints from its customers. All employees of the Broker who deal with customers shall be made aware of these procedures which must provide for:
  - (i) the complaint to be investigated fully and appropriately by an Chief Executive Officer.
  - (ii) the complaint to be reported to RSE if not settled within seven days of receipt.
- b) A written record of all complaints made by clients shall be maintained by each Broker.

### **APPENDIX 1: PENALTY CHARGES ON MEMBERS AND LISTED COMPANIES FOR NON COMPLIANCE WITH LISTING, TRADING AND SETTLEMENT RULES**

- 1) It is the obligation of an Applicant, a Listed Company, an Adviser and a Sponsor to pay RSE of such amount within such time period as specified in these rules.
- 2) RSE reserves the right to add to, vary or delete any of the fees from the Schedule from time to time, as it deems fit.

## Section 4 - TRADING RULES

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3) No refund of any fees paid will be allowed

Note: For the perusal of documents, the Exchange will charge a fee as determined from time to time.

<b>A. DELIVERIES PENALTIES</b>  <i>Failure to deliver securities on delivery date.</i>	<b>Nature of Penalty</b> (i) Buy in conducted (ii) Defaulter pay Rwf.10,000 to RSE for every buy in (iii) Defaulting broken pays in price difference in case securities are replaced at higher price.
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<b>B. PAYMENT PENALTIES</b>	<b>Nature of Penalty</b>
<p><b>Offence</b></p> <p>(i) Failure to make payment on settlement day by 10.00 a.m. on T+2</p> <p>(ii) Failure to make payment on T+1 for price difference (in case of a buy-in)</p> <p>(iii) Failure to bring allocation forms by 1:30 p.m at T+0</p> <p>(iv) Failure to block for trading prior to bringing allocation forms</p> <p>(v) Failure to remit statutory charges payable to RSE within the prescribed time on the invoice</p> <p>(vi) Failure to pay for annual membership fees by 31<sup>st</sup> January</p> <p>(vii) Failure to pay for annual listing fees by 31<sup>st</sup> January</p>	<ul style="list-style-type: none"> <li>▪ A fine of 0.14% of the transaction consideration subject to a minimum of Rwfs.10,000 and a maximum of the brokerage commission payable on the transaction;</li> <li>▪ A censure letter from RSE upon default, copied to the Authority;</li> <li>▪ Interest shall thereafter be charged and computed and shall be payable on demand.*</li> <li>▪ A fine of Rwf. 5,000</li> <li>▪ A fine of Rwf 5,000</li> <li>▪ A fine of 0.14% of the transaction consideration subject to a minimum of Rwfs.10,000 and a maximum of the brokerage commission payable on the transaction;</li> <li>▪ A fine of 5,000 a day of delay</li> <li>▪ A censure letter from RSE upon default, copied to the Authority;</li> <li>▪ A fine of Rwf 10,000 a day of delay and a maximum of Rwf 1,000,000.</li> <li>▪ A censure letter from RSE upon default, copied to the Authority;</li> <li>▪ If the penalty are outstanding after 14 days of receipt of the claim, RSE shall report the matter to the Disciplinary Committee.</li> <li>▪ The member shall be denied access to the</li> </ul>

## Nature of Penalty

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(viii) Failure by Members to pay any penalties	<p>trading facilities of and use of trading rights in the RSE market until he has fully paid the outstanding balance.</p> <ul style="list-style-type: none"> <li>▪ If the member does not fully pay the outstanding balance within 7 days after the case has been reported to the Disciplinary Committee, the member shall be suspended.</li> <li>▪ If the penalties are outstanding after 14 days of receipt of the claim, RSE shall report the matter to the Disciplinary Committee.</li> </ul>
(ix) Failure by Listed Companies to pay any penalties	<ul style="list-style-type: none"> <li>▪ If the listed company does not fully pay the outstanding balance within 30 days after the case has been reported to the Disciplinary Committee, the listed company shall be suspended from trading.</li> </ul>

- Immediately upon a Member's failure to pay on settlement day and/ or any payment of a penalty, interest shall be charged based on average 91 Treasury bill rate as reported by the Central Bank of Rwanda (BNR). Where a 91 days Treasury bill rate is not available the rate of the next higher maturity T -Bill shall be applied.

### APPENDIX 3 : BROKERAGE COMMISSION AND FEES

#### 1. FOR NEW ISSUES

##### (a) Fees:

- (i) Sponsoring stockbrokers: Sponsoring fee as negotiated with the issuer.

## Nature of Penalty

(b) **Placing Commission:**

- (i) Stockbrokers: 1.5% of the value of the successful application subject to a minimum of Rwf 100/= per application.
- (ii) Participating banks (as agents of the issuer): 1% of the value of successful applications

## 2. FOR SECONDARY TRADING

### A. Equities

<i>CONSIDERATION</i> (Transaction Value)	<i>NET BROKERAGE COMMISSION</i> %	<i>TRANSACTION FEE</i> RSE %	<i>INVESTOR COMPENSATION FUND FEE</i> RSE %	<i>CSD SETTLEMENT TRANSACTION LEVY</i> RSE %	<i>TOTAL COST TO INVESTORS</i> %
Up to Rwf 100,000,000	1.5	0.14	0.02	0.05	1.71 Or Brokerage plus Statutory
Above Rwf 100,000,000	Open to negotiation and subject to a minimum of 1.25%	0.14	0.02	0.05	

- Brokerage commission is loaded on statutory deductions.

### B. Bonds

<i>CONSIDERATION</i> (Transaction Value)	<i>NET BROKERAGE COMMISSION</i> %	<i>TRANSACTION FEE</i> RSE %	<i>INVESTOR COMPENSATION FUND FEE</i> RSE %	<i>CSD SETTLEMENT TRANSACTION LEVY</i> RSE %	<i>TOTAL COST TO INVESTORS</i> %



## Section 5 A - LISTING RULES

Up to Rwfs 100,000,000	1/8	0.14	0.02	0.05	0.335 Or Brokerage plus Statutory
Above Rwfs 100,000,000	Open to negotiation subject to a maximum of 1/8%	0.14	0.02	0.05	

- Brokerage commission is loaded on statutory deductions.

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### 1. BANK GUARANTEES

For purposes of secondary market trading, stockbrokers and dealers shall provide guarantees as follows:

Full members (stockbrokers)	Rwf 25m
Dealers	Rwf 25m
Sponsors	Nil

**Note \*** The Investor Compensation Fund fee payable to RSE is charged on the brokers commission, and does not, therefore increase the cost of the investor.

## Section 5 A - LISTING RULES

*All Issuers*

### PART 1: GENERAL

#### *Introduction*

- 1.1 These *Listing Rules* have been developed by the Board of the Rwanda Stock Exchange under the powers conferred to it by the Memorandum and Articles of Association. These *Listing Rules* shall continuously be developed, through additions and amendments, to

## Section 5 A - LISTING RULES

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meet the growing demands of the securities market. Amendments to these Listing Rules must be submitted to the board and will only be effective upon a resolution of the Board of Directors of the Stock Exchange.

- 1.2 The principal function of the capital market in Rwanda is to offer a fair, orderly and efficient market for trading of securities issued by *issuers* both in the primary and secondary markets for the purpose of listing on the Rwanda Stock Exchange, RSE market. To achieve this, these *Listing Rules* prescribe the requirements for issuers to attain and maintain a listing of their securities on the RSE market. The *Listing Rules* outline the requirements which have to be met by issuers before their securities can be granted a listing on the official securities market. These include the minimum requirements for listing, application procedures, fees payable, the contents of the disclosure documents published by the issuer, continuing obligations which an issuer must comply with once a listing has been granted and also the powers of RSE to enforce these Listing Rules.
- 1.3 These *Listing Rules* are not exhaustive and RSE may impose additional requirements or make listing subject to special conditions whenever it considers it appropriate. Equally, RSE may waive, modify or not require compliance with the *Listing Rules* to suit the circumstances of a unique case.
- 1.4 Several factors determine the suitability for listing. Prospective issuers are encouraged to seek informal and confidential guidance from RSE as to the eligibility of an intended application at the earliest opportunity.

### *General Principles*

- 1.5 These *Listing Rules* reflect acceptable international best practice and standards that aim to uphold the confidence of all participants in the capital market by achieving an appropriate balance between accessing the issuers to the capital market at the earliest opportunity and simultaneously providing investors with certain safeguards. The safeguards for investors are accommodated through provision of sufficient and timely information for the purpose of enabling them to make informed decisions on the value and merits of *listed securities*. Specifically, they are intended to ensure that investors have and can maintain confidence in the market and that:-
  - (1) Applicants are suitable for issuing securities and listing;
  - (2) The issue or offer and the marketing of securities is conducted in a fair, orderly and transparent manner;
  - (3) There is immediate disclosure of any information that is reasonably expected to have a material effect on the market activity and the prices of the listed securities.
  - (4) Directors of a listed issuer act in the interest of its shareholders as a whole, especially where the public represents only a minority of the shareholders.

## Section 5 A - LISTING RULES

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- 1.6 These *Listing Rules* are not statutory rules and RSE expects issuers and their advisors to comply with the spirit as well as the letter of the *Rules*.
- 1.7 RSE may decide to take no action in respect of a breach of a *Rule*. If RSE takes no action it is not a waiver of the *Rule*.

### *Waiver*

- 1.8 The RSE may waive a *Listing Rule* or part of a Listing Rule on any conditions. It may do so on application of an issuer or of its own accord. RSE will publish waivers periodically.
- 1.9 Any decision of RSE pursuant to these *Listing Rules* is binding on an *issuer*. RSE may vary or revoke its decision, either on the application of an issuer or on its own accord. RSE may only vary or revoke a decision with effect from the date on which it notifies the issuer of the variation or revocation, unless materially incorrect or incomplete information was given to RSE in support of the decision.

## PART 2: LISTING

### *Official List*

- 2.1 An issuer is admitted to the Official List of the capital market as long as its securities are listed on the RSEmarket.

### *Sponsorship*

- 2.2 Every new applicant for listing must be sponsored by a participant of the capital market who is on the approved list of sponsors maintained by RSE. The sponsor must ensure that the applicant receives fair and impartial guidance and advice on the application of these *Listing Rules* and that all necessary documents supporting an application are lodged with RSE during the application process. Except for the **Government Treasury Bonds and other Government securities**, the sponsor must submit a Sponsor's Declaration to RSE as set out in these Rules before trading in the issuer's securities can commence on the official RSE capital market.
- 2.3 RSE may submit information provided to it in connection with an application to an expert selected with the approval of RSE. The issuer must pay for the expert.

## Section 5 A - LISTING RULES

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### *Nominated Adviser*

- 2.4 (1) Every issuer must appoint a nominated adviser who may be:
- (i) A person listed on the approved list of nominated advisers maintained by RSE;
  - (ii) Its sponsor; or
  - (iii) With the consent of RSE if RSE is of the opinion that the issuer has sufficient resources available to it, two members of the issuer's senior management.
- (2) A nominated advisor shall give an undertaking to RSE in writing in such a form that RSE may prescribe from time to time. These undertakings shall solely be owed to RSE.
- 2.5 If RSE considers that a nominated advisor has breached any of its obligations, RSE may do one or more of the following:
- (1) Censure the nominated adviser;
  - (2) Withdraw the authority of the nominated adviser to act as a nominated adviser, including the removal from of the nominated adviser from the list of approved sponsors and approved nominated advisers or by withdrawing the RSE consent for the person to act as a nominated adviser;
  - (3) Publish the action taken and the reasons for the action.

### *Issuer's Obligations*

- 2.6 On listing of their securities on the RSE market, an issuer is obliged to:
- (i) Comply with the *Rules*; and
  - (ii) Adhere to the *Rules* and shall be upheld even when the issuer's securities are suspended from trading.
- 2.7 An issuer must provide RSE with any information, document or explanation that RSE may request to enable it to confirm that the issuer has been complying with the *Listing Rules*.
- 2.8 Where the issuer is a managed investment scheme the responsible entity of the *issuer* is obliged to ensure that the issuer complies with the *Listing Rules*.

## Section 5 A - LISTING RULES

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### *Types of securities eligible for listing*

- 2.9 RSE will consider listing equity securities, debt securities, and managed investment schemes.

### *Suspension and delisting*

- 2.10 RSE may suspend securities of issuer from trading or de-list and cancel the listing of the issuer's securities all together from the Official List of the RSE market where RSE considers it necessary for the protection of investors or maintenance of an orderly market, whether requested by the issuer or not. RSE may consider this action mainly where:

- (1) the issuer fails to comply with the *Listing Rules* or the *Issuer's Undertaking* (including failure to pay on time any fees or levies due to RSE)
- (2) in the opinion of RSE, the issuer does not have sufficient level of operations or sufficient assets to warrant their continued listing.
- (3) RSE considers that there are insufficient securities of the issuer in the hands of the public.
- (4) RSE considers the issuer or its business is no longer suitable for listing.

- 2.11 An issuer may request for a short suspension upon the occurrence of a material event that requires immediate disclosure under these *Listing Rules* provided that an announcement is made immediately. RSE may accept or reject the request for suspension in its absolute discretion and shall from time to time release policy statements on circumstances in which it is prepared to suspend trading on the request of the issuer.

- 2.12 Where an issuer seeks suspension, the request for approval must be made to RSE by the nominated adviser and confirmed in writing. Specific reasons must support the request together with the nature of announcement and an explanation of the current events disclosed to RSE so that it can make the assessment of the need for and duration of the suspension.

### *Other sanctions*

- 2.13 If RSE considers that an issuer has not adhered to these *Listing Rules*, instead of a suspension of trading of the issuer's securities or delisting, RSE may:-

- (1) censure the issuer, and
- (2) publish the fact in (1) above
- (3) impose fines on the issuer as per these *Listing Rules*

## Section 5 B - LISTING RULES - EQUITIES

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2.14 If RSE considers that a contravention of these *Listing Rules* by an issuer is due to a failure by all or any of the issuer's directors to discharge their responsibilities it may:-

- (1) censure the directors concerned
- (2) publish the fact that the director(s) has been censured;
- (3) state publicly that in its opinion the retention of the office by the director is prejudicial to the interests of investors;

### *Voluntary De-listing*

2.15 An issuer may only voluntarily withdraw its listing if it gives RSE at least 90 days notice and the issuer has obtained an approval from each class of its listed securities by way of a three quarter majority vote at a duly convened meeting of those holders.

## Section 5 B - LISTING RULES - EQUITIES

### *Equity Securities*

#### **PART 1: QUALIFICATIONS FOR LISTING**

##### *Preliminary*

3.1 This section sets out the basic conditions which have to be met as a pre requisite to the listing of equity securities issued by Companies. They apply to every method by which securities may be brought to a listing and to both new applicants and listed issuers, except where otherwise stated. It shall be noted that:

- (1) these requirements are not exhaustive and the Exchange may impose additional requirements in a particular case; and
- (2) the Council retains an absolute discretion to accept or reject applications for listing, and that compliance with the relevant conditions may not itself ensure an applicant's suitability for listing; and
- (3) the Exchange may impose any conditions it thinks fit on the issuer in relation to the listing of its securities.

3.2 Where application for listing is made in respect of any class of security:

- (1) none of the securities of that class are already listed, the application must relate to all securities of that class, whether already issued or proposed to be issued; or
- (2) if some of the securities of that class are already listed, the application must relate

## Section 5 B - LISTING RULES - EQUITIES

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to all further securities of that class which are proposed to be issued and the application must be made prior to the issue of the securities.

- 3.3 Where application is made to list a security that is convertible into another security, the Exchange must be satisfied that investors will be able to obtain the necessary information to form an opinion regarding the value of the underlying security. This will normally mean that the underlying security must either be listed on the RSE market or on a recognized stock market.

### *General*

- 3.4 The issuer must be a corporation:

- (1) duly incorporated or otherwise established in accordance with the laws of Rwanda; or
- (2) registered under the Company's Act to carry on business in Rwanda.

- 3.5 Both the issuer and its business must, in the opinion of the Exchange, be suitable for listing.

- 3.6 A new applicant must have an adequate track record under substantially the same management which must be of known character and integrity, unless otherwise accepted by the Exchange with such conditions as the Exchange determines. For this purpose, an adequate track record will normally be at least three financial years or as determined by the Exchange. The Exchange will also take into account the track record of previous corporate structures of applicants that differed from the applicant's current structure for the purposes of determining adequate track record. This may include, for example, partnerships, proprietary companies, mutual and de-mutualised structures or other structures as determined by the board. RSE may also accept a shorter period, than two financial years, if the public offering is fully underwritten on a firm basis by an underwriter approved by RSE, at least to the extent of the minimum amount required to be raised by the issue.

- 3.7 In the case of a new applicant, the latest financial period for which audited accounts have been prepared must not have ended more than twelve (12) months before the date of the disclosure document.

- 3.8 The securities for which listing is sought:

- (1) must be freely transferable in the Capital Market (subject to any restrictions on transfer under these rules;
- (2) must comply with any requirement set out in Chapter 5 which is applicable to that kind of securities.

- 3.9 There must be an open market in the securities for which listing is sought. This means that the minimum percentage of securities in public hands, (i.e. Persons who are not a director or substantial shareholder of the issuer or a director of a substantial shareholder of the issuer or an associate of any of them) must at all times follow the following scale:

Percentage in Non director hands	Number of shareholders required
25%	50

## Section 5 B - LISTING RULES - EQUITIES

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This requirement is not met if the spread is obtained by artificial means. For the purpose of calculating the number of holders, may in its discretion determine the value of securities.

- 3.10 A new applicant must have an expected initial market capitalization for all the securities to be listed of at least Frw500, 000,000. Further issues of securities of a class already listed are not subject to this limit.
- 3.11 The issuer's constitution must be consistent with the Rules set out in this Section 2A.
- 3.12 In the case of a new applicant, if the applicant has restricted securities on issue, it must enter into a restriction agreement with the holder and, unless the holder is listed on a stock exchange, any controller of the holder. The restriction agreement must be in the form required by the Exchange from time to time or as the Exchange directs.

### **PART 2: APPLICATION PROCEDURES AND REQUIREMENTS**

#### *Preliminary*

- 4.1 This Chapter sets out the procedures and requirements for applications for the listing of equity securities issued by issuers whether by new applicants or by listed issuers except where otherwise stated.
- 4.2 These requirements are not exhaustive and an applicant must satisfy any additional requirements and supply such further documents and information that RSE may require in any particular case or class of case.
- 4.3 Every document submitted to RSE must be in English language or accompanied by a certified English translation.

#### *Application procedures*

- 4.4 (1) Each application for listing shall consist of the following:-
  - (i) a formal letter of application signed by a duly authorized officer of the applicant and the sponsor and which complies with the requirements set out in Appendix 1;
  - (ii) the various supporting documents specified in Rule 4.5;
  - (iii) subject to paragraph 2 above , a disclosure document that complies with the requirements set out in Rules 4.6 and 4.7; and
  - (iv) the appropriate fees.



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- (2) RSE may allow an issuer to provide an information memorandum setting out the matters specified in Appendix 1 but only if:
- (i) the applicant satisfies RSE that:
    - (a) it has not raised any capital in the previous 3 months and does not expect it will raise capital in the next 3 months; and
    - (b) the spread of its securities complies with Rule 3.9; or
  - (ii) in the case of an application made by a listed issuer in respect of a further issue of equity securities, no disclosure document is required to be lodged by the issuer with RSE pursuant to the Company's Act in relation to an offer or invitation for the issue of securities; or
  - (iii) In the case of an unlisted issuer in respect of an issue of equity securities, no disclosure document is required to be lodged with RSE pursuant to the Company's Act in relation to an offer or invitation to the issue of securities.

### *Supporting documents*

- 4.5 In support of its letter of application, the applicant must lodge with the Exchange at the same time the following documents:
- (1) in the case of a new applicant, a certified copy of its certificate of incorporation or equivalent document, if not incorporated in Rwanda a certified copy of its certificate of registration under the Company's Act.
  - (2) In the case of a new applicant, a certified copy of its constitution and, in all cases, all amendments made since the constitution was last filed with RSE;
  - (3) in the case of a new applicant, the audited annual report and accounts for each of the three (3) completed financial years of the issuer or group immediately preceding the issue of the disclosure document or since incorporation, if shorter;
  - (4) a certified copy of the resolution(s) authorizing the issue and allotment of such securities, the making of the application and the signing of the issuer's undertaking and approving and authorizing the issue of the disclosure document,;
  - (5) an issuer's undertaking in the form set out in Part A of Appendix 2, duly signed for on behalf of the applicant;
  - (6) in the case of a new applicant, a declaration and undertaking signed by each director and proposed director of the issuer, in the form set out in Part B of Appendix 2;
  - (7) a sponsor's declaration in the form set out in Part C of Appendix 2;
  - (8) an undertaking from the proposed nominated adviser in the form required by

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RSE;

- (9) in the case of a new applicant, a certified copy of any resolution of the issuer in general meeting or of the Board of directors authorizing any mergers or amalgamation, within the period of five (5) years preceding the date of the application;
- (10) a copy of any temporary document of title and any definitive document of title in respect of the securities to be listed;
- (11) a certified copy of every letter, report, statement of adjustments, valuation, contract, resolution and other documents referred to in the disclosure document (including a letter from any auditor whose audit report is set out in the disclosure document confirming that the auditor has given its consent to the issue of the disclosure document with the audit report included in the form and context in which it is included);
- (12) Provisions of the final shareholder list;
- (13) Declaration of all associates of the applicant, the applicant's directors and the applicant's officers;
- (14) Submission to the Exchange on securities to be restricted;
- (15) Signed copies of any restriction agreement;
- (16) A copy of the appropriate licence, should be required under the Company's Act and
- (17) Such other documentation as may be required by RSE.

### *Disclosure document*

- 4.6 The disclosure document must, if required by the Company's Act, be lodged with the Exchange.
- 4.7 Any disclosure document issued by an issuer must carry on the first page of the document (excluding any cover), in a prominent position and in bold type, the following disclaimer:

"Application has been/will be made for listing of the Company's securities offered by this disclosure document to the Capital Markets Authority.

The fact that the Rwanda Stock Exchange [RSE] may list the securities of the Company is not to be taken in any way as an indication of the merits of the Company or the listed securities.

The Rwanda Stock Exchange takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and

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expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this document.”

### *Distributions*

- 4.8 If the method of listing involves a distribution of securities then the issuer must supply the Exchange with an electronic copy of a letter confirming that the distribution has been successful and the required minimum percentage is in public hands and, if requested by the Exchange, a list containing the name and address and number of securities received by each person under the distribution.

## **PART 3: SECURITIES**

- 5.1 This Part sets out the terms with which securities must comply in order to be granted listing. It also sets out continuing obligations of the issuer in relation to its equity securities once a listing has been granted.

### *Capital Structure*

- 5.2 An issuer may apply to have quoted multiple classes of equity securities.

### *Voting*

- 5.3 Each holder of an equity security with a right to vote must be entitled to one vote on a show of hands and one vote for each fully paid security on a poll.
- 5.4 Where there are equity securities which do not carry voting rights, the words “nonvoting” must appear in the designation of such securities.
- 5.5 Where there are equity securities with different voting rights, the designation of each class of equity securities, other than those with the most favorable voting rights, must include the words “restricted voting” or “limited voting”.

### *Partly paid shares*

- 5.6 There must be a defined call program setting out the date and amount of any proposed call for any partly paid shares in a limited liability company.

### *Preference securities*

- 5.7 Where preference securities are listed, they must carry voting rights in at least the following circumstances:
- (1) when dividends on such securities are in arrears;
  - (2) on any resolution for the winding-up of the corporation; and

## Section 5 B - LISTING RULES - EQUITIES

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- (3) on any resolution affecting the rights attached to the securities.

5.8 The holder of a preference security must be entitled to:

- (1) a dividend in preference to holders of ordinary securities;
- (2) return of capital in preference to holders of ordinary shares when the issuer is wound up; and
- (3) the same rights as a holder of an ordinary share in relation to receiving notices, reports and audited accounts and attending meetings.

### *Preservation of Rights*

5.9 The right of a holder of a share to vote or receive dividends must not be altered or removed unless:

- (1) a call due on the share has not been paid;
- (2) in relation to a voting right, the instrument of proxy deposited fails to comply with both of the issuer's constitution and the Company's Act;
- (3) in relation to a voting right, the person did not become registered as the holder in time to be considered under the Company's Act as the holder of the share for the purposes of the meeting;
- (4) required under or to comply with Rwandan legislation;
- (5) ordered by a court; or
- (6) altered or removed under a provision of the issuer's constitution approved as fair and equitable by the Exchange.

### *Divestment*

5.10 A holder of an equity security must not be divested of it except under or in compliance with Rwandan legislation, as approved by the Exchange as appropriate and equitable, under a lien permitted by the Rules or under a court order.

### *Restrictions on Transfer*

5.11 Fully paid securities must be free from all aliens and from any restriction on the right of transfer on the capital market except:

- (a) any statutory restrictions on transfers; and
- (b) any restrictions on transfers which the Exchange in its absolute discretion agrees to impose on the securities of mutual organizations.

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### **PART 4: ISSUER'S CONTINUING OBLIGATIONS**

#### *Preliminary*

- 6.1 This part sets out the continuing obligations which each issuer must undertake to comply with as a condition of being granted, and of maintaining, a listing.
- 6.2 Wherever an issuer is under an obligation to disclose information to the Exchange for dissemination to the securities market, the issuer may, in addition, publish the information on their website.

#### *Listing fee*

- 6.3 Each issuer must pay the appropriate fees to maintain its listing on the capital market.

### **NOTIFICATION**

#### *Corporate disclosure policy*

- 6.4 Generally, and apart from compliance with all the specific requirements of this Chapter, the issuer shall keep the RSE informed without delay, for dissemination of any information relating to the group of which it is aware that:
- (1) is necessary to enable the capital market and the public to appraise the financial position of the issuer and the group; or
  - (2) is necessary to avoid the establishment of a false market in its securities; or
  - (3) a reasonable person would expect to have a material effect on the price or value of its securities.

Such information must be made available to RSE before the time at which any other public announcement of the information is made.

These provisions will be breached by an issuer who intentionally, recklessly or negligently fails to notify the market of information that:

- (a) is not generally available; and
  - (b) a reasonable person would expect, if it were generally available, to have a material effect on the price or value of its securities.
- 6.5 Rule 6.4 does not require information to be disclosed while:
- (1) a reasonable person would not expect information to be disclosed; and
  - (2) information is confidential and the Exchange has not formed the view that the information has ceased to be confidential; and

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- (3) at least one of the following applies:
- (a) It would be a breach of the law to disclose the information;
  - (b) The information concerns an incomplete proposal or negotiation;
  - (c) The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
  - (d) The information is generated for the internal management purposes of the issuer; or
  - (e) The information is a trade secret.
- 6.5B If the Exchange considers that there is likely to be a false market in an issuer's securities and asks the issuer to correct or prevent a false market, the issuer must provide the information needed to correct or prevent a false market to RSE.

### *Closure of books*

- 6.6 The issuer shall send the RSE Secretariat electronic notice of any closure of its register of members at least ten (10) business days before the closure.

### *Notice of General Meetings*

- 6.7 The issuer shall give members at least the number of days specified in the Company's Act notice of any general meeting. The issuer must send a copy of the notice of meeting to the RSE Secretariat for dissemination to the market by the Secretariat.

## **ANNUAL ACCOUNTS**

### *Disclosure of Annual Accounts*

- 6.8 The issuer must provide an electronic copy of its annual accounts, to the Secretariat, for dissemination by the Secretariat as soon as the annual accounts are available.

### *Information to accompany annual accounts*

- 6.9 The issuer shall include with its annual accounts a report by the directors on the operations of the issuer and such directors' report must include:
- (1) a description of the principal activities of the group;
  - (2) a statement showing the name of every subsidiary, its principal country of operation, its country of incorporation and its main business. Provided that if, in the opinion of the directors of the issuer and with approval of the Exchange, the number of them is such that compliance with this paragraph would result in particulars of excessive length being given, compliance with this paragraph shall not be required except in the case of subsidiaries carrying on a business the results of the carrying on of which, in the opinion of the directors, materially affected the amount of the profit or loss of the group or the amount of the assets of the group;

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- (3) a statement as at the end of the relevant financial year showing:
  - (i) the total interests of all the directors and officers of the issuer in the equity or debt securities of the issuer or any subsidiary. For this purpose a disclosable interest is one in which the director or his immediate family has a vested right to receive any distributions made on the securities (either directly or indirectly by reason of having a present vested interest in the whole or part of the income of trust property which includes the securities) or is entitled to exercise or direct the exercise of the voting rights attaching to the securities (otherwise than in the capacity only of a trustee of a trust); and
  - (ii) the details of any right to subscribe for equity or debt securities of the issuer granted to any directors or officers of the issuer, and the exercise of any such right, or if there is no such interest or no such right that has been granted or exercised, a statement of that fact;
- (4) if operating results shown by the annual accounts for the period under review differ materially from any published forecast made by the issuer, an explanation for the difference;
- (5) a statement as to the period unexpired of any service contract of any director proposed for election at the forthcoming annual general meeting or, if there are no service contracts, a statement of that fact;
- (6) particulars of any contract of significance:
  - (i) subsisting during or at the end of the financial year in which a director of the issuer is or was materially interested, either directly or indirectly, or, if there has been no such contract, a statement of that fact;
  - (ii) between the issuer, or one of its subsidiary companies, and a controlling shareholder or any of its child entities;
  - (iii) for the provision of services to the group by a controlling shareholder or any of its child entities;
- (7) particulars of any arrangement under which a director has waived or agreed to waive any emoluments;
- (8) particulars of any arrangement under which a shareholder has waived or agreed to waive any dividends;
- (9) a summary, in the form of a comparative table, of the results and of the assets and liabilities of the group, for the last five (5) financial years (or, for such of those years during which the group traded);
- (10) an explanatory statement relating to the activities of the group and income (or loss) during the relevant period which must include any significant information enabling investors to make an informed assessment of the trend of the activities and income (or loss) of the group together with an indication of any special factor which has influenced those activities and the income (or loss) during the period in question, and enable a comparison to be made with the preceding financial year; and
- (11) a statement of the main corporate governance practices that the issuer had in place

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during the relevant period.

- (12) a list of the top 10 shareholders, and the number of securities that they hold.

### INTERIM REPORTS AND PRELIMINARY ANNOUNCEMENTS

#### *Half yearly reports*

- 6.10 No later than 75 days after the end of the half year accounting period the issuer must send an electronic copy of its six monthly accounts containing at least the information specified in Appendix 3 and any half yearly financial statements it is required to give to the RSE Secretariat under the Company's Act or provide to the equivalent regulatory authority under the law of the place in which the issuer is incorporated, and to the capital markets, for dissemination by the Secretariat as soon as these are available.

#### *Preliminary announcements of results*

- 6.11 As soon as reasonably practicable after approval by or on behalf of the board, but no later than 75 days after the end of the full year accounting period the issuer shall deliver a preliminary announcement of the results for the full financial year to the RSE, and provide an electronic copy for dissemination by RSE.
- 6.12 Every preliminary announcement of results shall contain at least the information specified in Appendix 3.

### OTHER DISCLOSURES

#### *Disclosable events*

- 6.13 (1) If any one or more of the events set out in paragraph (2) occurs in relation to a listed issuer then it must, without delay:
- (i) deliver to RSE Secretariat an announcement containing details about the matter (including those listed below in relation to each event), for dissemination by RSE Secretariat; and
- (2) The circumstances referred to in paragraph (1) are as follows:-
- (i) The closing date of a takeover offer made by the issuer or a subsidiary of the issuer occurs.  
Details:
    - The percentage of shares in the relevant class to which the offeror is entitled;
    - Whether compulsory acquisition will proceed.
  - (ii) An issuer or a subsidiary of the issuer extends the time for acceptances under a takeover.



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Details:

- The percentage of shares to which the offeror was entitled when the first of the offers was made;
- The percentage of shares to which the offeror is entitled at the date of the extension.

(iii) Ten days elapse since the close of a takeover:

(a) over the issuer or a subsidiary of the issuer, or

(b) by the issuer or a subsidiary of the issuer where the consideration offered was shares in the issuer.

Details:

- a schedule of the distribution of shares of the issuer,
- the names of and percentages held by the 20 largest holders of the shares of the issuer..

(iv) The issuers re-organizes its capital, make a call on its shares, lodges a disclosure document in relation to the issue of securities by it, or issues securities.

(v) An underwriter exercises a right to void or change the underwriter's obligations.

(vi) Options issued by the issuer expire, or there is a change to the exercise price of an option or the number of underlying securities over which the option is exercise of options.

- (3) Where in the opinion of the board of the issuer disclosure of a matter required by this Rule would be unduly detrimental to the issuer and is not required to be disclosed under Rule 6.5, the issuer may deliver details of the event to RSE on a strictly confidential basis together with reasons why the information should not be disclosed at that time. The Exchange may at any time order that an announcement be delivered to it for dissemination by RSE.

### *Disciplinary Action*

- 6.14 The issuer must advise RSE without delay if its securities cease to be listed on another stock market or if is the subject of disciplinary action by another stock market or any other securities regulatory body.

### *Purchases of securities*

- 6.15 The issuer shall inform RSE without delay, for dissemination by RSE, of any repurchase, buy-back, cancellation or redemption by the issuer or any subsidiary, of its listed securities or if any person acquires or ceases to have a substantial shareholding of the issuer's shares, so far as the directors are aware.

### *After board meetings*

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6.16 The issuer shall inform RSE without delay after approval by or on behalf of the board, for dissemination by RSE, of:-

- (1) any decision to declare, recommend or pay any dividend or to make any other distribution on its listed securities and the rate and amount thereof;
- (2) any decision not to declare, recommend or pay any dividend which would otherwise have been expected to have been declared, recommended or paid in due course;
- (3) any proposed change in the capital structure; and
- (4) any decision to change the general character or nature of the business of the issuer or group.

### *Changes*

6.17 The issuer shall inform the Exchange without delay, for dissemination by RSE, of any decision made in regard to:-

- (1) any proposed alteration of the issuer's constitution;
- (2) any changes in its Board of directors, and shall procure and lodge with RSE as soon as practicable after their appointment a signed declaration and undertaking in the form set out in Part B of Appendix 2, from each new director,
- (3) any change in the rights attaching to any class of listed securities and any changes in the rights attaching to any shares into which any listed debt securities are convertible;
- (4) any changes in its secretary, auditors or registered address; and
- (5) any change of the place where a register of its securities is kept.

### *Basis of allotment*

6.18 The issuer shall inform RSE, for dissemination by RSE, of the basis of allotment of securities and, if applicable, of the basis of any acceptance of excess applications, as soon as possible, but in any event, not later than the morning of the next business day after the allotment of securities.

### *Winding-up and liquidation*

6.19 The issuer inform RSE without delay, for dissemination by RSE, on the happening of any the following events as soon as the same shall come to the attention of the issuer:-

- (i) the presentation of any winding-up petition, or equivalent application in the country of incorporation or other establishment, or the making of any

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winding-up order or the appointment of a provisional liquidator in respect of the issuer, its entity or any major subsidiary;

- (ii) the passing of any resolution by the issuer, its holding corporation or any major subsidiary that it be wound-up by way of members' or creditors' voluntary winding-up;
- (iii) the appointment of an administrator or receiver of the issuer, its holding entity or any major subsidiary;
- (iv) the entry into possession of or the sale by any mortgagee of a portion of the issuer's assets which in aggregate value represents an amount in excess of twenty percent (20%) of the book value of the net assets of the group; or
- (v) the making of any judgment, declaration or order by any court or tribunal of competent jurisdiction whether on appeal or at first instance, which may adversely affect the issuer's enjoyment of any portion of its assets which in aggregate value represents an amount in excess of twenty percent (20%) of the book value of the net assets of the group.

### *Minimum required public holdings*

- 6.20 The issuer shall inform the Exchange without delay if it becomes aware that the number of listed securities which are in the hands of the public has fallen below the relevant required minimum percentage or the number of holders of securities has fallen below the prescribed minimum (see Rule 3.9).
- 6.21 Once the issuer becomes aware that the number of listed securities in the hands of the public has fallen below the relevant prescribed minimum percentage, the issuer shall take steps to ensure compliance at the earliest possible moment. This requirement is not met if the spread is obtained by artificial means.

### *Dividend declarations*

- 6.22 Any decision by an issuer to declare, recommend or pay any dividend or to make any other distribution on its listed securities and the rate and amount thereof must be made, and reported to RSE for dissemination by RSE at least seven (7) business days prior to the record for that distribution.

### *Ownership Limits*

- 6.23 An issuer shall inform RSE without delay and consult with RSE regarding the action it intends to take if:
- (i) by the issuer's constitution (with the Exchange's agreement), or a law (other than the Company's Act), the ownership or control of securities or control of votes is restricted to a specified percentage; or
  - (ii) the *issuer* becomes aware that the percentage held by a class of persons restricted to owning or controlling that percentage is within 5 percentage points of the restriction, or equals or exceeds it.

### *Annual Accounts*

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6.24 The issuer shall provide an annual account to each holder of listed shares the earlier of

- (a) 21 days before the next AGM after the end of the financial year, or
- (b) 4 months after the end of the financial year.

The annual account must comply with the relevant guidelines issued by the Exchange from time to time. This Rule does not apply if the issuer is entitled not to send financial statements to that holder or is entitled to send a substitute report to the holder and sends such report.

### *Reorganisation of capital*

6.25 If the issuer proposes to reorganize its capital then:

- (i) the issuer shall consult with RSE to ensure that an orderly market is maintained in its securities;
- (ii) the issuer shall keep RSE informed of the progress of the reorganization; and
- (iii) the issuer shall notify the holders of listed securities in writing of the effect of the proposal.

### *Restricted securities*

6.26 An issuer which issues restricted securities shall enter into a restriction agreement with the holder and, unless the holder is listed on a RSE, any controller of the holder. The restriction agreement shall be in the form required by RSE from time to time or as RSE direct.

6.27 An issuer shall:

- (a) ensure that all completed restriction agreements are given to the Exchange before any person acquires the restricted securities or any rights in relation to them;
- (b) the issuer shall keep the Exchange informed of the progress of the reorganization; and
- (c) the issuer shall notify the holders of listed securities in writing of the effect of the proposal.

6.28 An issuer shall:

- (a) ensure that all completed restriction agreements are given to RSE before any person acquires the restricted securities or any rights in relation to them;
- (b) comply with and enforce a restriction agreement;
- (c) provide to RSE a bank or recognized trustee's undertaking to hold the certificate of

## Section 5 B - LISTING RULES - EQUITIES

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a restricted security for the escrow period and not to release the certificate without RSE written consent;

- (d) obtain a bank or recognized trustee's undertaking to hold the certificate of any equity security of a person (except a body listed on RSE) that is required to enter into restriction agreement and not to release that certificate without the consent of RSE; and
  - (e) during the escrow period, not change an executed restricted agreement or ask for, or agree to release of a certificate by a bank or recognized trustee.
- 6.29 The issuer must issue certificates for restricted securities and such certificate must state that the securities are restricted securities, are not quoted on capital market and the date on which they will cease to be restricted securities.
- 6.30 To enable the holder of restricted securities to accept an offer under a takeover announcement or takeover offer, the Exchange may consent to the bank or recognized trustee releasing the certificates provided that:
- (a) the offer is for all securities in the same class as the restricted securities; and
  - (b) if the offer is conditional, the offeror and the holder agree in writing that the certificates will be returned to the bank or recognized trustee for each restricted security that is not bought by the offeror under the offer

### *Review and distribution of other documents*

- 6.31 In addition to the specific requirements set out in these Listing Rules, the issuer shall submit to the Exchange, for review, copies of drafts, before they are issued, of any announcements or advertisements the subject matter of which involves a change in or relates to or affects the arrangements regarding trading in its listed securities on RSE (including a suspension of trading).
- 6.32 The issuer shall provide RSE with an electronic copy, for dissemination by RSE Secretariat of every circular sent to holders of the issuer's listed securities, at the same time as they are used to those holders.
- 6.33 The issuer shall provide RSE Secretariat with an electronic copy, for dissemination by RSE Secretariat of all shareholder resolutions of the issuer, documents relating to takeovers, mergers and offers, notices of shareholder meetings, forms of proxy, reports, announcements or others, notices of shareholder meetings, forms of proxy, reports, announcements or other similar documents, at the same time as they are issued to those holders.

### *Registration of Transfers*

- 6.34 The *issuer* shall maintain in Rwanda a register of listed securities or appropriate facilities for the registration of the transfers of listed securities.

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- 6.35 The issuer must make arrangements acceptable to the Exchange to facilitate the efficient settlement of all trades and the registration of transfers.

### *Fees*

- 6.36 The *issuer* and its registrar shall not charge investors any fee for the registration of transfers or other documents relating to or affecting the title to any securities, splitting certificates, issuing certificates or making or noting such documents.

### *Registration Fees*

- 6.37 If the issuer does not maintain its own register, appropriate arrangements must be made with the registrar to ensure compliance with these Rules.

*The register must be audited at least once every 12 months and upon the request of the Exchange by a registered company auditor or overseas equivalent.*

### *Significant transactions*

- 6.38 The issuer shall provide full details to RSE Secretariat as soon as practicable of any proposed significant change to the nature or scale of its activities. The issuer must do any of the following if required by the RSE:
- (i) provide additional information to RSE;
  - (ii) obtain the approval of members for the change; or
  - (iii) meet the requirements of Chapter 4 as if applying for a listing.
- 6.39 The issuer must not dispose of a major asset if it is aware that the person acquiring the asset intends to list its securities. This Rule does not apply if the securities are offered pro-rata to members of the issuer or in another way that in the opinion of the Exchange is fair in all the circumstances or if the members of the issuer approve of the disposal.

### *Dealing with assets*

- 6.40 The issuer shall obtain the approval of its members if it or any of its child Subsidiaries acquires a substantial asset from or disposes of a substantial asset to any of the following:
- (i) a related party;
  - (ii) a subsidiary;
  - (iii) a person with voting power of at least 10% of the voting securities of the issuer;
  - (iv) an associate of a person referred to in paragraphs (i) to (iii) above; or
  - (v) a person nominated by the Exchange.

The issuer shall take any corrective action required by the Exchange if the issuer fails to comply with this rule. This rule does not apply in the case of:

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- (i) transactions between the issuer and a wholly owned subsidiary;
  - (ii) transactions between wholly owned subsidiaries of the issuer;
  - (iii) an issue of securities by the issuer for cash.
- 6.41 The issuer shall obtain the approval of members of the issuer by special resolution for any issue of equity securities to a related party or a person nominated by the Exchange unless the person receives the securities under
- (i) pro-rata issue;
  - (ii) an underwriting agreement in relation to a pro-rata issue and the terms of the underwriting were included in offer documents sent to the holders of securities;
  - (iii) a dividend or distribution plan and, in the case of a plan established after the issuer was listed, the plan's terms were approved by the members of the issuer,
  - (iv) an employee incentive scheme;

### *Directors and meetings*

- 6.42 The issuer shall procure that no contract for services of five (5) years or longer duration shall be granted by the issuer or any of its subsidiaries to any director or proposed director of any subsidiary without the prior approval of the shareholders of the issuer in a general meeting at which the relevant director does not vote on the matter.
- 6.43 A director of the issuer must not vote on any contract or arrangement or any other proposal in which he has a material interest.
- 6.44 A person appointed by the directors to fill a casual vacancy on, or as an addition to, the board must retire from office at, or at the end of, the next following annual general meeting of the corporation, and will then be eligible to stand for election.
- 6.45 The issuer shall include with the notice of any meeting required by these Rules sufficient information to ensure that security holders are informed of all substantial matters relevant to the resolution proposed.
- 6.46 The issuer shall send with the notice convening a meeting of holders of listed securities to all persons entitled to vote at the meeting, proxy forms, with provision for voting on all resolutions intended to be proposed at the meeting.

### *General*

#### *Termination Benefits*

- 6.47 The issuer shall ensure that no officer of the issuer or any of its subsidiaries will be entitled to benefits if a change occurs in the shareholding or control of the issuer or its subsidiary.
- 6.48 The issuer shall obtain the approval of members if an officer of the issuer or any of its child entities may be entitled to benefits if the aggregate value of those benefits of all



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officers exceeds 5% of the sum of paid up capital reserves and accumulated profits or losses, disregarding redeemable preferences share capital.

### *Subsequent listings*

- 6.49 The issuer shall apply for the listing of any further securities which are of the same class as securities already listed on the securities market, prior to their issue, and shall not issue such securities unless it has applied for the listing of those securities and the Exchange has approved the application. The Exchange may give “in principle” approval in advance for the issue of further securities under a dividend reinvestment plan or share option scheme or on the exercise of a convertible security, where the plan, scheme or convertible security is approved by the Exchange.

### *Equality of treatment*

- 6.50 The issuer shall ensure equality of treatment for all holders of listed securities of the same class.

### *Sufficient operations*

- 6.51 The issuer shall carry out, directly or indirectly, a sufficient level of operations or have tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated to the Exchange to warrant the continued listing on RSE of the issuer’s securities.

### *Response to enquiries*

- 6.52 The issuer shall respond promptly to any enquires made of the issuer by RSE concerning unusual movements in the price or trading volume of its listed securities, or any other matters, by giving such relevant information as is available to the issuer or, if appropriate, by issuing a statement to the effect that the issuer is not aware of any matter or development that is or may be relevant to the unusual price movement or trading volume of its listed securities.

### *Additional obligations*

- 6.53 The Exchange shall be entitled to require the publication of further information by, and impose additional continuing obligations on the issuer, where it considers that circumstances so justify, but will allow representations by the issuer before imposing any additional obligations on it which are not imposed on listed issuers generally.

### *Insider dealing*

- 6.54 The issuer shall adopt by board resolution and enforce an internal code of dealing for directors and officers which restricts their ability to trade on the basis of unpublished price sensitive information. The code must, as a minimum, prohibit the directors and officers from dealing in the issuer’s listed securities for the period from when they become aware of the interim and full year results until those results are announced.



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### *Marketing Materials*

- 6.55 The issuer must maintain a complete file of all advertising and other materials issued with a view to marketing the issuer and its listed securities. The file must be produced to the Exchange's authorized representatives at any time on demand.

## SECTION 5 C: - DEBT SECURITIES

### PART 1: QUALIFICATIONS FOR LISTING

#### *Preliminary*

- 3.1 This Chapter sets out the basic conditions which have to be met as a pre- requisite to the listing of debt securities issued by issuers. They shall apply to every method by which securities may be brought to a listing and to both new applicants and listed issuers, except where otherwise stated. It shall be noted that:-
- (1) These requirements are not exhaustive and the Exchange may impose additional requirements in a particular case;
  - (2) The Exchange retains an absolute discretion to accept or reject applications for listing, and that compliance with the relevant conditions may not of itself ensure an applicant's suitability for listing; and
  - (3) The Exchange may impose any conditions it thinks fit on the issuer in relation to the listing of its securities.
- 3.2 Where application for listing is made in respect of any class of security:-
- (1) If none of the securities of that class are already listed, the application must relate to all securities of that class, whether already issued or proposed to be issued; or
  - (2) If some of the securities of that class are already listed, the application must relate to all further securities of that class which are proposed to be issued and the application must be made prior to the issue of the securities.
- 3.3 Where application is made to list a security which is convertible into another security the Exchange must be satisfied that investors will be able to obtain the necessary information to form an opinion regarding the value of the underlying security. This will normally mean that the underlying security must either be listed on RSE or on a recognized Stock Exchange.

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### *General*

### *Incorporation*

3.4 The issuer must be:

- (1)
  - (a) Duly incorporated or otherwise established in accordance with the laws of Rwanda or any other recognizable law
  - (b) Registered under the Company's Act;
- (2) a government borrowing authority;
- (3) a public authority; or
- (4) a person approved by the Exchange

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### *Profitability and Track Record*

- 3.6 A new applicant must have an adequate track record. An adequate track record will normally be at least two financial years and the company must have declared positive profits after tax attributable to shareholders in at least the last two financial periods preceding the application of the issue, or as shall be determined by the Exchange. The Exchange will also take into account the track record of previous corporate structures of applicants that differed from the applicant's current structure for the purposes of determining adequate track record. This may include, for example, partnerships, proprietary companies, mutual and de-mutualised structures or other structures as determined by the board. The Exchange may also accept a shorter period, than two financial years, if the public offering is fully underwritten on a firm basis by an underwriter approved by the Exchange, at least to the extent of the minimum amount required to be raised by the issue.
- 3.7 In the case of a new applicant, the latest financial period for which audited accounts have been prepared must not have ended more than twelve (12) months before the date of the disclosure document.

### *Free Transferability*

- 3.8 The debt securities for which listing is sought must be fully negotiable and freely transferable accept:
- (a) Any statutory restrictions on transfers; or
  - (b) Any restrictions on transfers which the securities exchange in its absolute discretion agrees to impose on the securities of mutual organizations.

### *Minimum number of debt holders*

- 3.9 There must be an open market in the securities for which listing is sought. This means that there must at all times be at least seven (7) holders of the securities who are not a director or substantial shareholder of the issuer or a director of a substantial shareholder of the issuer or an associate of any of them.

### *Minimum Capital and Assets*

- 3.10 If the issuer is a company and its shares are not listed on the RSE market, the issuer must have minimum authorized issued and fully paid up share capital of Rwf 500 million and net assets of Rwf 1 (one) billion before the public offering of the securities, and the nominal amount of each class of debt securities for which listing is sought must be at least Rwf 1,000,000 or such other amount as the Exchange may from time to time determine. Further issues of debt securities which are uniform in all respects with debt securities of a class already listed are not subject to these limits. The minimum size of a bond issue shall be Rwf 500 (five hundred) million.

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### PART 2: APPLICATION PROCEDURES AND REQUIREMENTS

#### *Preliminary*

- 4.1 This part sets out the procedures and requirements for applications for the issuing and listing of debt securities issued by issuers whether by new applicants or by listed issuers except where otherwise stated.
- 4.2 These requirements are not exhaustive and an applicant must satisfy any additional requirements and supply such further documents and information that the Exchange may require in any particular case or class of case.
- 4.3 Every document submitted to the Exchange must be in English language or if a different language with an English translation.

#### *Application procedures*

- 4.4 (1) Each application for listing shall consist of the following:-
- (i) A formal letter of application signed by a duly authorized officer of the applicant and the sponsor and which complies with the requirements set out in Appendix 1;
  - (ii) The various supporting documents specified in Rule 4.5;
  - (iii) Subject to paragraph (2), a disclosure document that complies with the requirements set out in Rules 4.6 and 4.7; and
  - (iv) The appropriate fees.
- (2) The Exchange may allow an issuer to provide an information memorandum setting out the matters specified in Appendix 1 instead of a disclosure document but only if:
- (i) The applicant satisfies the Exchange that:
    - (a) It has not raised any capital in the previous 3 months and does not expect it will raise capital in the next 3 months; and
    - (b) The spread of its securities complies with Rule 3.9.

#### *Supporting documents*

- 4.5 In support of its application, the issuer must lodge the following documents with the Exchange:-

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- (1) A certified copy of its certificate of incorporation or equivalent document, if not incorporated in Rwanda a certified copy of its certificate of registration under the relevant Act;
- (2) A certified copy of the constitutional documents and all amendments made since the incorporation.
- (3) The audited annual report and accounts for each of the three (3) completed financial years of the issuer or group immediately preceding the issue of the disclosure document or since incorporation, if shorter;
- (4) A certified copy of all the resolution(s) authorizing the issue of such and allotment of such securities, including the making of the application and the signing of the issuer's undertaking and approving and authorizing the issue of the disclosure document or information memorandum;
- (5) An issuer's undertaking in the form set out in Appendix 2A, duly signed for and on behalf of the applicant;
- (6) In the case of a new applicant, a declaration and undertaking signed by each director and proposed director of the issuer, in the form set out in Appendix 2B;
- (7) A person's declaration in the form set out Appendix 2C;
- (8) An undertaking from the proposed nominated adviser in the form required by the Exchange;
- (9) A copy of any temporary document of title and any definitive document of title in respect of the securities to be listed;
- (10) A certified copy of every letter, report, statement of adjustments, valuation, contract, resolution and other documents referred to in the disclosure document.
- (11) A copy of licenses where one is required by the company's act

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- b) A copy of the trust deed or other document securing or constituting the Debt securities; and
- (12) Provisions to make available the final shareholder list;
- (13) Declaration of all associates of the applicant, the applicant's directors and the applicant's officers;
- (14) Submission to the Exchange on securities whose transfer is to be restricted;
- (15) Signed copies of any restriction agreement; and
- (16) Such other documentation as may be required by the Exchange.

### *Disclosure Documents*

- 4.6 The disclosure document must be lodged with the Authority.
- 4.7 Any disclosure document issued by an issuer must carry on the first page of the document (excluding any cover), in a prominent position and in bold type, the following disclaimer:

“Application has been/will be made for listing of the Company’s securities offered by this disclosure document to the Rwanda Stock Exchange (RSE).

The fact that Rwanda Stock Exchange (RSE) may list the securities of the Company in the RSE market is not to be taken in any way as an indication of the merits of the Company or the listed securities.

The Rwanda Stock Exchange takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this document.”

### *Distributions*

- 4.8 If the method of listing involves a distribution of securities then the issuer must furnish the Exchange with an electronic copy of a letter confirming that the distribution has been successful and the required minimum percentage is in public hands and, if requested by the securities exchange, a list containing the name and address and number of securities received by each person under the distribution.

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### PART 3: ISSUER'S CONTINUING OBLIGATIONS

#### *Preliminary*

- 6.1 This Chapter sets out the continuing obligations which each issuer must undertake to comply with as a condition of being granted, and of maintaining, a listing.
- 6.2 Wherever an issuer is under an obligation to disclose information to the Exchange for dissemination to the market, the issuer may, in addition, publish the information on their website.

#### *Listing fee*

- 6.3 Each issuer must pay the appropriate fees to maintain its listing on the securities market.

### NOTIFICATION

#### *Corporate disclosure policy*

- 6.4 Generally, and apart from compliance with all the specific requirements of this Chapter, the issuer shall keep RSE informed without delay, for dissemination of any information relating to the group of which it is aware that:-
- (1) is necessary to enable the securities exchange and the public to appraise the financial position of the issuer and the group; or
  - (2) is necessary to avoid the establishment of a false market in its Securities; or
  - (3) a reasonable person would expect to have a material affect on the price or value of its securities.

Such information must be made available to the securities exchange before the time at which any other public announcement of the information is made.

These provisions will be breached by an issuer who intentionally, recklessly or negligently fails to notify the securities exchange of information that:

- (a) Is not generally available; and

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- (b) A reasonable person would expect, if it were generally available, to have a material effect on the price or value of its securities.

6.5A Rule 6.4 does not require information to be disclosed while:

- (1) a reasonable person would not expect information to be disclosed;
- (2) information is confidential and the Exchange has not formed the view that the information has ceased to be confidential; and
- (3) at least one of the following applies:
  - (a) it would be a breach of a law to disclose the information;
  - (b) the information concerns an incomplete proposal or negotiation;
  - (c) the information comprises matters of supposition or insufficiently definite to warrant disclosure;
  - (d) the information is generated for the internal management purposes of the issuer; or
  - (e) the information is a trade secret.

6.5B If the Exchange considers that there is likely to be a false market in a issuer's securities and asks the issuer to correct or prevent a false market, the issuer must provide the information needed to correct or prevent a false market to the securities exchange.

### ANNUAL ACCOUNTS

#### *Disclosure of Annual Accounts*

6.6 The issuer must provide an electronic copy of its annual accounts, to, for dissemination by the securities exchange as soon as the annual accounts are available.

#### *Information to accompany annual accounts*

6.7 The issuer shall include with its annual accounts a report by the directors on the operations of the issuer and such directors' report must include:-

- a) A description of the principal activities of the group;



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- b) A statement showing the name of every subsidiary or associate company, its principal country of operation, its country of incorporation and its main business. Provided that if, in the opinion of the directors of the issuer and with approval of the Exchange, the number of them is such that compliance with this paragraph would result in particulars of excessive length being given, compliance with this paragraph shall not be required except in the case of subsidiaries carrying on a business the results of which, in the opinion of the directors, materially affected the amount of the profit or loss of the group or the amount of the assets of the group;
- c) A statement as at the end of the relevant financial year showing:
  - (i) The total interests of all the directors and officers of the issuer in the equity or debt securities of the issuer or any subsidiary or associate company. For this purpose an interest to be disclosed is one in which the director or his immediate family has a vested right to receive any distributions made on the securities (either directly or indirectly by reason of having a present vested interest in the whole or part of the income of trust property which includes the securities) or is entitled to exercise or direct the exercise of the voting rights attaching to the securities (otherwise than in the capacity only of a trustee of a trust); and
  - (ii) The details of any right to subscribe for equity or debt securities of the issuer granted to any directors or officers of the issuer, and of the exercise of any such right, or if there is no such interest or no such right that has been granted or exercised, a statement of that fact;
- (4) If operating results shown by the annual accounts for the period under review differing materially from any published forecast made by the issuer, an explanation for the difference;
- (5) a statement as to the period unexpired of any service contract of any director proposed for election at the forthcoming annual general meeting or, if there are no service contracts, a statement of that fact;
- (6) Particulars of any contract of significance:-
  - (i) Subsisting during or at the end of the financial year in which a director of the issuer is or was materially interested, either directly or indirectly, or, if there has been no such contract, a statement of that fact;
  - (ii) Between the issuer, or one of its subsidiary companies, and a controlling shareholder or any of its subsidiaries;

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- (iii) For the provision of services to the group by a controlling shareholder or any of its subsidiaries; or
- (7) Particulars of any arrangement under which a director has waived or agreed to waive any emoluments;
- (8) Particulars of any arrangement under which a Shareholder has waived or agreed to waive any dividends;
- (9) A summary, in the form of a comparative table, of the results and of the assets and liabilities of the group, for the last three (3) financial years (or, for such shorter period during which the group traded);
- (10) An explanatory statement relating to the activities of the group and income (or loss) during the relevant period which must include any significant information enabling investors to make an informed assessment of the trend of the activities and income (or loss) of the group together with an indication of any special factor which has influenced those activities and the income (or loss) during the period in question, and enable a comparison to be made with the preceding financial year; and
- (11) A statement of the main corporate governance practices that the Issuer had in place during the relevant period.
- (12) A list of the top 10 shareholders, and the number of securities that they hold.

### INTERIM REPORTS AND PRELIMINARY ANNOUNCEMENTS

#### *Half yearly reports*

- 6.8 No later than 75 days after the end of the half year accounting period, the issuer must send an electronic copy of its six monthly accounts containing at least the information specified in Appendix 3 and any half yearly financial statements to the securities exchange, for dissemination by the securities exchange as soon as these are available.

#### *Preliminary announcements of results*

- 6.9 As soon as reasonably practicable after approval by or on behalf of the board, but no later than 75 days after the end of the full year accounting period, the issuer shall deliver a preliminary announcement of the results for the full financial year to the securities exchange, and provide an electronic copy to the securities exchange for dissemination to the public..

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- 6.10 Every preliminary announcement of results shall contain at least the information specified in Appendix 3.

### **OTHER DISCLOSURES**

#### *Board meetings*

- 6.11 The issuer shall inform the securities exchange without delay after approval by or on behalf of the board, for dissemination by the securities exchange, of:-
- a) Any decision not to pay any interest payment on its listed securities;
  - b) Any proposed new issue of debt securities and in particular any guarantee or security in respect thereof;
  - c) Any proposed change in the capital structure; and
  - d) Any decision to change the general character or nature of the business of the issuer or group.

#### *Changes in the terms of Debt Securities*

- 6.12 Any change in the rights attaching to any class of listed debt securities (including any change in the rate of interest carried) and any change in the rights attaching to any shares and to which any listed debt securities are convertible or exchangeable must be disclosed to the securities exchange without delay, for dissemination by RSE.

#### *Decisions to pass interest payments*

- 6.13 Any decision to pass any interest payment on listed debt securities must be disclosed to RSE without delay, for dissemination by the securities exchange, after the decision has been made.

#### *Purchase, redemption or cancellation*

- 6.14 Any purchase, redemption or cancellation by the issuer, or any member of the group, of its listed debt securities must be disclosed to the securities exchange for dissemination by the securities exchange, without delay after such purchase, redemption or cancellation. The announcement should also state the amount of the relevant debt securities outstanding after such operations. For this purpose, purchasers of debt securities may be aggregated and an announcement should be made when five percent (5%) of the outstanding amount of a debt security has been acquired. If the issuer or any member of the group

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purchases further amounts of those securities, an announcement should be made whenever an additional one percent (1%) has been acquired.

### *Changes*

- 6.15 The issuer shall inform the securities exchange without delay, for dissemination by the securities exchange of any  
Decision made in regard to:-
- a) Any proposed alteration of the issuer's constitution;
  - b) Any changes in its board of Directors, and shall procure and lodge with the securities exchange as soon as practicable after their appointment a signed declaration and undertaking in the form set out in Appendix 2B, from each new director;
  - c) Any change in the rights attaching to any class of listed debt securities and any change in the rights attaching to any shares into which any listed debt securities are convertible or exchangeable; or
  - d) Any changes in its Secretary, auditors, fiscal agent, registrar or registered address.  
Information about another company
- 6.16 Where listed debt securities carry rights of conversion or exchange into a subscription for the share capital of another company, or are guaranteed by another company, the issuer must ensure that adequate information is at all times available about the other company and about any changes in the rights attaching to the shares to which such rights of conversion, exchange or subscription relate. This must include the availability of annual reports and accounts of the other company together with any interim financial accounts and any other information necessary for a realistic valuation of such listed debt securities to be made.

### *Partial Redemptions and closure of books*

Where an issuer decides to effect partial retirement of listed debt, they must inform RSE in advance of the following:

The proposed redemptions

Books closure dates

- (iii) The amount of debt outstanding after the redemption

### *Winding-up and liquidation*

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- 6.18 The issuer shall inform RSE without delay, for dissemination by RSE, on the happening of any of the following events as soon as the same shall come to the attention of the issuer:-
- (i) The presentation of any winding-up petition, or equivalent application in the country of incorporation or other establishment, or the making of any winding-up order or the appointment of a provisional liquidator in respect of the issuer, its holding corporation or any major Subsidiary;
  - (ii) The passing of any resolution by the issuer, its holding corporation or any major Subsidiary that it be wound-up by way of members' or creditors' voluntary winding-up;
  - (iii) The appointment of an administrator or receiver of the issuer, its holding entity or any major Subsidiary;
  - (iii) The entry into possession of or the sale by any mortgagee of a portion of the issuer's assets which in aggregate value represents an amount in excess of twenty percent (20%) of the book value of the net assets of the group; or
  - (iv) The making of any judgment, declaration or order by any court or tribunal of competent jurisdiction, whether on appeal or at first instance, which may adversely affect the issuer's enjoyment of any portion of its assets which in aggregate value represents an amount in excess of twenty percent (20%) of the book value of the net assets of the group.

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### *Minimum required public holdings*

- 6.19 The issuer shall inform RSE without delay if it becomes aware that the number of holders of the securities has fallen below the prescribed minimum (see Rule 3.9).
- 6.20 Once the issuer becomes aware that the number of holders of securities has fallen below the relevant prescribed minimum number the issuer shall take steps to ensure compliance at the earliest possible moment. This requirement is not met if the spread is obtained by artificial means.

### *Annual Accounts*

- 6.21 The issuer shall make available an electronic copy of its annual accounts to each holder of listed securities the earlier of:
- (a) 21 days before the next AGM after the end of the financial year; or
  - (b) 4 months after the end of the financial year.

The annual accounts must comply with the relevant guidelines issued by RSE from time to time. This Rule does not apply if the issuer is entitled not to send financial statements to that holder or is entitled to send a substitute report to the holder and sends such report.

### *Review and distribution of other documents*

- 6.22 In addition to the specific requirements set out in these Listing Rules, the issuer shall submit to RSE, for review, copies of drafts, before they are issued, of any announcements or advertisements the subject matter of which involves a change in or relates to or affects the arrangements regarding trading in its listed securities on the capital markets (including a suspension of trading).
- 6.23 The issuer shall provide an electronic copy to RSE for dissemination by RSE of every circular sent to holders of the issuer's listed securities, at the same time as they are issued to those holders.
- 6.24 The issuer shall provide to RSE an electronic copy, for dissemination by RSE of all resolutions of the holders of its listed debt securities, documents relating to takeovers mergers and Offers, notices of shareholder or unit holder meetings, forms of proxy, reports, announcements or other similar documents, at the same time as they are issued to those holders.

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### SETTLEMENT ISSUES

#### *Registration of transfers*

- 6.25 The issuer shall maintain in Rwanda a register of listed securities or appropriate facilities for the registration of the transfers of listed securities.
- 6.26 The issuer must make arrangements acceptable to RSE to facilitate the efficient settlement of all trades and the registration of transfers.

#### *Fees*

- 6.27 The issuer and its registrar shall not charge investors any fee for the registration of transfers or other documents relating to or affecting the title to any debt securities, splitting certificates, issuing certificates or marking or noting such documents.

#### *Registrar*

- 6.28 If the issuer does not maintain its own register, appropriate arrangements must be made with the registrar to ensure compliance with these Rules.
- 6.29 The register must be audited at least once every 12 months and upon the request of RSE by a registered company auditor or overseas equivalent.

### GENERAL

#### *Additional*

- 6.30 After the issuer's debt securities are listed the issuer must comply with any Listing Rules that RSE specifies either before or after the debt securities are listed.

#### *Paying /Fiscal Agent*

- 6.31 The issuer must appoint and maintain the paying agent and/or, where appropriate, a registrar in Rwanda, or such other place as RSE may agree, until the date on which no listed debt security is outstanding, unless the issuer itself performs these functions. Such paying agent must provide facilities for obtaining new debt securities to replace those debt securities which have been damaged, lost or stolen or destroyed and for all other purposes provided for in the terms and conditions of the debt securities.

#### *Equality of treatment*

- 6.32 The issuer shall ensure equality of treatment for all holders of listed securities of the same class except where the law directs otherwise.

#### *Response to enquiries*

- 6.33 The issuer shall respond promptly to any enquiries made of the issuer by RSE concerning unusual movements in the price or trading volume of its listed securities, or any other matters, by giving such relevant information as is available

## SECTION 5 C: - DEBT SECURITIES

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to the issuer or, if appropriate, by issuing a statement to the effect that the issuer is not aware of any matter or development that is or may be relevant to the unusual price movement or trading volume of its listed securities.

### *Additional obligations*

- 6.34 RSE shall be entitled to require the publication of further information by, and impose additional continuing obligations on, the issuer where it considers that circumstances so justify, but will allow representations by the issuer before imposing any additional obligations on it which are not imposed on listed issuers generally.

### *Insider dealing*

- 6.35 The issuer shall adopt by board resolution and enforce an internal code of dealing for directors and officers which restricts their ability to trade on the basis of unpublished price sensitive information. The code must, as a minimum, prohibit the directors and officers from dealing in the issuer's listed securities for the period from when they become aware of the interim and full year results until those results are announced.

### *Marketing Materials*

- 6.36 The issuer must maintain a complete file of all advertising and other materials issued with a view to marketing the issuer and its listed securities. The file must be produced to RSE's authorized representatives at any time on demand.

## APPENDIX 1: EQUITIES

### APPLICATION TO ISSUE EQUITY SHARES TO THE PUBLIC

An application to issue shares to the public and list shall consist of a formal letter of application together with a draft information *disclosure document*. The information *disclosure document* in draft may be incorporated in reference to substantially the following disclosure guidelines and format.

#### *1. General*

- a) Name of applicant and date and place of incorporation;
- b) If not incorporate in Rwanda, the date on which applicant was registered? (*confirm whether this is a requirement*)
- c) The address of the registered office and the address of each office where the share register is kept.
- d) A formal request for the listing of the securities to be listed with the specification of the nominal amount of the securities.



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- e) The proposed method of issuing and listing the securities and details of allotment criteria if known and distribution.
- f) Estimated market capitalization for which a listing is sought.
- g) The net assets of the issuer.
- h) An estimate of the net proceeds of the issue and the intended use of the proceeds.
- i) The name of any other stock exchange where the securities of the issuer are already listed and or traded.

### *2. Share Capital and ownership*

- j) A tabular list of:-
  - i. The title and designation of each class of share;
  - ii. The number of shares issued;
  - iii. The voting rights attached to each share;
  - iv. The amount of issued and fully paid up shares;
  - v. The shareholdings of the directors and employees of the issuer; and
  - vi. The names all shareholders of the issuer who own more 5% or more of the shares of the issuer and their respective issuers.

A list of the top 10 shareholders of the issuer including the dates the shares were allotted to them, the consideration they provided and the number of shares that they held.

### *3. History and nature of business*

Provide short introductory paragraph describing the general nature of the business and products of the applicant. A brief history of the issuer from inception to the date of application. A description of the business undertaken by the issuer and its subsidiaries or associated companies, including principal products manufactured, traded or services rendered or investments held, principal markets for the products and raw materials, method of marketing, annual turnover for the preceding three financial years and for the current financial year to the latest date available.

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### FINANCIAL INFORMATION

Audited annual and consolidated accounts prepared on the basis of true and fair view of the assets and liabilities and the financial position and profit and losses must be disclosed in the information memorandum.

#### *1. Summary of earnings*

A summary of turnover, earnings, on a consolidated basis if the applicant has subsidiaries, for the last three (3) financial years showing sales, earnings before charges for depreciation, interest and tax (if any), the amount of each of those charges, net income before extraordinary items, extraordinary items, net income and earnings per share

#### *2. Tabulation of balance sheet*

A tabulation of its balance sheet for each of the three (3) financial years (consolidated if the applicant has subsidiaries) or from the date of incorporation, if shorter. The tabulation should include a calculation of the net asset value per security for each of the last three (3) financial years.

#### *3. Tabulation of Cash flows*

A tabulation of the showing changes in the financial position of the group over each of the last three financial years in the form of a cash flow statement.

#### *4. Financial ratios*

An accountant's report shall disclose a pro-forma balance sheet, profit and loss account and cash a cash projection for the next 12 months after the issue and the following financial ratios for the last three years.

- a. earnings before interest and taxes interest cover;
- b. percentage of funds from operations to total debt;
- c. percentage of free cash flow to total debt;
- d. total free cash flow to short-term debt obligations;
- e. net profit margin;
- f. long term debt to capital employed
- g. total debt to equity.

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### *5. Dividend record*

State the number of consecutive years in which dividends have been paid. State the amount of dividend (per share and in the aggregate) paid by the applicant (and its child entities) for each of the three (3) preceding years. Indicate whether dividends have been paid on a quarterly, semi-annual or annual basis. State the record date, payment date and the date of declaration with respect to each dividend paid during the past two (2) years.

### *7. Employees*

A statement as to the total number of persons regularly employed and, if subject to seasonal fluctuations, the maximum and minimum numbers employed during the preceding twelve (12) months.

### *8. Associated companies or subsidiaries*

A tabular list of all subsidiaries and associated companies indicating:-

- k) name of each company
- l) a brief statement of the nature of its business and relationship to the operations of the entire enterprise; and
- m) Categories of authorized, issued and paid up share capital, par value and the amount of owned by the issuer in the subsidiary or associate.

### *9. Properties*

Brief description of the nature of properties of the applicant and its subsidiaries or associated companies outlining the following:

- a) location
- b) land area
- c) number of buildings;
- d) aggregate floor area of buildings

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- e) Whether property is owned or leased, and if leased, rental amounts for each of the three (3) preceding financial years and the average term of years.

### 10 Litigation

Particulars of any litigation or legal claims of material importance made against the applicant or its associated companies in the last five (5) years or which is outstanding or threatened against any member of the group, or an appropriate negative statement.

### 11. Management

- a) Provide the full name, residential address and description (qualifications or area of expertise or responsibility) of every *director* or proposed *director* and any *person* who performs an important administrative, management or supervisory function and particulars of the principal functions performed by each of them within the group.
- b. The nature of any family relationship between the *persons* mentioned above.
- c. A brief account of the business experience of each of these *persons* during the last five years;
- d. Indicate any other directorships held by each director or proposed director in any publicly listed or traded companies; and
- e. State if any director or proposed director has, in any jurisdiction, been convicted in any criminal proceeding or has had a bankruptcy petition filed against him or any partnership in which he was a partner or any body corporate of which he was a director or has been sanctioned or otherwise disciplined by any self regulatory securities association of which he is or has been a member or any securities supervisory or regulatory body or any such event is pending.

### 13. Sponsors, Advisers, bankers etc

- a) Names and addresses of the issuer's sponsor, financial advisers, principal bankers, nominated adviser, share registrar / transfer agent and legal advisers; and

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- b) Name, address and professional qualification of the issuer's auditors.

### **14. Statement of non-compliance**

A statement of any of the Listing Rules which cannot be met by the applicant and detailed arguments to support any request for a waiver or modification of the normal requirements.

### **15. Declaration**

A declaration that to the best of the issuer's knowledge, information and belief;-

- a) save as specified in the application letter, all the qualifications for listing set out in the *Listing Rule* have, in so far as applicable and required to be met and fulfilled prior to application, have been met or fulfilled in relation to the issuer and the securities of the issuer the subject of the application;
- b) that all information required to be included in the disclosure document pursuant to rule *Rule 4.8* (on confirmation of allotment, distribution and minimum holding by the public and information on shareholders) will be included; and
- c) that there are no other facts bearing on the issuer's application for listing which, in the issuer's opinion should be disclosed to investors.

## **APPENDIX 2:**

### **PART A: ISSUER'S UNDERTAKING**

**Form of Issuer's undertaking that is required to be entered into by an Issuer in support of an application for a listing.**

TO: Capital Market Advisory Council  
PO Box .....  
Kigali

FROM: (Issuer)

In consideration of the Exchange granting our approval to issue and listing on the capital markets,

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1. We acknowledge that our securities shall remain listed only at the pleasure of RSE, and that we undertake and agree to comply with the *Listing Rules* in force from time to time as issued by the capital markets and in particular undertake and agree to comply with the *continuing obligations* as set out in the *Listing Rules* of the capital market.
2. Warrant to the Exchange that the issue of the securities to be listed complies with the law applicable to the issue, and was not for an illegal purpose and that there is no reason why the *securities* should not be granted a listing.
3. We acknowledge that RSE is relying on the documents and information required by the *Listing Rules* to be supplied together with this undertaking. We warrant that these documents and information are true and complete.
4. We indemnify and will continue to indemnify RSE to fullest extent permitted by law in respect of any claim, action or any expense arising from, or connected, with any breach of our warranty set out in 2 and 3 above.
5. We acknowledge that any document given to RSE becomes the property of the RSE and that RSE may deal with it as it wishes, including dissemination of the document to the public.

Dated this                      day of

Executed by: (Issuer)

(Execution must be under issuer's seal)

### PART B: DIRECTOR'S DECLARATION AND UNDERTAKING

Form of declaration and undertaking required to be entered into by each Director of an issuer whose securities are listed on the capital market.

TO:    RSE

#### DECLARATION

1.        Indicate
  - (1) Surname and any former names
  - (2) First name(s) and any former first name(s)
  - (3) Date of birth
  - (4) Residential address
  - (5) Nationality and former nationality if any

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- (6) Professional qualifications if any.
2. State your other director or alternate directorships and disclose the names of those companies or corporations and the date you were appointed director plus the nature of their business.
  3. Have ever been adjudged bankrupt in any jurisdiction? If so, state the court that declared you bankrupt and, if discharged, the date and conditions on which you were granted your discharge.
  4. Give particulars of any unsatisfied outstanding judgments against you, if any.
  5. Has any corporation been put into compulsory liquidation where or had an administrator or receiver appointed during the period when you were one of its directors? Has any partnership been put into compulsory liquidation or been sequestered during the period when you were (or within the preceding 12 months had been) one of its partners? If so, in each case state the name, nature of business, date of commencement of winding up, administration or receivership and the amount involved together with an indication of the outcome or current position.
  6. Have you at any time or has a corporation of which you were a Director, shadow Director or alternate Director at the time of an offence, been convicted in any jurisdiction of any criminal offence or an offence under the legislation relating to companies. All such convictions must be disclosed even though they may now be "spent convictions". If so state the court by which you were or corporation was convicted, the date of the conviction and full particulars of the offence and the penalty imposed.
  7. Have you ever been disqualified by a court from acting as a Director of a corporation, or from acting in the management or conduct of the affairs of any corporations? If so, give full details.
  8. Have you, in any jurisdiction, been refused admission to or renewal of membership of any professional body, trade society, institution or association, or stock exchange or been censured or disciplined or had membership withdrawn by any such body to which you belong or belonged or have you held a practicing certificate subject to conditions? If so, give full details.

I .....Director of .....("the issuer") ..... declare that to the best of my knowledge and belief (having taken all reasonable care to ensure that such is the case) the answers to all the above questions are true and I hereby give my authority (save where expressly provided otherwise) to RSE to disclose any of the foregoing particulars given by me to the sponsor of any corporation of which I am *director* and /or such bodies as the RSE may, in its absolute discretion think fit.

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### UNDERTAKING

I hereby undertake that in the exercise of my powers and duties as such a director, I shall:-

- (1) Comply to the best of my ability with the Listing Rules of RSE from time to time in force and disclose to the Issuer all information which the issuer needs in order to comply with its obligations to disclose directors' share of interests;
- (2) Use my best endeavors to ensure that the issuer complies with Listing Rules from time to time in force.

Dated this                      day of

Signature: ..... Name .....

### PART C: SPONSOR'S DECLARATION

TO:

TO:                      Capital Market Advisory Council  
                            PO Box .....  
                            Kigali

Dear Sir,

We, ..... being  
Sponsor to

..... {Name of issuer}

Hereby

Declare that:

1. Offers for subscription and offers for sale

To the best of our knowledge and belief, at the time trading commences on the Exchange at least the number specified in Rule 3.9 of the issued securities will be in



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the hands of the public in accordance with the Listing Rules of the Stock Exchange of Newcastle Limited (the “Listing Rules”); or

### 2. Placings

- a) to the best of our knowledge and belief, the securities have been placed as follows:

No. of places No. of securities placed

[Use separate sheet if necessary]; and

- b) to the best of our knowledge and belief at least the number specified in rule 3.9 of the securities have been placed in the hands of the public in accordance with the Listing Rules;

### 3. General

- (1) To the best of our knowledge and belief, having made due and careful enquiry of the issuer and its advisers, the issuer has satisfied all relevant conditions for listing and other relevant requirements of the Listing Rules.

- (2) To the best of our knowledge and belief, having made due and careful enquiry of the issuer and its advisers:

(i) All the documents required by the Listing Rules to be included in the application for listing have been supplied to the Exchange;

(ii) All other relevant requirements of the Listing Rules have been complied with; and

(iii) There are no matters other than those disclosed in the disclosure document or otherwise in writing to the Exchange which should be taken into account by the Exchange in considering the suitability for listing of the securities for which application is being made;

- (3) the directors of the issuer:

(i) have had explained to them by us or other appropriate professional advisers the nature of their responsibilities and obligations as directors of a listed corporation under the Listing Rules; and

(ii) in particular, understand what is required of them to enable holders of the issuer’s listed securities and the public to

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appraise the position of the issuer and avoid the creation of a false market in its securities once they are listed;

- (4) we have obtained written confirmation from the issuer that the working capital available to the group is sufficient for its present requirements and we are satisfied that the confirmation has been given after due and careful enquiry by the issuer and that the persons or institutions providing finance have stated in writing that the relevant financing facilities exist; and
- (5) We are satisfied that any profit forecast or estimate in the disclosure document has been made after due and careful enquiry by the issuer.

### 4. Acknowledgement of RSE's disciplinary power

- (1) We acknowledge that if RSE considers that we have been in breach of our responsibilities under the Listing Rules or this declaration, then RSE may censure us and/or refuse to allow us to sponsor further issues by removing our firm from the list of approved sponsors and that RSE may publicize the fact that it has done so and the reasons for its actions.
- (2) We acknowledge that where RSE considers it appropriate we will be subject to the disciplinary provisions set out in these Business Rules.

Yours faithfully,

Signed.....

Name.....

For and on behalf of (sponsor's name)

## APPENDIX 3: ISSUER'S REPORTS

### *HALF YEAR REPORT*

The following information must be given to RSE

- 1. Details of the reporting period and the previous corresponding period.
- 2. Key information in relation to the following. This information must be identified as "Results for announcement to the market".

The amount and percentage change up or down from the previous corresponding period of revenue from ordinary activities.

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The amount and percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members.

The amount and percentage change up or down from the previous corresponding period of net profit (loss) from ordinary activities after tax attributable to members.

The amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends.

The record date for determining entitlements to the dividends (if any).

A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.

Note: The information required by item 2 must be placed at the beginning of the report. The other information may be presented in whatever way is the most clear and helpful to users, e.g. combined with the body of the report, combined with notes to the accounts, or set out separately.

3. Net tangible assets per security with the comparative figure for the previous corresponding period.

4. Details of entities over which control has been gained or lost during the period, including the following.

Name of the entity.

The date of the gain or loss of control.

Where material to an understanding of the report-the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit loss of such entities during the whole of the previous corresponding period.

5. Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable, and (if known) the amount per security of foreign sourced dividend or distribution.

6. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.

7. Details of associates and joint venture entities including the name of the associate or joint venture entity and details of the reporting entity's percentage holding in each of these entities and –where material to an understanding of the report –aggregate share of profits (losses) of these entities, details of

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contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.

8. For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards).
9. For all entities, if the accounts are subject to audit dispute or qualification, a description of the dispute or qualification.

Please refer to the relevant Practice Note for the preferred format of this information, to be published by RSE from time to time.

### ***PRELIMINARY FINAL REPORT***

The following information must be given to RSE.

1. Details of the reporting period and the previous corresponding period.
2. Key information in relation to the following. This information must be identified as "Results for announcement to the market".

The amount and percentage change up or down from the previous corresponding period of revenue from ordinary activities.

The amount and period of profit (loss) from ordinary activities after tax attributable to members.

The amount and percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members.

The amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends.

The record date for determining entitlements to the dividends (if any).

A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.

3. A statement of financial performance together with notes to the statement, prepared in compliance with internationally acceptable accounting standard.
4. A statement of financial position together with notes to the statement. The statement of financial position may be condensed but must report as line items each significant class of asset, liability, and equity element with appropriate sub-totals.

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5. A statement of cash flows together with notes to the statement. The statement of cash flows may be condensed but must report as line items each significant form of cash flow and comply with the disclosure requirements of internationally acceptable accounting standard.
6. Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable and (if known) the amount per security of foreign sourced dividend or distribution.
7. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.
8. A statement of retained earnings showing movements.
9. Net tangible assets per security with the comparative figure for the previous corresponding period.
10. Details of entities over which control has been gained or lost during the period, including the following.
  - a. Name of the entity.
  - b. The date of the gain or loss of control
  - c. Where material to an understanding of the report-the contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.
  - d. Details of associates and joint venture entities including the following.
    - (i) Name of the associate or joint venture entity.
    - (ii) Details of the reporting entity's percentage holding in each of these entities.
    - (iii) Where material to an understanding of the report- aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.
  - e. Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position.

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11. For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards).
12. A commentary on the results for the period. The compare the information presented with equivalent information for previous periods. The commentary must include any significant information needed by an investor to make an informed assessment of the entity's activities and results, which would include but not be limited to discussion of the following.
  - a. The earnings per security and the nature of any dilution aspects.
  - b. Returns to shareholders including distributions and buy backs.
13. Significant features of operating performance.
  - a) The results of segments that is significant to an understanding of the business as a whole.
  - b) A discussion of trends in performance.
  - c) Any other factors which have affected the results in the period or which are likely to affect results in the future, including those where the effect could not be qualified.
14. A statement as to whether the report is based on accounts which have been audited or subject to review, are in the process of being audited or reviewed, or have not yet been audited or reviewed.

Note: If the accounts have been audited or subject to review, the audit report or review should be provided with the report.
15. If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification.
16. If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification.

### APPENDIX 4: APPLICATION TO ISSUE PUBLIC DEBT

An application to issue and list a public debt shall consist of a formal letter of application together with a draft information *disclosure document*. The information *disclosure document*

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in draft may be incorporated in reference to the following disclosure guidelines and format.

### 1. General

- a. Name of applicant and date and place of incorporation;
- b. If not incorporate in Rwanda, the date on which applicant was registered?  
(confirm whether this is a requirement)
- c. The address of the registered office and the address of each office where the share register is kept.
- d. A formal request for the listing of the securities to be listed with the specification of the nominal amount of the securities.
- e. The proposed method of issuing and listing the securities and details of allotment criteria if known and distribution.
- f. The net assets of the issuer.
- g. An estimate of the net proceeds of the issue and the intended use of the proceeds.
- h. The name of any other stock exchange where the securities of the issuer are already listed and or traded.

### 2. Share Capital and ownership

- f. A tabular list of:-
  - a) The title and designation of each class of share;
  - b) The number of shares issued;
  - c) The voting rights attached to each share;
  - d) The amount of issued and fully paid up shares;
  - e) The shareholdings of the directors and employees of the issuer;  
and
  - f) The names all shareholders of the issuer who own more 5% or more of the shares of the issuer and their respective issuers.
  - g) A list of the top 10 shareholders of the issuer including the dates the shares were allotted to them, the consideration they provided and the number of shares that they held.

### 3. History and nature of business

Provide short introductory paragraph describing the general nature of the business and products of the applicant. A brief history of the issuer from inception to the date of application. A description of the business undertaken by the issuer and its subsidiaries or associated companies, including principal products manufactured, traded or services rendered or investments held, principal markets for the products and raw materials, method of marketing, annual turnover for the preceding three financial years and for the current financial year to the latest date available.

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### FINANCIAL INFORMATION

Audited annual and consolidated accounts prepared on the basis of true and fair view of the assets and liabilities and the financial position and profit and losses must be disclosed in the information memorandum.

#### 4. **Summary of earnings**

A summary of turnover, earnings, on a consolidated basis if the applicant has subsidiaries, for the last three (3) financial years showing sales, earnings before charges for depreciation, interest and tax (if any), the amount of each of those charges, net income before extraordinary items, extraordinary items, net income and earnings per share

#### 5. **Tabulation of balance sheet**

A tabulation of its balance sheet for each of the three (3) financial years (consolidated if the applicant has subsidiaries) or from the date of incorporation, if shorter. The tabulation should include a calculation of the net asset value per security for each of the last three (3) financial years.

#### 6. **Tabulation of Cash flows**

A tabulation of the showing changes in the financial position of the group over each of the last three financial years in the form of a cash flow statement.

#### 7. **Financial ratios**

An accountant's report shall disclose a pro-forma balance sheet, profit and loss account and cash a cash projection for the next 12 months after the issue and the following financial ratios for the last three years.

- a. earnings before interest and taxes interest cover;
- b. percentage of funds from operations to total debt;
- c. percentage of free cash flow to total debt;
- d. total free cash flow to short-term debt obligations;
- e. net profit margin;
- f. long term debt to capital employed
- g. total debt to equity.

#### 8. **Associated companies or subsidiaries**

A tabular list of all subsidiaries and associated companies indicating:-

- 1) name of each company



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- 2) a brief statement of the nature of its business and relationship to the operations of the entire enterprise; and
- 3) Categories of authorized, issued and paid up share capital, par value and the amount of owned by the issuer in the subsidiary or associate.

### 9. Properties

Brief description of the nature of properties of the applicant and its subsidiaries or associated companies outlining the following:

- 1) location
- 2) land area
- 3) number of buildings;
- 4) aggregate floor area of buildings
- 5) whether property is owned or leased, and if leased, rental amounts for each of the three (3) preceding financial years and the average term of years.

### 10. Litigation

Particulars of any litigation or legal claims of material importance made against the applicant or its associated companies in the last five (5) years or which is outstanding or threatened against any member of the group, or an appropriate negative statement.

### 11. Management

- 1) Provide the full name, residential address and description (qualifications or area of expertise or responsibility) of every *director* or proposed *director* and any *person* who performs an important administrative, management or supervisory function and particulars of the principal functions performed by each of them within the group.
- 2) The nature of any family relationship between the *persons* mentioned above.
- 3) A brief account of the business experience of each of these *persons* during the last five years;
- 4) Indicate any other directorships held by each director or proposed director in any publicly listed or traded companies; and
- 5) State if any director or proposed director has, in any jurisdiction, been convicted in any criminal proceeding or has had a bankruptcy petition filed against him or any partnership in which he was a partner or any body corporate of which he was a director or has been sanctioned or otherwise disciplined by any self regulatory securities association of which he is or

## SECTION 5 C: - DEBT SECURITIES

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has been a member or any securities supervisory or regulatory body or any such event is pending.

### 12. Sponsors, Advisers, bankers etc

- 1) Names and addresses of the issuer's sponsor, financial advisers, principal bankers, nominated adviser, share registrar / transfer agent and legal advisers; and
- 2) Name, address and professional qualification of the issuer's auditors.

### 13. Statement of non-compliance

A statement of any of the Listing Rules which cannot be met by the applicant and detailed arguments to support any request for a waiver or modification of the normal requirements.

### 14. Declaration

A declaration that to the best of the issuer's knowledge, information and belief:-

- (1) save as specified in the application letter, all the qualifications for listing set out in the *Listing Rule* have, in so far as applicable and required to be met and fulfilled prior to application, have been met or fulfilled in relation to the issuer and the securities of the issuer the subject of the application;
- (2) that all information required to be included in the disclosure document pursuant to rule *Rule 4.8* (on confirmation of allotment, distribution and minimum holding by the public and information on shareholders) will be included; and
- (3) that there are no other facts bearing on the issuer's application for listing which, in the issuer's opinion should be disclosed to investors.

## APPENDIX 5:

### PART A: ISSUER'S UNDERTAKING

**Form of Issuer's Undertaking that is required to be entered into by an Issuer in support of an application for a listing.**

TO: Rwanda Stock Exchange  
1<sup>st</sup> Floor Kigali City Tower, Avenud du Commerce  
PO Box 3882 Kigali

## SECTION 5 C: - DEBT SECURITIES

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Kigali

FROM : (Issuer)

In consideration of the RSE granting our approval to issue and listing on the capital markets,

1. We acknowledge that our securities shall remain listed only at the pleasure of RSE, and that we undertake and agree to comply with the *Listing Rules* in force from time to time as issued by the capital markets and in particular undertake and agree to comply with the *continuing obligations* as set out in the *Listing Rules* of the capital market.
2. Warrant to RSE that the issue of the securities to be listed complies with the law applicable to the issue, and was not for an illegal purpose and that there is no reason why the *securities* should not be granted a listing.
3. We acknowledge that RSE is relying on the documents and information required by the *Listing Rules* to be supplied together with this undertaking. We warrant that these documents and information are true and complete.
4. We indemnify and will continue to indemnify RSE to fullest extent permitted by law in respect of any claim, action or any expense arising from, or connected, with any breach of our warranty set out in 2 and 3 above.
5. We acknowledge that any document given to RSE becomes the property of the RSE and that RSE may deal with it as it wishes, including dissemination of the document to the public.

Dated this                      day of

Executed by: (Issuer)

(execution must be under issuer's seal)

### **PART B:        DIRECTOR'S DECLARATION AND UNDERTAKING**

Form of declaration and undertaking required to be entered into by each Director of an issuer whose securities are listed on the capital market.

TO:    RSE

### **DECLARATION**

## SECTION 5 C: - DEBT SECURITIES

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- 1) Indicate
  - h) Surname and any former names
  - i) First name(s) and any former first name(s)
  - j) Date of birth
  - k) Residential address
  - l) Nationality and former nationality if any
  - m) Professional qualifications if any.
- 3) State your other director or alternate directorships and disclose the names of those companies or corporations and the date you were appointed director plus the nature of their business.
- 4) Have ever been adjudged bankrupt in any jurisdiction? If so, state the court that declared you bankrupt and, if discharged, the date and conditions on which you were granted your discharge.
- 5) Give particulars of any unsatisfied outstanding judgments against you, if any.
- 6) Has any corporation been put into compulsory liquidation where or had an administrator or receiver appointed during the period when you were one of its directors? Has any partnership been put into compulsory liquidation or been sequestered during the period when you were (or within the preceding 12 months had been) one of its partners? If so, in each case state the name, nature of business, date of commencement of winding up, administration or receivership and the amount involved together with an indication of the outcome or current position.
- 7) Have you at any time or has a corporation of which you were a Director, shadow Director or alternate Director at the time of an offence, been convicted in any jurisdiction of any criminal offence or an offence under the legislation relating to companies. All such convictions must be disclosed even though they may now be "spent convictions". If so state the court by which you were or corporation was convicted, the date of the conviction and full particulars of the offence and the penalty imposed.
- 8) Have you ever been disqualified by a court from acting as a Director of a corporation, or from acting in the management or conduct of the affairs of any corporations? If so, give full details.
- 9) Have you, in any jurisdiction, been refused admission to or renewal of membership of any professional body, trade society, institution or association, or stock exchange or been censured or disciplined or had membership withdrawn by any such body to which you belong or

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belonged or have you held a practicing certificate subject to conditions? If so, give full details.

I .....Director of .....("the issuer") ..... declare that to the best of my knowledge and belief (having taken all reasonable care to ensure that such is the case) the answers to all the above questions are true and I hereby give my authority (save where expressly provided otherwise) to RSE to disclose any of the foregoing particulars given by me to the sponsor of any corporation of which I am *director* and /or such bodies as the RSE may, in its absolute discretion think fit.

### UNDERTAKING

I hereby undertake that in the exercise of my powers and duties as such a director, I shall:-

- a. Comply to the best of my ability with the Listing Rules of RSE from time to time in force and disclose to the Issuer all information which the issuer needs in order to comply with its obligations to disclose directors' share of interests;
- b. Use my best endeavors to ensure that the issuer complies with Listing Rules from time to time in force.

Dated this                      day of

Signature: ..... Name .....

## APPENDIX 6: GUIDELINES DISCLOSURE REQUIREMENTS FOR DEBT SECURITIES IN RWANDA

REQUIREMENTS	CRITERIA
1. Incorporation	<ul style="list-style-type: none"><li>• Issuer must be duly incorporated under the laws of Rwanda or any other recognized law.</li></ul>

REQUIREMENTS	CRITERIA
	<ul style="list-style-type: none"> <li>• A government borrowing authority.</li> <li>• A public authority ( e.g. local government)</li> </ul>
<b>2. Identity of persons responsible for information disclosed:</b> <ul style="list-style-type: none"> <li>- Directors</li> <li>- Senior Management</li> <li>- Advisers</li> <li>- Auditors</li> <li>- Bankers</li> </ul>	<ul style="list-style-type: none"> <li>• Names,</li> <li>• Address residential</li> <li>• Roles of each director and senior manager</li> <li>• Declarations by directors</li> <li>• Consents by all professionals whose reports have been used in the disclosure document.</li> </ul>
<b>3. Information on the issuers</b>	<ul style="list-style-type: none"> <li>• Name of issuer</li> <li>• Address of Head Offices</li> <li>• Country of Incorporation</li> <li>• Date of Incorporation</li> <li>• Legislation of Incorporation</li> <li>• Principal Activity as per the incorporation document</li> </ul>
<b>4. Share Capital and Assets</b>	<ul style="list-style-type: none"> <li>• Authorized issued and fully paid up capital of Rwf 500 million</li> <li>• Nominal amount of each class of debt securities must be at least Rwf 1,000,000.</li> <li>• Net assets of Rwf 1 (one) billion</li> </ul>
<b>5. Statistics on the Offer/Issue</b>	<ul style="list-style-type: none"> <li>• Amount of debt to be issued</li> <li>• Nominal Amount and minimum par value</li> <li>• Attributes of the bond ( coupon, offer price, interest payment dates, maturity)</li> <li>• Purpose of the issue and intended application of the proceeds</li> <li>• Final repayment date and any earlier repayment dates</li> </ul>

REQUIREMENTS	CRITERIA
6. Statutory statements	<ul style="list-style-type: none"> <li>• That Information memorandum/Prospectus has been filed with the Registrar</li> <li>• Cautionary Statement</li> </ul>
7. Track record	<ul style="list-style-type: none"> <li>• Adequate track record, at least two financial years of positive profits or as shall be determined by the Exchange.</li> <li>• Period shorter than two years acceptable if issue is fully underwritten by an approved underwriter.</li> </ul>
9. Transferability	<ul style="list-style-type: none"> <li>• Debt securities to be issued must be fully negotiable and freely transferable.</li> </ul>
10. Minimum number of bond holders	<ul style="list-style-type: none"> <li>• At all time there must be at least 7 bondholders who are not a director or substantial shareholder of the issuer.</li> </ul>
11. Minimum size of a bond issue	<ul style="list-style-type: none"> <li>• Rwf 550 million</li> </ul>
12. Disclosures in the Audited Annual reports and accounts and the information memorandum	<ul style="list-style-type: none"> <li>• 3 years annual reports and accounts or since inception if less.</li> <li>• Individual director's declaration and undertaking by the issuer, the advisor and the sponsor.</li> <li>• Internationally acceptable accounting standards</li> </ul>
13. Documents available for inspection	<ul style="list-style-type: none"> <li>• The constitution documents (Memats)</li> <li>• Trust deeds</li> <li>• Service agreements</li> <li>• Valuations</li> <li>• Audit reports as par the governing laws</li> </ul>
14. Controlling interests	<ul style="list-style-type: none"> <li>• Persons that influence control directly or indirectly and the nature of influence</li> </ul>
15. Parent, Subsidiary and Associates	<ul style="list-style-type: none"> <li>• Shareholding details and operational relationships, if any</li> </ul>
16. Material contracts	<ul style="list-style-type: none"> <li>• Material contracts entered into in the last two years             <ul style="list-style-type: none"> <li>- Management agreements</li> <li>- Service agreements</li> <li>- Shareholders agreements</li> </ul> </li> </ul>

REQUIREMENTS	CRITERIA
17. Legal arbitrations	<ul style="list-style-type: none"> <li>• Pending litigations that are threatening or negative statements</li> </ul>
18. Principal investments being Undertaken	<ul style="list-style-type: none"> <li>• Geographical distribution</li> <li>• Level and methods of financing</li> <li>• Any future investments in plant and equipment, R&amp;D etc.</li> </ul>
19. Status of the business	<ul style="list-style-type: none"> <li>• Recent business trends               <ul style="list-style-type: none"> <li>- Production</li> <li>- Costs</li> <li>- Prices</li> </ul> </li> <li>• Risk factors</li> <li>• Assumptions for any forecasts</li> </ul>
20. Major shareholders and related party transactions	<ul style="list-style-type: none"> <li>• Names and amount of shares held</li> <li>• Voting rights and nature</li> <li>• Debts outstanding both by directors or to the company</li> </ul>
21. Financial information	<ul style="list-style-type: none"> <li>• Audited accounts and reports for the last three years or as shall be determined by RSE to be published in the Information Memorandum</li> <li>• If qualified, or refused by the auditor, this must be reproduced in full and reasons provided</li> <li>• If consolidated accounts, this must be published in the in the IM.</li> <li>• If issuer produces both own and consolidate, both must be published unless own accounts do not provide any significant additional information to that contained in the consolidated accounts and with approval of RSE</li> </ul>
22. Borrowing powers	<ul style="list-style-type: none"> <li>• Borrowing power of the issuer and its subsidiaries exercisable by Directors and how such powers can be varied</li> <li>• Total amount and details of any loan outstanding and distinction between guaranteed, un-guaranteed, secured and unsecured and interest rates payable on each and treatment of foreign currency where debt is denominated in a</li> </ul>



REQUIREMENTS	CRITERIA
	foreign currency <ul style="list-style-type: none"> <li>• All material off-balance sheet financing and guarantees if any</li> </ul>
<b>23. Working capital</b>	<ul style="list-style-type: none"> <li>• Statement by Directors that in their opinion that the working capital is sufficient</li> </ul>
<b>24. Loan subordination</b>	<ul style="list-style-type: none"> <li>• Whether the loan is subordinated to other debts of the issuer already contracted or to be contracted</li> </ul>
<b>25. Legislation of the debt</b>	<ul style="list-style-type: none"> <li>• Legislation under which the debt securities have been created and the court jurisdiction in the event of litigation</li> <li>• Whether the debt securities are in registered or certificate form or in electronic form</li> </ul>
<b>26. Convertible debt</b>	<ul style="list-style-type: none"> <li>• Where the debt is convertible – information concerning nature of shares offered, rate of conversion and the rights of the bond holders</li> </ul>
<b>27. Taxation</b>	<ul style="list-style-type: none"> <li>• Disclose the treatment of tax on income to the bond holders</li> </ul>

## APPENDIX 7: INITIAL AND ANNUAL LISTING FEES

### 1. INITIAL LISTING FEES

The listing fees for new issues will be computed on the value of the issue.

No.	Security	AMOUNT
1.	Equities	(i) 0.15 % of the value of the securities to be listed subject to a Minimum Rwf 1,000,000  (ii) 0.25% of the value of the securities to be listed by way of introduction & subject to a Minimum of Rwf 1,000,000 and Maximum of Rwf 50,000,000
2.	Fixed income Securities	0.1% of the value of the fixed income securities to be listed:

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		(i)Corporate bonds and other fixed income securities subject to a Minimum Rwf 1,000,000  (ii)Treasury Bonds and other government securities subject to a Minimum Rwf 1,000,000
3.	Cross listing	(i) No initial listing fees (ii) Annual listing fees apply

## 2. *ADDITIONAL LISTING FEES*

The computation of the value of additional listings shall be based on the first date the securities trade ex entitlement after the additional offer. This will include bonuses and rights issues.

3.	Equities	(i) 0.01% of the nominal value of the additional securities to be listed subject to:  Minimum Rwf 500,000 Maximum Rwf 5,000,000
4.	Fixed income securities	(ii)0.05% of the value of the fixed income securities to be listed:  (iii)Corporate bonds and other fixed income securities subject to a Minimum Rwf 1,000,000  (iv) <b>Treasury Bonds</b> and other government securities subject to: Minimum Rwf 1,000,000 Maximum Rwf 10,000,000

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### 3. 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. The annual listing fees for Fixed Income Securities shall be based on the total value of the listed securities outstanding as on November 30.

5.	Equities	(i)0.06% of the market capitalization of the listed securities subject to: Minimum Rwf 2,000,000 Maximum Rwf 20,000,000
6.	Fixed income securities	(ii)0.05% of the value of the listed fixed income securities:  (iii) Corporate bonds and other fixed income securities subject to: Minimum Rwf 1,000,000 Maximum Rwf 10,000,000  <b>(iv)Treasury Bonds</b> and other government securities subject to: Minimum Rwf 1,000,000
7.	Cross listing Fees	(v)0.05% of the market capitalization of the listed securities subject to: Minimum Rwf 2,000,000 Maximum Rwf 20,000,000