

## **Section 21**

### **LuSE Alternative Market**

#### **Scope of section**

This section contains the requirements that must be satisfied by issuers wishing to apply for, or which have a listing on, the Lusaka Stock Exchange-Alternative Market. (“LuSE-Alt-M”)

The main headings of the section are:

- 21.1 General
  - 21.2-3 Conditions for Listing
  - 21.4 Warning Statements
  - 21.5 Publication
  - 21.6 Corporate Governance
  - 21.7 Public shareholders
  - 21.8 Issues for Cash
  - 21.9 Pre-Listing Statements
  - 21.10 Financial Information
  - 21.11 Transactions
  - 21.12 Related Party Transactions
  - 21.13 Designated Adviser (“DA”)
  - 21.36 Documents to be submitted and published
  - 21.40 Fees
- Appendix A to Section 21  
Appendix B to Section 22

#### **General**

- 21.1 Issuers wishing to apply for, and those with a listing on LuSE Alt-M must comply with the Listings Requirements, unless otherwise indicated in this section.

#### **Conditions for listing**

##### **Suitability**

- 21.2 (a) LuSE Alt-M is a market for small to medium companies that are in a growth phase and applicants that meet the criteria for listing on the Main Board will not ordinarily be granted a listing on LuSE Alt-M and the LuSE reserves the right to request such applicants to route their applications to the Main Board ; and
- (b) When issuers with a listing on LuSE Alt-M reach the stage that they comply with the criteria specified in paragraph 4.25 of the LuSE listing Rules they may transfer their listing to the Main Board.

- 21.3 In addition to the requirements of paragraph 4.1 to 4.24, an issuer wishing to apply for a listing on LuSE Alt-M must comply (and after the listing has been granted must comply, on a continuing basis) with the following requirements:
- (a) The applicant issuer must appoint a DA and the terms of the appointment must be in accordance with paragraph 21.13;
  - (b) An applicant issuer shall have a minimum of up to twenty (20) and a maximum of hundred and fifty (150) employees, a minimum trading turnover of K250, 000 and a maximum trading turnover of K20 million. **This may however, be subject to paragraph 4.3**
  - (c) The applicant issuer's **minimum subscribed capital in issue shall be as prescribed from time to time**
  - (d) An issuer shall have not less than 500,000 equity shares in issue.
  - (e) The public must hold a minimum of 10% of each class of equity securities and the number of public shareholders (refer to paragraph 21.7) shall be at least 30;
  - (f) The applicant issuer must show that it has been in operation for a minimum of five [5] years and /or show increased revenues and market share for three [3] successive years [and/ or submit audited financials of the Preceding financial year end] and or produce a profit forecast for the remainder of the financial year during which it will list and one full financial year thereafter and/ or Submit a business plan for the next five years of its operations (**which shall not form part of the circular documents.**)
  - (h) With regard to compliance with the provisions of Section 8, a LuSE Alt-M issuer does not need to meet the profit forecast criteria as set out in paragraph 8.28
  - (i) The Directors and Senior Managers must have completed the LuSE Alt-M Directors Induction Programme [DIP] through the IOD Zambia or must make arrangements to the satisfaction of the LuSE to complete it;
  - (j) The applicant issuer must appoint an executive financial director and the DA must be satisfied (and submit confirmation in writing to the LuSE) that the financial director has the appropriate expertise and experience to fulfil his/her role;
  - (k) A minimum of five board directors with the majority being non-family members;
  - (l) The offices of chairman and chief Executive shall be separated after five years following the issuer's listing.
  - (m) The DA must hold in trust 50% of the shareholding of each director ("the relevant securities") in such applicant issuer from the date of listing, and a certificate to that effect must be lodged with the LuSE by the issuers auditors or attorneys. The relevant securities, whether new or existing, are to be held in trust until the publication of the audited results for the periods referred to in paragraph 21.3(f), after which 50% may be released and the balance one year thereafter. The relevant securities may only be released after notifying the LuSE;

#### **Warning statements**

- 21.4 The front cover of all documents (including announcements, circulars and
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annual reports) issued or published by the applicant issuer must contain an appropriate warning in bold relating to the risks of investing in the applicant issuer. This warning must include a statement that the LuSE does not guarantee the viability or success of the applicant issuer. It must also include a statement relating to the importance of the DA and that if the applicant issuer fails to retain a DA, it faces suspension within the specified time and subsequent termination without the prospect of an appropriate offer to minorities.

### **Publication**

- 21.5 Announcements must be published on CIDS, a computer based information disclosure system hosted on the LuSE website. This is only a minimum and the LuSE encourages voluntary publication in the press.

### **Corporate governance**

- 21.6 In addition to complying with the Listings Requirements and the Company's Act, applicant issuers listed on the LuSE- Alt-M are required to disclose the following information in their annual financial statements:
- (a) Code of Corporate Practices and Conduct:
  - (b) a statement commenting on the extent of their compliance or non compliance with the Code of Corporate Practices and Conduct contained in the Corporate Governance Code for Small to Medium Enterprises (SME's in Zambia). This statement may be contained in a separate section of the annual report and need not be audited.
  - (c) This paragraph shall be read together with paragraph 8.52.

### **Public shareholders**

- 21.7 In addition to the provisions of paragraphs 4.22 and 4.23, any shareholding held beneficially, whether directly or indirectly by the DA will not be regarded as being public.

### **Issues for cash**

- 21.8 Issuers must comply with all the provisions of the Listings Requirements relating to general issues of shares for cash with the following exceptions:
- (a) the percentage in paragraph 5.52(c) may not exceed 50%; and
  - (b) the approval as required in paragraph 5.52(e) is subject to achieving a 75% majority of the votes cast in favour of such resolution by all equity securities holders present or represented by proxy at the general meeting excluding the DA and the controlling shareholders together with their associates.

### **Pre-listing statements**

- 21.9 Issuers must comply with all the provisions of Section 6 of the Listings Requirements with the exception that the percentage in paragraph 6.19(g) is 50%.

### **Financial information**

- 21.10 All the provisions of Section 8 are applicable with the following exceptions:
- 21.10(i) Auditors may be a firm of accountants that has been registered with the Zambia Institute of Chartered Accounts (ZICA) for more than five years.
  - 21.10(ii) The signatory on the audited accounts may be a fully qualified, registered

accountant of more than ten years.

### **Transactions**

- 21.11 Issuers must comply with all the provisions of Section 9 of the Listings Requirements. Notwithstanding the provisions of paragraph 9.5, a transaction will be categorised as a Category 1 transaction where any percentage ratio defined in paragraph 9.6 is 50% or more, and where the percentage ratio is less than 50%, the transaction will be categorised as a Category 3 transaction.

### **Related party transactions**

- 21.12 Issuers must comply with all the provisions of Section 10 of the Listings Requirements with the following exceptions:
- (a) the percentage in paragraph 10.6(h) is equal to or less than 10%;
  - (b) paragraph 10.7 is not applicable;
  - (c) all transactions with related parties must be announced (containing the information required by paragraph 9.15) irrespective of the size of the transaction;
  - (d) the fair and reasonable statement in respect of transactions which are greater than 10% but less than 50% may be given by the DA, provided that the DA is not a party to the transaction and does not have any other vested interest in the transaction other than being a shareholder; and
  - (e) related party transactions where both the percentage ratio's referred to in paragraph 9.6 are equal to or greater than 50% are subject to the normal Listings Requirements.

### **Designated Adviser ("DA")**

#### **Appointment**

- 21.13 A new applicant seeking a listing of securities on LuSE Alt-M must appoint a DA in terms of a written contract and must ensure that it has a DA at all times.
- 21.14 The DA must comply with and is subject to all the provisions of the Listings Requirements as though they were a sponsor.
- 21.15 All references in the Listings Requirements to sponsors apply mutatis mutandis to "DA" for companies that are applying for or which have a listing on LuSE Alt-M.

#### **Eligibility criteria**

- 21.16 A DA must meet the requirements for a sponsor at the time of applying for and being admitted to the list of DA's. **The DA shall however, not be subject to the requirements of chapter 3 of the Rules of the Exchange in respect of membership.** Existing sponsors must apply to become a DA and must meet the eligibility criteria in terms of Appendix 21 B and Section 2 at the time of applying to become a DA.

#### **Responsibilities**

- 21.17 The DA's role is of particular importance to the successful operation of LuSE Alt-M since it is the requirement of the LuSE that each issuer must, with the guidance and assistance of the DA, comply with and discharge its responsibilities under the Listings Requirements. In this regard, the DA is expected to advise the issuer on all of the issuer's responsibilities in a

competent, professional and impartial manner.

- 21.18 The DA must ensure at all times that neither its conduct nor its judgement impair the integrity and reputation of LuSE Alt-M or the LuSE.
- 21.19 The DA must immediately inform the LuSE in writing, if the issuer does not comply with the applicable regulation as defined in paragraph 21.20(f).
- 21.20 The DA must, prior to listing, confirm in writing to the LuSE that:
- (a) all the documents required by the Listings Requirements and the Securities Act have been so submitted;
  - (b) it considers the new applicant to be suitable for listing on LuSE Alt-M ;
  - (c) the new applicant complies with all of the conditions for listing set out in the Listings Requirements;
  - (d) the pre-listing statement is in compliance with the Listings Requirements and that:
    - (i) the information contained in the pre-listing statement is accurate and complete in all material respects and not false or misleading;
    - (ii) there are no other matters, the omission of which would make any statement in the pre-listing statement false or misleading;
    - (iii) statements of fact and opinion expressed by the directors in the pre-listing statement have been arrived at after due and careful consideration on the part of the directors and are founded on bases and assumptions that are fair and reasonable; and
    - (iv) the directors of the new applicant have made sufficient enquiries so as to enable them to give the confirmations set out in the “responsibility statement” contained in the pre-listing statement;
  - (e) there are no matters other than those disclosed in the pre-listing statement or otherwise in writing to the LuSE which should have been disclosed for the LuSE to be able to consider the application for listing of the relevant securities; and
  - (f) the DA (or other advisors acceptable to the DA) has explained to the directors of the new applicant the nature of their responsibilities under the Listings Requirements, the Companies Act, the Securities Act and GAAP (“applicable regulation”) and the DA has satisfied itself to the best of its knowledge and belief, having made due and careful enquiries that:
    - (i) the directors have the requisite expertise and experience;
    - (ii) they understand the nature of those responsibilities and can be expected to honour their obligations under the Listings Requirements, and other applicable regulation;
    - (iii) they can be expected to prepare and publish all information necessary for an informed market to take place in the applicant issuer’s securities and
    - (iv) the information supplied on the Director’s declaration has been verified and confirmed as true.
- 21.21 The DA must take all reasonable steps to brief all new appointees to the board of directors of the issuer as to the nature of their responsibilities under the Listings Requirements, other applicable regulation and the general nature of their obligations in relation to shareholders. The DA must also ensure that:
- (a) the directors of the new applicant have completed the DIP prior to listing

or that appropriate arrangements have been made with the LuSE Alt-M in accordance with paragraph 21.3(d); and

- (b) all new appointees complete the DIP within three months of appointment as directors.
- 21.22 The directors of the issuer must be informed by the DA (or other advisors acceptable to the DA) on a timely basis of any amendment or supplement to the Listings Requirements, or other applicable regulation.
- 21.23 The DA shall, prior to publication, review with the issuer all periodic financial information announcements, and other documentation detailed in Section 11 with a view to ensuring that the directors of the issuer after due and careful consideration understand the importance of accurately disclosing all material information to shareholders and the market.
- 21.23 Ensure that all price sensitive information is accurate and filed in the CIDS within the time frames established in the Securities Act and Listings requirements
- 21.24 The DA must regularly review the issuer's actual trading performance and financial condition to ensure that appropriate disclosure is made in terms of paragraph 3.3.
- 21.25 The DA must ensure that at least one of its approved executives attends all board meetings of the issuer in an advisory capacity to ensure that all Listings Requirements and applicable regulations are complied with.
- 21.26 In addition to paragraph 16.13 of Schedule 16, the DA must also provide the LuSE with confirmation that all of its approved executives have attended at least four of the six DA forums hosted by LuSE Alt-M.

#### **Shares held by DAs**

- 21.27 A DA, subject to paragraphs 21.28 and 21.31, may hold shares or other securities in an applicant issuer for which that DA acts.
- 21.28 At no time may the DAs holding exceed 20% of the total issued securities of the class of shares concerned.
- 21.29 The DA's holding of such securities, as well as the contractual basis upon which that holding arose, must be published in the pre-listing statement issued at the time of listing of the securities in question.
- 21.30 All and any dealings by the DA in the securities of the issuer in question, must be disclosed and published, *mutatis mutandis*, in the same manner as is applicable to directors of the issuer in question in accordance with paragraphs 3.69 to 3.70.
- 21.31 Securities held by the DA are subject to the provisions of paragraph 21.3(n).

#### **Termination of contract**

- 21.32 In the event that the contract between an issuer and its DA is terminated for whatever reason the issuer and the DA must submit a report to the LuSE stipulating the reasons for the termination within 48 hours of such termination.
- 21.33 In the circumstances set out in paragraph 21.32, an issuer must immediately publish an announcement, stating the reasons for the termination and that the issuer's listing is under threat of suspension and possible termination in accordance with paragraph 21.35. The issuer must make immediate arrangements to appoint a replacement DA within 10 business days of the date on which the former DA ceased to act and must inform the LuSE and publish a further announcement immediately after the appointment has been made.

- 21.34 The replacement DA must ensure, before accepting the appointment that it has requested the report referred to in paragraph 21.32 from the outgoing DA. The outgoing DA must supply this report to the replacement DA within two business days of such request, and the replacement DA must take account of the reasons for the termination before accepting the appointment.
- 21.35 If an issuer fails to appoint a DA within the period referred to in paragraph 21.33, the LuSE may suspend trading in the issuer's securities. If, after a further 1 month from the date of expiry of the period referred to in paragraph 21.33, the issuer has failed to appoint a replacement DA, the issuer's listing may be terminated by the LuSE.

## **Documents to be submitted and published**

### **Application for transfer**

- 21.36 An issuer that wishes to apply for a transfer to the LuSE Alt-M from another sector must apply to the board in accordance with Paragraph 3.66 and 3.67 of the Listing Rules and must submit the following for approval (and for presentation to the Listing Committee):
- (a) the application letter contained in the appendix to this section;
  - (b) a memorandum containing all the information required in terms of paragraph 21.3 with the relevant supporting documentation;
  - (c) the issuers latest audited annual report and latest interim report;
  - (d) a draft announcement containing the information as required by paragraph 11.4. This announcement must contain the warning statement as required by paragraph 21.4 and a statement that the applicant has been granted approval by the LuSE to transfer its listing from a particular date;
  - (e) documentation evidencing compliance with paragraph 16.10(f) and (s); and
  - (f) schedule 21 declarations from each of the directors of the applicant.
- 21.37 If the LuSE grants approval, the issuer must publish over SENS and in the press in accordance with paragraphs 3.46 to 3.48 the announcement referred to in paragraph 21.36(d) on the business day prior to the transfer date.

### **New applicants**

- 21.38 Applicants wishing to apply for a listing on LuSE Alt-M must comply with all the Listings Requirements as stipulated in this section. Applicants must submit all the documents as required by Section 16 and in addition all the necessary documentation evidencing compliance with this section.
- 21.39 The directors of the issuer as well as the DA must present, in person, the pre-listing statement and prospectus to the Listing Committee prior to being granted a listing. Subsequently, the Listing Committee shall advise the LuSE Board as to the eligibility of the issuer. The board shall consider the Committee's advice and exercise its discretion as to whether or not to grant the issuer a listing.

### **Fees**

#### **Issuers**

- 21.40 The fees for listing of securities are based on the table below, payable to the LuSE on the initial listing date of the securities and thereafter annually.

<b>MARKET VALUE OF SHARES ON LuSE Alt- M</b>	<b>INITIAL LISTING FEE</b>	<b>ANNUAL LISTING FEE</b>	<b>INITIAL LISTING FEE</b>	<b>ANNUAL LISTING FEE</b>
<b>K' million</b>	<b>ORDINARY SHARES</b>	<b>ORDINARY SHARES</b>	<b>PREFERENCE SHARES</b>	<b>PREFERENCE SHARES</b>
Up to 6000	5,000.00	3,750.00	4,000.00	3,250.00
6 000 to 8,000	5,500.00	4,250.00	4,500.00	3,750.00
8,000 to 10,000	6,000.00	4,750.00	6,500.00	4,250.00
22,000 to 24,000	10,000.00	8,750.00	9,000.00	8,250.00
24,000 +	Fixed as above			

21.41 The documentation fees payable on initial listing is the same as the Main Board listing fees as per Section 17.

21.42 In respect of each class of security listed, an annual listing fee shall be paid at the anniversary of each year, which shall be as in the above schedule.

21.43 The fees for listing additional securities are as per Section 17.

#### **DAs**

21.44 A DA with a dealer's license will be required to pay an initial, non-refundable, application fee to the LuSE of K9,000.00 in order to apply to act as a DA, unless such party is already an approved sponsor. A DA with an Investment advisory license will be required to pay an initial, non-refundable application fee to the LuSE of K7,000.00 in order to apply to act as a DA. This fee is to be submitted with the application to become a DA.

21.45 After approval a DA will be required to pay a non-refundable annual fee of K9,000.00 or K7,000.00 respectively(including VAT) payable at the anniversary of each year.

### **Appendix A to Section 21**

#### **Application for transfer to LuSE Alt-M from another Tier**

A1.1 The application must contain the following:

(a) a statement that:

“It is understood that, once approved by the LuSE, this application shall constitute a contract between this issuer and the Lusaka Stock Exchange Limited (“LuSE”) and also between the directors\*/description of office equivalent to directors\*, of the issuer and the LuSE, on a continuing basis and that in giving the General Undertaking referred to in paragraph 16.10(s) of the Listings Requirements of the LuSE (“the Listings Requirements”), the issuer and its directors\*/description of office equivalent to directors\* undertake to comply with the Listings Requirements as they may exist from time to time.”

\* delete whichever is not applicable;

(b) full name of the applicant;

- (c) the addresses of the registered and transfer offices of the applicant in the Republic of Zambia;
  - (d) A statement regarding the applicant's share capital stating:
    - (i) the amount of the authorised share capital of each class of share, and the nominal value and number of securities in each class; and
    - (ii) the number and amount of the share capital issued and to be issued with respect to each class of share, and the number of securities in each class for which a listing is applied for;
  - (e) the nominal amount and number of securities of each class:
    - (i) offered to the public for subscription, either by the applicant or otherwise ("the offer"), and the date the offer opened;
    - (ii) applied for in terms of the offer, and the date the offer closed (where this information is available at the date of application); and
    - (iii) issued and/or allotted, and the date of issue and/or allotment (where this information is available at the date of application) pursuant to the offer;
  - (f) the abbreviated name of the applicant. Such abbreviated name must not exceed 9 characters, inclusive of spaces;
- A1.2 The application must be signed by the secretary and a director, or equivalent, of the applicant and by the DA.
- A1.3 The application must be accompanied by a resolution of the directors of the applicant authorising the application for the transfer of list

## **APPENDIX B TO SECTION 21**

### **Designated Advisers/Sponsors**

This schedule contains certain Listings Requirements applicable to Designated Advisers/Sponsors (DA) and should be read with Section 2.

#### **Introduction**

- B1.1 This schedule sets out the Listings Requirements of the LuSE pertaining to the eligibility criteria of sponsors.
- B1.2 A sponsor may be a company, partnership or sole proprietor with sufficient executive staff to execute all sponsor requirements and responsibilities in accordance with the Listings Requirements.
- B1.3 The general responsibilities of a sponsor are set out in Section 2.

#### **Qualifications for approval**

- B1.4 A sponsor must satisfy the LuSE:
  - (a) that they are licensed or approved by the Securities and Exchange Commission
  - (b) that it is competent to discharge the responsibilities of a sponsor; and
  - (c) that it accepts the responsibilities of a sponsor and agrees to discharge those responsibilities at all times to the satisfaction of the LuSE.

## Eligibility criteria

B1.5 The following criteria must be met by a sponsor in order to satisfy the LuSE that it is competent to fulfil the role of sponsor:

(a) **Employment of staff with relevant experience**

- (i) a sponsor will be expected to have staff who have considerable relevant corporate finance experience;
- (ii) a sponsor may either :
  - (1) demonstrate to the LuSE's satisfaction, that at least three of its executive staff have provided advice to issuers on the application of the Listings Requirements as follows;
    - (a) in respect of each executive, advice must have been provided by such executive to issuers on at least three significant transactions during the three years prior to application, and
    - (b) in respect of each executive, advice must have been provided by such executive to issuers on at least one significant transaction during the year prior to application. **OR**
  - (2) show that its executive staff have undergone training as Designated Advisers. Thereafter a sponsor will be required to maintain at least three of the executive staff throughout its operations.

Such executive staff will be classified as approved executives and recorded as such by the LuSE ("approved executive classification" or "approved executives");

- (iii) a sponsor must be able to perform significant transactions defined as, initial public offers requiring a pre-listing statement/prospectus, Category 1 transactions, rights offers, related party transactions requiring the production of a circular, unbundling whether by way of a capital reduction or dividend in specie and other issues of securities requiring the production of listing particulars/pre-listing statement/prospectus;
- (iv) a sponsor must provide details of each of its executive staff member's roles in these significant transactions and the nature of the advice given in order for the LuSE to be able to determine which executive staff members qualify for approved executive classification. The LuSE reserves the right to conduct whatever enquiry it deems necessary to ascertain the accuracy of the details provided in the application;
- (v) the sponsor's approved executives must not ever have been:
  - (1) convicted of an offence resulting from dishonesty, fraud or embezzlement;
  - (2) barred from entry into any profession or occupation ;and or
  - (3) convicted in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act, or was a director or alternate director or officer of a company at the time such company was convicted of any similar offence;
- (vi) if the relevant criteria detailed in B1.5(a)(i) to (iv) above are not

satisfied, the LuSE may still accept the applicant as a sponsor but not as a DA, provided that such sponsor has demonstrated to the LuSE's satisfaction that it has the necessary expertise and adequacy of staff to properly discharge the responsibilities of a sponsor. In such instance such sponsor must have at least one executive approved as an approved executive by the LuSE. In this instance the LuSE will record whichever executive staff members have qualified for approved executive classification as well as the details of the other sponsor staff employed ("employment status"). The LuSE reserves the right to review such sponsor's status if and when there is any change to such sponsor's employment status, which must be notified to the LuSE within 48 hours of such change.

**(b) Adequate supervision of staff**

- (i) a sponsor must ensure that all staff who do not qualify for classification are supervised and managed by approved executives whenever they are involved in sponsor activities; and
- (ii) a sponsor must have appropriate controls and procedures to ensure that staff involved in sponsor activities do not act beyond their authority.

**(c) Sufficiency of staff**

- (i) arrangements must be in place to ensure that a sufficient number of approved executives are always available to ensure that the sponsor's responsibilities are properly discharged at all times.

**(d) Independence**

- (i) a sponsor must provide an undertaking that it will not act as a sponsor to any organisation of which it is not independent (except with the specific approval of the LuSE);
- (ii) a sponsor must provide confirmation of its independence for each corporate action in which it acts as sponsor by completing Schedule 16 and submitting same to the LuSE. A sponsor must also ensure it is independent of any client to whom it provides sponsor services/advice but which will not necessarily become the subject of a corporate action and will not require the completion of Schedule 16;
- (iii) the question of a sponsor's independence must be determined in respect of each corporate action or other instance according to the following requirements:
  - (1) a sponsor may not control, be controlled by, or be under the same control as an applicant issuer unless the sponsor is acting as joint and non lead sponsor. For this purpose, control is as defined in the definitions section of the Listings Requirements;
  - (2) the above will not apply to investment entities where the sponsor's interest arises by virtue of the holdings of its non managed discretionary clients;
  - (3) a normal business relationship between an applicant issuer and any company which is part of the sponsor's group will not usually prohibit a potential sponsor from acting. However, relationships that would give the sponsor's group a material interest in the success of a listing, or other corporate action may result in the sponsor not being independent, and, in such instances, the LuSE must be consulted;

- (4) a sponsor may be the auditor and/or tax adviser and/or the reporting accountant to the applicant issuer, provided the LuSE is satisfied that there is an adequate segregation of roles within the sponsor's group;
- (5) any director or employee of the sponsor that has a significant interest in an issuer, being 3% or more for purposes of this requirement, or is material to the director or employee, must not be involved in advisory activities of the sponsor in relation to such applicant issuer;
- (6) an investment in an issuer that is material to the sponsor will result in such sponsor not being regarded as independent of such issuer unless the LuSE decides otherwise; and
- (7) in any case of doubt, the LuSE must be consulted;

Notwithstanding the above requirements the LuSE recognises that it is impossible to anticipate all circumstances under which a sponsor would be deemed not to be independent and accordingly reserves the right to determine the independence of a sponsor after having reviewed the declaration made by the sponsor in Schedule 16.

### **The application process**

- B1.6 Applications to become a sponsor must be made to the LuSE by submitting the following:
- (a) the sponsor application form (as set out in B1.21 below); and
  - (b) the sponsor employee submissions referred to in B1.5 (a) (iv) above.
- B1.7 An applicant will be required to nominate a person to act as the primary contact with the LuSE concerning the application.
- B1.8 The LuSE will advise the applicant of the result of the application in writing.

### **Fees**

- B1.9 The relevant fees as determined by the LuSE from time to time are available on the LuSE's website "www.luse.co.zm".
- B1.10 If annual subscription fees payable by a sponsor are not paid by the anniversary of any year, no document from such sponsor will be accepted for submission to the LuSE until the fees have been paid in full.

### **Register**

- B1.11 A register of sponsors will be published by the LuSE.

### **Designations**

- B1.12 A sponsor will be able, but not required, to state on its business documentation that it is a sponsor registered with the LuSE, and may similarly disclose its approved executives.

### **Continuing requirements**

#### ***Annual confirmation***

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B1.13 Each time the annual subscription is paid, sponsors are required to advise the LuSE whether or not it still meets the eligibility criteria, and specifically, whether or not it continues to have a minimum of three approved executives in its employ.

B1.14 In order to remain as an approved executive in accordance with B1.13, an executive must be able to demonstrate to the LuSE's satisfaction that he/she has provided advice within the last 12 months to an issuer on the application of the Listings Requirements as follows:

- on at least one significant transaction as per section B1.5(a)(iii) or;
- on at least two section A transactions or;
- a combination of section A and B (two section Bs for every section A with at least one section A).

#### Section A

Termination at the request of an issuer (paragraph 1.10 to 1.12);;

Specific issue of shares for cash (paragraph 5.82 to 5.90); and

Odd-lot offer (paragraph 5.118 to 5.119).

#### Section B

Category 2 announcement; or

Small related party transaction (paragraph 10).

Sponsors approved in terms of paragraph B1.5(vi) must confirm annually that the original team as approved is still in the employ of the sponsor.

### **Issues affecting approved executive status**

B1.15 Whenever an approved executive of a sponsor resigns and moves employment to another sponsor, such person must reapply to the LuSE in accordance with this section in order for the LuSE to determine whether they will approve such person to act as an appointed executive at such new sponsor.

### **Issues affecting sponsor status**

B1.16 A sponsor, excluding sponsors appointed in terms of B1.5(a)(vi) above, must inform the LuSE within 48 hours, in writing, if any of its approved executives leave its employment (including the situation where an approved executive is no longer physically present in the sponsors offices and providing advice to issuers), and, if such departure causes the sponsor to have less than three approved executives in its employ it will have a period of three months in which to re-satisfy the eligibility criteria detailed in B1.5 above, failing which (unless the LuSE provides dispensation in terms of schedule B1.5(a)(vi)) the sponsor's status will be suspended until such criteria are satisfied. The JSE will publish such details of the suspension of sponsors.

B1.17 A sponsor may resign as a sponsor by giving written notice to the LuSE and the relevant applicant issuer.

B1.18 If the departure of approved executives results in a sponsor no longer having any approved executives, the LuSE will suspend the sponsor's status, announcing same through SENS, until the sponsor has employed, and has had classified by the LuSE, at least one approved executive, where after the provisions of B1.15 above will apply.

- B1.19 If at any time the LuSE considers that a sponsor or approved executive is no longer competent, the LuSE may suspend the sponsor or approved executive status on reasonable notice to the sponsor. If the sponsor or approved executive is dissatisfied with the LuSE's decision in this regard they should notify the LuSE in accordance with paragraph 1.4 of Section 1.
- B1.20 Notwithstanding acceptance by the LuSE of a sponsor's resignation, or withdrawal by the LuSE of a sponsor's status, the sponsor shall continue to be subject to the jurisdiction of the LuSE for a period of one year following the resignation or withdrawal of status.
- B1.21 A sponsor must immediately notify the LuSE by e-mail, facsimile and letter if any of the events below occur. (failure to make full and timely disclosure to the LuSE may result in disciplinary action against the sponsor):
  - (a) any of the sponsor's approved executives are:
    - (1) convicted of an offence resulting from dishonesty, fraud or embezzlement;
    - (2) barred from entry into any profession or occupation; or
    - (3) convicted in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act, or was a director or alternate director or officer of a company at the time such company was convicted of any similar offence; or
  - (b) an approved executive ceases to meet the criteria for approved executive classification.

**Sponsor application form**

- B1.22 Details of the sponsor application form to be submitted by the applying sponsor to the LuSE are as set out below.

**SPONSOR APPLICATION FORM**

- 1. Name of applicant  
.....
- 2. Trading name (if different)  
.....  
.....  
Tel: ..... Fax: .....  
Website: e-mail:  
Address:  
.....  
.....  
.....
- 3. Nature of entity (private company, public company, unlimited company, partnership, sole trader)  
.....  
.....  
.....
- 4. Name of contact person and contact details  
.....  
.....

- .....
5. Is the applicant a member of any self regulating organisation or recognised professional body (specify)?
- .....
- .....
- .....
- .....
- .....
- .....
6. Which corporate financial services does the applicant intend offering?
- .....
- .....
- .....
- .....
- .....
- .....
7. Describe public offers, mergers and acquisitions, or other corporate financial or capital markets experience of the applicant and its executive staff in the last three years (provide a suitably detailed table)
- .....
- .....
- .....
- .....
- .....
- .....
8. Names and other details of executive staff that will be involved in sponsor activities
- .....
- .....
- .....
- .....
- .....
- .....
- .....
9. What procedures and controls are in place to ensure that personnel do not act outside their authority?
- .....
- .....
- .....
- .....
10. Please state any other information that you may think is relevant to your application
- .....
- .....
- .....
- .....
- .....
11. With respect to your approved executives, have any of them ever been:
- (a) convicted of an offence resulting from dishonesty, fraud or embezzlement? If yes, provide details.
- .....
- .....
- .....
- .....

- (b) barred from entry into any profession or occupation?  
.....  
.....
- (c) convicted in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act, or was a director or alternate director or officer of a company at the time such company was convicted of any similar offence? All such convictions must be disclosed even though they may now be “spent convictions”.  
.....  
.....

12. Applicant’s undertaking to the LuSE Limited

We hereby apply for approval as a sponsor as defined in the Listings Requirements of the LuSE Limited. Should such application be successful we undertake to:

- (a) be bound by and discharge our responsibilities as a sponsor under the Listings Requirements as amended from time to time;
- (b) advise the LuSE, in writing, without delay, of our resignation or dismissal from a sponsor appointment, giving details of any relevant facts or circumstances;
- (c) provide a description of any interest held by the sponsor, the sponsor’s group, and any partner or director of that firm in the issuer or its subsidiaries, or by the issuer in the sponsor;
- (d) acknowledge that the LuSE may censure us if the LuSE considers that we are in breach of our responsibilities, and that the LuSE may publicise the fact that it has done so; and
- (e) apply the spirit of the Listings Requirements and uphold the integrity of the LuSE.

We declare that the information supplied is complete and correct, and we agree to comply with the additional notification requirements

We have read the eligibility criteria for a sponsor and believe that this application conforms to the criteria (except as specifically notified to you with this application)

.....  
Signature

.....  
Name of signatory

.....  
Position

.....  
Date

.....  
Signature

.....  
Name of signatory

.....  
Position

.....  
Date

.....  
Sponsor

Schedule 16

**Declaration by sponsor**

The following declaration format must be used by sponsors when submitting the declaration on their letterhead to the LuSE:

“The Chief Executive Officer ”  
Lusaka Stock Exchange Limited  
Exchange Building,Central Park  
Cairo road  
Lusaka

.....20.....

Dear Sirs

(Full name of sponsor) – sponsor declaration

The attached application by (full name of applicant issuer) in respect of (brief description of the corporate action) is the subject of this sponsor declaration.

I, (full name of approved executive), an approved executive of the above sponsor:

- (a) hereby confirm that I have satisfied myself to the best of my knowledge and belief, having made due and careful enquiry of the applicant issuer (and its advisers),\* that all the documents required by the Listings Requirements to be included in the application have been supplied to the LuSE; that all other relevant requirements of the Listings Requirements have been complied with; and that there are no material matters other than those disclosed in writing to the LuSE that should be taken into account by the LuSE in considering the suitability of the application. Should any further information come to my notice before the approval of the application, I will immediately inform the LuSE;
- (b) hereby confirm that I will review each submission for full compliance with the Listings Requirements before submitting it to the LuSE; and
- (c) confirm that with regard to our independence:
  - (i) either:
    - (1) the following director(s), partner(s) or employee(s) (“employment capacity”) of the sponsor (including any holding company, subsidiaries and associates of the sponsor) (“the sponsor”) has an interest in a class of share, debt or loan capital of ..... (including the holding company, subsidiaries or associates) (“the issuer”):

Name and employment capacity	Nature of holding or interest	%	Name of beneficial owner

---

- or
- (2) hereby confirm that the sponsor has no interest in the issuer;  
(delete paragraph whichever is not applicable)

and

- (3) in relation to the above, the following has changed over the last 12 months

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

(ii) either

- (1) the sponsor has the following representation on the board of directors of the issuer

Name and employment capacity	Capacity (of directorship)

or

- (2) the sponsor has no board representation on the board of directors of the issuer

and

- (3) in relation to the above the following has changed over the last 12 months

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

(iii) either

- (1) the following matter may be considered to have an effect on our independence from the issuer:

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

or

- (2) there is no matter which may have an effect on our independence from the issuer

and

- (3) in relation to the above the following has changed over the last 12 months

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

(iv) either:

(1) the interests of the sponsor in relation to any securities or other holdings in the issuer will change as a result of this transaction as follows:

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

or

(2) the interests of the sponsor in relation to any securities or other holdings in the issuer will not change as a result of this transaction

(v) the various functions and activities undertaken by the sponsor:

(1) in relation to this corporate action and to the issuer are as follows:

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

and

(2) in relation to the above the following has changed over the last 12 months

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

(c) Where an interest or issue has been identified above, provide a list of the procedures that are in place in order to ensure that the sponsor is independent from the issuer:

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

This declaration is furnished to you in accordance with the Listings Requirements of the LuSE and may not be relied upon for any other purpose or by any other person.

Yours faithfully

.....  
(signature of approved executive)

.....  
(initials and surname of approved executive)”