

LUSAKA STOCK EXCHANGE LISTING RULES FOR DEBT SECURITIES



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INTRODUCTION

Introduction

(i) Objectives and Principles underlying the rules.

The Lusaka Stock Exchange (herein called “the LuSE”) provides a market for the listing of Debt Securities issued by government, public enterprises, corporations and other entities. The objectives of and principles underlying the rules are as follows:

- To regulate the intermediation of capital raised by issuers of long term debt instruments.
- To enhance investor confidence by ensuring that issuers meet the minimum disclosure standards at the time they are soliciting for long term funds from investors.
- To enhance investor protection by ensuring that issuers of long term debt instruments continuously keep investors well informed about their investments and entities in which they have invested through out the tenor of the instruments.
- To generally promote the LuSE as a forum for alternative investment.
- To encourage government, local authorities and parastatals to use LuSE as an alternative forum for raising of capital.

(ii) Listing Committee

Under the provisions of the Rules an issuer that requires its Debt Securities to be listed on LuSE shall comply with the Rules and make an application to LuSE before it is granted such listing.

The Listing Committee shall be appointed in accordance with the LuSE Articles (as amended from time to time) and shall comprise no less than three (3) Board Members.

The Listing Committee derives its powers from its appointment by the LuSE Board as the delegated authority, inter alia, to review all matters relating to the rules, including the authority to examine and recommend to the LuSE Board for approval or refusal of such approval all Applications for listing and supporting documentation, which approval may be subject to certain conditions.

In terms of the Rules, the Listings Committee has the power to consolidate, suspend, remove or alter from time to time:

- A requirement for the listing of Debt Securities prescribed before or alter a listing has been granted; and
- A listing of a Debt Security, and to prescribe the circumstances under which such listing shall or may be consolidated, suspended, removed or altered, as the case may be.

SECTION 1

DEFINITIONS AND INTERPRETATION

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

Term	Meaning
“Application”	An application for the listing of Debt Securities, which application must contain the documents provided for in these Rules.
“Applicant”	a body corporate, a juristic person, or any other entity approved by the Securities and Exchange Commission and the LuSE which has made Application to have its Debt Securities Listed on LuSE.
“Asset-backed Debt Securities”	Debt Securities backed by assets which are intended to produce funds to be applied towards interest payments and repayment of principle on maturity, except those Debt Securities which are directly secured, in whole or in part, by a mortgage of immovable property or by a bond.
“Authorised Amount”	The amount which the directors, or similar body in respect of a non corporate Issuer, has approved for issue in respect of the Debt Securities concerned.
“Business Day”	A day (other than a Saturday, Sunday or Public holiday in the Republic of Zambia) on which the LuSE conducts business.
“Calculation Agent”	A person identified as such in the Offer Document which undertakes certain functions, as specified in the Offer Document, with regard to calculations of interest rates to be applied on payments due on a Debt Security, and any other related computation.
“CSD”	Means the LuSE Central Shares Depository limited.
“CSD Participant”	Means an entity or person participating in clearing and settlement process of the CSD.
“The Board”	The Board of LuSE.

“The Companies Act”	The Companies Act, Chapter 388 of the laws of Zambia as amended from time to time.
“Dealer Including	
“Manager” and “Arranger	A person identified as such in the Offer Document who arranges or manages the issue of Debt Securities and performs such functions as specified in the other Document which may include the marketing and making a market in Debt Securities.
“Debt Securities”	Securities issued in respect of debt of the issuer including, but not limited to, notes, bonds, debentures, index linked and credit linked notes, whether Asset Backed Securities or Specialist Debt Securities.
“Director”	A director as defined in the Companies Act, and in relation to an Issuer that is not a Company incorporated under the Companies Act, a person with corresponding powers and duties.
“International Accounting	
Standards”	The International Accounting Standards formulated by the International Accounting Standards Board, and includes Zambia Accounting Standards.
“Issue Date”	The date upon which Debt Securities are issued, as specified in the Offer Document.
“Issuer:	A body corporate, a juristic person, or any other entity approved by the Securities and Exchange Commission that has issued and proposes to issue Debt Securities.
“Investor”	Person who acquires Debt Securities listed on Luse, and “Potential Investor” shall be construed accordingly.
“The List”	The official list maintained by LuSE of issuers of Debt Securities which have been approved for Listing.
“Listed Amount”	The Authorized Amount in respect of which an issuer is on the list

“Listing”	The admission of an issuer of Debt Securities to the list, and “Listed” shall be construed accordingly.
“Listing Date”	The date upon which an issuer of Debt Security is listed on LuSE.
“Listing Particulars”	The particulars required for a Listing in terms of section 4 of the Rules.
“Member of LuSE”	A person/company who is a member of LuSE, in terms of LuSE Rules, as amended from time to time.
“Offer” or “Offering”	Marketing of Debt Securities whether already in issue or not, to Potential Investors or any dealer, Arranger or Manager assisting in the offer, and includes marketing of Debt Securities to the public or select group or to existing holders of the Applicant’s generally and that takes place in terms of the rules before the Applicant is Listed.
“Offer Document”	A document or circular outlining the terms and conditions of issue and containing the provisions, required by the Rules in respect of a specific issue of a Debt Security, and includes an information memorandum, a Placing Document, Circular or prospectus.
“Participant of LuSE”	A person/company by the LuSE Board as a participant on the market operated by LuSE, whether such person is a member of LuSE or not.
“Paying Agent”	A person specified as such in the Offer Document, which undertakes certain functions with regard to payments, as specified in the Offer Document.
“Pricing Supplement”	The final pricing terms of each issue under a Programme for which Application is made.
“Programme Memorandum”	
Or “Programme”	A document containing the provisions required by the rules in respect of one or more Debt Securities which may be issued by an issuer, and for which a Pricing Supplement is to be or has been published.
“Public Sector Issuers”	Government, and local authorities, and parastatals.
“The Rules”	These rules of LuSE as approved by the Securities and Exchange Commission under the Securities Act.

“Securities Act”	The Securities Act Chapter 354 of the laws of Zambia
“Specialist Debt Securities”	Debt Securities issued by a Special Purpose Vehicle, and any other Debt Securities which the Board determines to be special.
“Special Purpose Vehicle”	An entity specially formed to hold legal rights over assets transferred to it by the issuer.
“Settlement Agent”	An appointment Settlement Agent approved by LuSE in terms of the rules of LuSE to perform electronic and such other payment and delivery settlement of funds and securities from time to time.
“Sponsoring Broker(s)”	A member of LuSE who is also a participant approved as a Sponsoring Broker in terms of Section 3.
“Standards of Generally Accepted Accounting Practice.”	The Zambia Standards of Generally Accepted Accounting Practice” or “GAAP” Practice as approved by the Zambia Institute of Certified Accountants or such other body Authorized Amount and / or Listed Amount thereof.
“Transfer Secretary”	The person/ company who maintains a register of holders of Debt Securities, whether or not an issuer of such Debt Securities.

In these rules, unless otherwise stated or the context requires otherwise, any expression which denotes any gender includes the other genders and the singular includes the plural and vice Versa. The introductory portions of this document and the headings to paragraphs are for ease of Reference only and do not form part of the Rules.

SECTION 2

GENERAL REQUIREMENTS FOR A LISTING

2.1 GENERAL COMPLIANCE

2.1.1 The applicant shall:

- 2.1.1.1** Comply with the rules.
 - 2.1.1.2** Conform with the law of its place of incorporation;
 - 2.1.1.3** Be duly authorized to issue and apply for the listing of its debt securities in terms of its articles of association or other constitutive documents;
 - 2.1.1.4** Have obtained any necessary statutory or other consent; including approval for or exemption from registration of debt securities under the securities act.
- 2.1.2** The draft offer document and other documentation required for the listing of a debt security in terms of these requirements must be submitted to LuSE at least 30 days (or within such other period as LuSE may stipulate) before the required listing date.
- 2.1.3** Approval for listing of a debt security is subject to the submission of all the documents required in terms of these requirements to LuSE prior to the listing date or such documents or other requirements as may be requested by LuSE.
- 2.1.4** No offer document is to be made available to the investing community unless it is approved by SEC and LuSE.
- 2.1.5** No offer document shall bear the words “final” unless such offer document has been approved by LuSE. An offer document, once approved by LuSE, must be signed as approved for in these requirements and a signed copy submitted to LuSE.
- 2.1.6** The offer document must include a statement that the offer document and related documents (Including those incorporated by reference) may be inspected at the registered office of the issuer throughout the life of the issue during normal business hours. The issuer must also make available such offer document in suitable electronic Format to LuSE so that it can be placed on the website of LuSE.
- 2.1.7** LuSE may grant a listing subject to any special conditions it may consider appropriate at the time.
- 2.1.8** The granting of a listing of a debt security must be published in the form of a notice by the issuer through the media within 3 business days after the listing occurs. For purposes hereof, “media” means any electronic news service and any daily newspaper with distribution nation-wide.

2.1.9 The application for listing and the grant of the listing shall constitute a contract between the applicant and the LuSE indicating the undertaking of the applicant to comply with the rules.

2.2 CONSOLIDATION, ALTERATION, SUSPENSION, OR REMOVAL OF LISTING

2.2.1 Subject to the provisions of any written law and the Rules, LuSE shall have the power to:

- Remove any Debt Securities or Programme Memoranda or suspend the inclusion in the List of those issuers of Debt Securities or Programme Memorandums; or

-Omit from the list of quotations of prices of Debt Securities issued for publication on the authority of LuSE, the prices of any Debt Securities previously quoted in this List.

2.2.2 LuSE has the power to prescribe the circumstances under which such Listing or Programme Memorandum shall be consolidated or altered.

2.2.3 No consolidation, alteration, suspension, removal, or omission in 2.2.1 and 2.2.2 shall be effected by LuSE unless the Issuer has had the opportunity of making representation to LuSE in support of the continued inclusion of such Debt Securities or Programme Memoranda or prices in the list.

SECTION 3

SPONSORING BROKER(S), PARTICIPANT(S) AND RATING AGENCIES

3.1 SPONSORING BROKER(S) AND PARTICIPANT

3.1.1 APPOINTMENT

3.1.1.1 The issuer must appoint a Sponsoring Broker or a Participant when making an Application.

3.1.1.2 The Sponsoring Broker or Participant must notify of its appointment by an Issuer. Where there are joint Sponsoring Brokers or participant, LuSE shall deal with the lead appointed Sponsoring Broker or participant in respect of the issue.

3.1.2 QUALIFICATION

3.1.2.1 The Sponsoring Broker must be a member of LuSE in terms of the LuSE Rules.

3.1.2.2 The Participant who is not Member of the LuSE must formally apply to LuSE Board for approval upon payment of such fees as the LuSE board for approval upon payment of such fees as the LuSE Board may require from time to time.

3.1.2.3 The LuSE Board shall give the participant such approval / rejection in writing.

3.1.3 RESPONSIBILITIES OF A SPONSORING BROKER (S) OR PARTICIPANT (S)

3.1.3.1 A Sponsoring Broker or Participant must:

- (a) Assist the Issuer with an application, which includes the preparation of Listing particulars, pricing and undertaking;
- (b) Provide to LuSE any information or explanation known to it in such form and within such time limit as LuSE may reasonably require for the purpose of verifying whether the rules are being and have been complied with by it or by the Issuer;
- (c) Submit all documentation required in terms of 8.1 to the LuSE;
- (d) Ensure that the Issuer is guided and advised as to the application of Rules;
- (e) Manage the submission of all documentation to the LuSE Secretariat. Documentation submitted to the LuSE Secretariat by a Sponsoring Broker or Participant must be confirmed by the Sponsoring Broker or Participant as to its compliance with the various categories of the Rules. The Sponsoring Broker or Participant shall not be required to independently verify the accuracy of information provided by the Issuer and its advisors;
- (f) Carry out any activities which are reasonably requested by the Board in respect of listing; and
- (g) Discharge its responsibilities with due care and skill.

3.1.3.2 All communications between LuSE and the Issuer in connection with the application shall be made via the Sponsoring Broker or Participant only.

3.1.3.3 Where the name of a Member of LuSE or Participant appears on any document issued by or on behalf of any Issuer in connection with an issue of

Debt Securities, the following shall be appeared to the name of the member of LuSE or Participant:

“Member of The Lusaka Stock Exchange” or “Participant of the Lusaka Stock Exchange” as the case may be.

3.1.3.4 The LuSE approved final Offer Document shall be provided in hard and electronic format acceptable to LuSE.

3.2 RATING AGENCIES

3.2.1 LuSE firmly supports and endorses the concept of ratings as an independent measure of an Issuer’s credit quality with respect to a Listing.

3.2.2 Any Decision as to the involvement of rating agencies in a listing shall be made by the Issuer and its advisor(s) provided that the rating agency is approved or endorsed by the Securities and Exchange Commission.

SECTION 4

LISTINGS PARTICULARS

4.1 CONTENTS OF LISTING PARTICULARS

This section sets out the information that shall be included in the Offer Document as particulars of Listing or Listing Particulars.

4.1.1 TERMS AND CONDITIONS

4.1.1.1 The Offer document for any Listing must describe the terms of Issue, including provisions with respect to the description of Debt Security being offered, interest payments, conversions, redemption dates.

4.1.1.2 In addition to the requirements of any written law, the following is a summary of the requirements for disclosure that must be contained in the Offer Document:

4.1.1.2.1 Details of the Issuer

The Issuer’s full name, registration number and a place of incorporation.

4.1.1.2.2 The business of the Issuer

A broad statement describing the general business of the Issuer.

4.1.1.2.3 Management and control of the Issuer

The composition and full names of the Issuer's shareholders and shareholding structure, board of directors or any specific organ(s) constituted in terms of the Issuers memorandum and articles of association or equivalent constitutive documents and the names of the Issuers that is a company, a person with corresponding powers and duties.

4.1.1.2.4 Secretary and registered office

The full names of the Issuer's company secretary (if a company), and the address of its offices and of the registered office (if a company) or place of business (if not a company). In relation to an Issuer that is not a company, a person with corresponding powers and duties.

4.1.1.2.5 Attorneys, Advisors, Auditors, Dealers or Sponsoring Broker or Participant, Arrangers, Managers, Calculation Agent, Paying Agent, Transfer Secretary and other advisors or consultants

The full name, name of contact person, address of the Attorneys, Advisors, Auditors, Auditors, Dealers or sponsoring Brokers or Participants, Arrangers, Managers, Calculation Agent, Paying Agent, Transfer Secretary and other advisors or consultants.

4.1.1.2.6 Amount of the issue

The Authorised Amount of the Debt Securities to be listed, denomination of the instruments whether at face value or discount, and any minimum indicated amount to be issued. Where the issue amount is not fixed and tap issues contemplated, a statement to this effect is to be made, setting out the Authorised Amount and Initial Amount to be issued.

4.1.1.2.7 Stock code

The loan number will be the "stock code". LuSE will issue a stock code in consultation with the Issuer, which will be in accordance with conventions that identify the Issuer's current listed stock codes and with the short name of the Debt Security.

4.1.1.2.8 Rate(s) of interest and payment dates

The rates of interest and due dates of payments in respect of debt securities must be fully described. If several interest rates are provided for, an indication of the calculation / conditions for changes in the interest rate must be included. Except in the case of issues under a Programme Memorandum an indication of the method whereby that interest payment / coupon is calculated shall be described in summary form.

4.1.1.2.9 Maturity dates

The maturity date of the debt security and circumstances of the repayment are to be fully described.

4.1.1.2.10 Description of application

A statement that the Securities have been registered with SEC in terms of the Securities Act and that an Application has been made to and has been approved by LuSE for the Debt Security to be listed and setting out the relevant Debt Security to be listed.

4.1.1.2.11 Restrictions

Details of any legal restrictions under which the Debt Security will be offered, sold, transferred or delivered.

4.1.1.2.12 Risk factors

A section fully describing the material risk factors and the sensitivity of the issue to such factors must be provided. The risk factors to include not only matters concerning the business and financial condition of the Issuer, but also such matters (when applicable) as the absence of an operating history, the absence of profitable operations and future projections.

4.1.1.2.13 Status of debt security

Details of the status of, subordination of, and / or negative pledge relating to the Debt Security with respect to others debts of the Issuer already contracted or to be contracted.

4.1.1.2.14 Governing Law

A statement of the law under which the Debt Security is governed and of courts which have jurisdiction in the event of litigation.

4.1.1.2.15 Subscription Rights

The procedures for offers for subscription and the treatment of subscription rights not exercised. Where necessary, reference to be made to the fact that subscriptions may be reduced. If the issuer (or any third party subscribing for any Debt Security) has a right to cancel the issue or subscription for the Debt Security at any time prior to the issue, such right must be specified in the Offer Document.

4.1.1.2.16 Salient Dates

The following factors relating to the Debt Security:

- (i) The Listing Date;
- (ii) The Issue Date;
 - Issue and any interim / auction dates
 - The date from which interest accrues;
 - First interest settlement date;
 - The interest payment dates, Last Day to Register, and redemption date(s)

4.1.1.2.17 Amortisation

The arrangements for the amortisation of the Debt Security if any, including the repayment procedures and schedules.

4.1.1.2.18 Currency and Payment

The currency in which the Debt Security is issued and in which interest and principle are to be paid and repaid respectively, and the methods of such payment.

4.1.1.2.19 Method of Issue and Allocation or Allotment

Describe the procedures for the method of issue and / or allocation of issue.

4.1.1.2.20 Clearing and Settlement

An acknowledgement that the issue will adhere to the recognized and standardized electronic clearing and settlement procedures operated within the LuSE environment.

4.1.1.2.21 Register

A Description of the register of Debt Securities and registration.

4.1.1.2.22 Immobilisation / Dematerialisation

Indicate whether the Issue is to be immobilized or dematerialised and the process of issuing of individual certificates, including:

- The time of validity of claims of payment of interest and repayment of principle;
- procedures and time for delivery of the Debt Security to and from the Central Securities Depository (CSD) and the creation and deliver of an individual certificates in respect of registered definitive Debt Security through the Settlement Agent system.

4.1.1.2.23 Trustee or representative

4.1.1.2.23.1 Details of trustees (where applicable) or of other representatives for the body of Investors.

4.1.1.2.23.2 Name and function and description and address of the representative of the Investors, the main conditions of such representation and in particular the terms or conditions under which the trustee or representative may be replaced.

4.1.1.2.23.3 Indication of the place where the public may have access to the contracts relating to these forms of representation.

4.1.1.3 Rights of Investors

The rights conferred upon the holders of Debt Security and particulars (if any) thereof.

4.1.1.4 Taxation

4.1.1.4.1 A statement regarding withholding tax on the income from the Debt Security in the country of origin in the case of a foreign Issuer Listing Debt Security on LuSE;

4.1.1.4.2 Indicate whether the Issuer is required to gross up income payments where there is a withholding of tax at source.

4.1.1.4.3 Details of any taxation imposed or levied on the Issuer as a result of the issue of the Debt Security as required by law.

4.1.1.5 Exchange Control

4.1.1.5.1 Information on any Exchange Control Regulations (If any) to be considered that may be relevant to an Investor.

4.1.1.5.2 That Exchange Control approval had been granted to the Issuer is incorporated or domiciled in a foreign country, where such approval is required.

4.1.1.6 Purpose and cost of Issue/ Use of Proceeds/Underwriting

Purpose and cost of the issue and intended application of its proceeds must be stated as well as whether the issue is underwritten or not, provided that where the offer is made to the public, the offer must be underwritten.

4.1.1.7 Financial Information

4.1.1.7.1 The financial information shall be included in the Offer Document or, where such information is incorporated in the Offer Document by reference, at least a three year summary must be included in the Offer Document.

4.1.1.7.2 The financial information which the Issuer is required to disclose is set out in section 5, and in addition the Issuer must disclose:

- Legislation under which the Issuer operates and legal form which it has adopted under that legislation (i.e. incorporation or self-enabling Act).
- Indication of the Issuer's objects and reference to the clause of the articles of association or equivalent constitutive documents in which they are described.
- Reference to the updated statutory documents and where these may be inspected and where they are available to any potential Investor.

4.1.1.7.3 Any supplementary information stipulated by the Board.

4.1.1.7.4 An Independent Accountants' Report must be prepared by an accounting firm that is not the auditor of the Issuer and independent of the Issuer in terms of the Securities Act.

4.1.1.8 Security, Guarantees, Sureties and Commitments

The nature and scope of any security, guarantees, sureties and commitments given in respect of the Debt Security and an indication of the place where the public may have access to the texts of the contracts relating to these security guarantees, sureties and commitments.

4.1.2 RESPONSIBILITY DECLARATION

The directors of the Issuer shall make a declaration in the Offer Document in the following form:

“The Directors accept full responsibility for the information contained in this Offer Document. To the best of the Knowledge and belief of the Directors (which has taken all reasonable care to ensure that such is the case) the information contained in this Offer Document is in accordance with the facts and does not omit anything likely to affect the import of such information”.

4.2 SIGNING AND DATE OF THE OFFER DOCUMENT

The Offer Document shall:

- 4.2.1** In the case where the Issuer is a Company, be signed by two Directors of such Company, or by two officials of such Company authorized by those Directors, or by two duly authorized officials of such company.
- 4.2.2** In the case where the Issuer is not a Company be signed by two duly authorized senior officials of such Issuer.
- 4.2.3** The signatories shall be deemed to have authorized the publication of the Offer Document.
- 4.2.4** Every signature to an Offer Document shall be dated, and the latest of such dates shall be deemed to be the date of the Offer Document.

SECTION 5

FINANCIAL INFORMATION

The information referred to this Section may be included in the Offer Document or provided separately and incorporated by reference in the Offer Document at the Time the offer opens. Financial information referred to in 5.3 shall be prepared in accordance with Zambian Standards of Generally Accepted Accounting Practice that conforms to the applicable International Accounting Standards. Government, municipalities, parastatals and utilities that are subject to enabling legislation, may require adherence to other standards provided this fact is disclosed.

5.1 DISCLOSURE REQUIREMENTS

5.1.1 The requirements laid down in this Section are not exhaustive and the Issuer may include, or LuSE may require, additional information.

5.1.2 The Offer Document shall contain sufficient information to provide full disclosure of the Issuer's operations, financial resources and requirements and the risks associated with the Issuer's business and market place for purpose of a comprehensive analysis of the Issuer's ability to service and redeem the Debt Security. It shall also contain all relevant information with respect to the particular nature of the Issuer and the Debt Security for which Application is being made.

5.2 FINANCIAL STATEMENTS

5.2.1 An Issuer which is a company must have published or submitted audited financial statements which:

5.2.1.1 Have been prepared in respect of at least the last three financial years (except as provide for in 5.2.2) and subject to the provisions of any written law the latest published audited financial statements of such Issuer must be in respect of a period ended not more than 9 months before the date on which the offer closes. Interim financial statements prepared after the most recently published audited financial statements may be required to be submitted.

5.2.1.2 Have been prepared in accordance with the laws applicable; and

5.2.1.3 Have been independently audited.

5.2.2 Notwithstanding 5.2.1, financial statements of an Issuer relating to a period shorter than three years may be accepted if LuSE is satisfied that:

5.2.2.1 The acceptance of the financial statements of the Issuer for such shorter period is in the interests of the Issuer and will not prejudice the interests of Investors and that Investors have sufficient information available to arrive at an informed assessment concerning the financial position and affairs of the Issuer and the Debt Security for which the Listing is sought; or

5.2.2.2 The Debt Security for which the Listing is sought are guaranteed Debt Security,

5.2.2.3 The Debt Security for which the listing is sought is Asset-backed Debt Security.

5.3 FINACIAL INFORMATION TO BE PRESENTED

The financial information required in 5.2 is to include:

- Income statement;
- Balance sheet;
- Statement of changes in equity;
- Cash flow statement;
- Accounting polices;
- notes thereto;
- Segmental information;
- any material post balance sheet events occurring subsequent to the issue of the latest audited financial statements;
- Credit risk profile (if applicable) to draw the attention of Potential Investors to the risks that they will assume;
- A statement as to the adherence to the Code of Corporate Governance as developed by LuSE or such other Code as may be recommended by LuSE and a description of any differences and reasons for non adherence; and

- If the issuer's shares are listed on another recognized stock exchange, it must adhere to their disclosure standards as well as the above.

- Any other information as the LuSE may require.

5.4 REPORT OF THE INDEPENDENT AUDITORS

The auditor(s) preparing the independent accountants' report in terms of section 4.1.1.7.4 who should be registered in terms of the Accountants Act is required to provide an opinion on the Issuer's financial statements as per 5.3 stating:

- Scope of the audit;
- Audit opinion on the financial information required by these Rules or written law to be so produced or prepared; and if applicable
- Confirmation that the guarantee to the issue was issued as referred to in the Offer Document,
- Any other matter on which the report is required to be made by the Securities Act.

5.5 GURANTEED OR SECURED ISSUES

5.5.1 The Offer Document shall contain a statement indicating whether the Debt Security to be issued will be guaranteed, secured or unsecured or will be subject to credit enhancement.

5.5.2 Where the Debt Security to be issued is guaranteed a certified copy of such guarantee or Security agreement must be included with the application.

5.5.3 The following information in respect of a guarantee, Security or credit enhancement agreement, as the case may be disclosed and / or provide to LuSE.

5.5.3.1 The registered office and jurisdiction of incorporation of the entity providing the guarantee, Security or credit enhancement;

5.5.3.2 A certified copy of the resolution of the board of directors, or appropriate legal authority authorizing the guarantee, Security or credit enhancement; and

5.5.3.3 Any additional information concerning such entity's business and financial condition as LuSE may reasonably request.

5.5.4 The following details with respect to any guarantee or Security shall be provided to LuSE where applicable:

5.5.4.1 The name(s) of the signatories who signed the guarantee on behalf of the guarantor:

5.5.4.2 The name(s) of the administrator(s) or trustee(s) who hold the guarantee or any Security for the benefit of or on behalf of the Investors, if applicable;

5.5.4.3 Whether the guarantee or Security is conditional, unconditional, revocable or irrevocable;

5.5.4.4 The trustee or relevant party holding the guarantee or other Security must confirm in writing to LuSE that it has the guarantee in its possession.

5.6 SUPPLEMENTARY INFORMATION

In the event of a change in condition (financial or otherwise) of the Issuer which is material in the context of the Debt Security issued by it or if a subsequent event occurs affecting any matter contained in the Offer Document the inclusion of which would be reasonably required by Investors, the Issuer shall update, amend or supplement the Offer Document or publish a new Offer Document.

SECTION 6

DISCLOSURE IN SPECIAL ISSUES

6.1 SPECIAL PURPOSE VEHICLES/ ASSET-BACKED DEBT SECURITIES

6.1.1 Due to the complex nature of Asset-backed Debt Security transactions, LuSE should be consulted at early stage. Depending on the issue of Asset-backed Debt Security, the requirements set out below may need to be modified or supplemented.

6.1.1.1 The Issuer must be a special purpose vehicle specifically incorporated or established for the purpose of the issuance of Asset-backed Debt Security;

6.1.1.2 The provisions of 5.2.2 shall mutatis mutandis apply to an Issuer of Asset-backed Debt Security;

6.1.1.3 Where an issue of Asset-backed Debt Security is backed by equity Security, that Security must be listed and traded on a recognized stock exchange.

6.1.1.4 There must be a trustee or other appropriate independent entity representing the interests of the Investors with inter alia the right of access to appropriate information relating to the assets;

6.1.2 The Offer Document published in connection with the issue of Asset-backed Debt Security must include the following additional information:

6.1.2.1 Details of the underlying assets.

6.1.2.2 A full description of the assets / rights forming the subject matter of the securitization scheme specifying at least the following, where relevant:

- (i) The legal jurisdiction(s) where the assets are located;
- (ii) The nature of and title to the assets;
 - The criteria for the selection of the assets;
 - The number and value of the assets in the pool;
 - The level of collateralization:
- Rights of recourse against the originator to the extent allowed in law, including a list of material representations and warranties given to the Issuer relating to the assets;
 - Rights to substitute the assets and the qualifying criteria;
 - The treatment of early amortization of the assets;
 - Level of concentration of the obligors in the asset pool, identifying obligors that account for 8% or more of the asset value;
 - Where there is no concentration of obligors above 8%, the general characteristics and descriptions of the obligors.

6. L.2.3 Structure and cash flow

A description and documentary proof of the sale or transfer of the asset or assignment of any rights in the assets to the Issuer, indicating the extent of the right of recourse;

- A description of the structure of flow of funds stating:
- An explanation of the flow of funds stating:

- The method by which the cash flow from the assets is intended to meet the Issuer's obligations;
 - Details on specific credit enhancement other than disclosed elsewhere;
 - an indication of where potential material liquidity shortfalls may occur, the availability and details of any liquidity support and plans to cover potential shortfalls;
 - Information regarding the accumulation of surplus in the Issuer and an indication of the investment criteria for the investment of any liquidity surpluses;
 - The payment methods and flows in respect of assets;
 - The "trapping" of cash and the order of priority of payments made by the Issuer;
 - Details of any other arrangements upon which payments of interest and principle to Investors are dependent;
 - Details of any subordinated debt finance;
 - The name, address, description and significant business activities of the originator or creator of the assets backing the issue;
 - the name, address, description and significant business activities of the administrator or equivalent, (if any), together with a summary of the administrator's responsibilities and a summary of the provisions relating to the appointment or removal of the administrator and alternative administrator and their details.
 - Similar details for trustees and their responsibilities;
 - The names and addresses and brief description of;
 - Providers of material forms of credit enhancement; and
 - The banks with which the main accounts relating to the transactions are held.
- Any other information that is material to an understanding of the issue including treatment of residual assets of the Special Purpose Vehicle after its life; and
- Expenses payable by the Issuer.

6.2 REPORT OF THE LEGAL ADVISORS

The Issuer's legal advisors shall confirm that the Special Purpose Vehicle / Asset-backed Debt Security conforms to the laws applicable.

6.3 DEBT ISSUANCE PROGRAMMES

- 6.3.1** The Offer Document must contain the general terms and conditions applicable to all Debt Security that may be issued and Listed under a Programme Memorandum.
- 6.3.2** The Application must specify the aggregate Authorised Amount of all Debt Security that may be issued and Listed under a Programme Memorandum.
- 6.3.2** The Application must specify the aggregate Authorised Amount of all Debt Security that may be issued and outstanding both Listed and un-listed (see 6.3.12) under the Programme Memorandum from time to time. If LuSE approves the Application, it will admit to Listing all Debt Security which may be issued the Programme Memorandum, subject to it:
- 6.3.2.1** Being advised and approved of the Pricing Supplement.
 - 6.3.2.2** Receiving and approving for publication any supplementary Listing Particulars that may be required;
 - 6.3.2.4** Any up-date required in terms of 6.3.6 having been made; and
 - 6.3.2.5** Receiving any listing fees and levies payable.
- 6.3.3** For issues of Debt Security under a Programme Memorandum in excess of the aggregate Authorised Amount or made more than 12 months after publication of the original Listing Particulars, the publication procedures as set out in 7.3 must be followed.
- 6.3.4** The Pricing Supplement must be delivered to LuSE as soon as possible after having been agreed and in any event no later than 14:00 hours on the second business day prior to the Issue Date.
- 6.3.5** The Pricing Supplement relating to a specific issue under the Programme Memorandum must provide an Investor with the full terms and conditions of that issue. This should be in both written and electronic format.
- 6.3.6** A Programme Memorandum which has not lapsed in terms of 6.3.8 shall be updated by the Issuer in the event of any of the information therein being outdated in a material respect, or the Programme Memorandum no longer containing all material correct information required in terms of these Listing requirements. Provided that no update of a Programme Memorandum in respect of the Issuer's financial statements are incorporated by reference and such

statements are published as required by the Companies Act and submitted to LuSE within six months after the financial year end of the Issuer.

6.3.7 Debt Security issued under a Programme Memorandum and subsequently redeemed may not be re-issued under the Programme Memorandum.

6.3.8 If, after a period of two years from the date that the approval /registered of the Programme Memorandum became effective, no Debt Security have been issued under the Programme Memorandum, the Programme Memorandum will automatically terminate and a new Application must be submitted to LuSE.

6.3.9 The following documentation shall be available for inspection at the registered office of the Transfer Secretary for as long as Debt Security are issued and outstanding under the Programme Memorandum:

6.3.9.1 The current Listing Particulars;

6.3.9.2 Any supplementary Listing Particulars published since the current Listing Particulars were published; and

6.3.9.3 Any pricing Supplements (with respect to outstanding issues) issued since the current Listing Particulars were published.

6.3.10 The documentation referred to in 6.3.9 must also be made available in electronic form and will be posted on the LuSE website. LuSE strongly recommends that the pricing supplements be placed on the Issuer's website.

6.3.11 Where Asset-backed Debt Security is issued under a Programme Memorandum, the relevant Pricing Supplements will normally comprise supplementary Listing Particulars which contain information on the underlying assets as required by section 6.3.9.2.

SECTION 7

CONTINUING OBLIGATIONS

7.1 GENERAL

The Listing of a Debt Security on LuSE and any additional Listings in respect thereof are granted subject to the rules as amended from time to time.

7.2 CONTINUING OBLIGATIONS

- 7.2.1** An Issuer granted a Listing, shall within three months of the end of every first half of its financial year publish in a daily newspaper financial statement in respect of the half year period, and publish financial year end results within three months from the end of the financial year.
- 7.2.2** Where an Issuer is not obliged in law to file financial statements with the Registrar of Companies, the requirements of 7.2.1 may be varied at the discretion of LuSE.
- 7.2.3** An Issuer shall forthwith upon the happening of an event of default in respect of a Debt Security, within the meaning of the relevant terms and conditions of such Debt Security, notify LuSE thereof immediately.
- 7.2.4** If LuSE has reason to believe that an even of default as contemplated in 7.2.3 has occurred or is about to occur, it may request the Issuer to confirm or deny the existence of such default or potential in writing within one Business Day of receipt of such request or within such longer period as may be determined.
- 7.2.5** LuSE must inform the Members of LuSE and the investing community of any event contemplated in 7.2.3
- 7.2.6** Where the issuer or issue has been assigned a credit rating, the issuer shall submit the annual review of the relevant credit rating to LuSE.
- 7.2.7** Any other obligation as required under any written law

7.3 CHANGES TO EXISTING DEBT SECURITY

- 7.3.1** In the event of a change to an issue of the nature as set out below, the details of the change shall be submitted to LuSE.
- 7.3.2** LuSE shall, at its discretion, inform the Members of LuSE of any changes to Authorised Amount in terms of 7.3.2.2 and 7.3.2.3.
- 7.3.2.1** In the case of the issuance by the Issuer of further amounts of an already existing Debts Security, whether or not this requires an increase in the Authorised Amount and / or Listed Amount

7.3.2.1.1 The Issuer shall notify LuSE of any changes giving details of the following:

7.3.2.1.1.1 The Debt Security and short name;

7.3.2.1.1.2 The issue price;

7.3.2.1.1.3 The coupon rate / variable interest rate;

7.3.2.1.1.4 The change from the previous coupon interest rate to the new interest rate payable;

7.3.2.1.1.5 The original date of the issue and the proposed date of the additional issue;

7.3.2.1.1.6 The previous Listed Amount and the new Listed Amount;

7.3.2.1.1.7 The total amount issued after this additional issue.

7.3.2.1.2 Where an additional amount to be listed causes the Authorised Amount to exceed the original listing authorization from the Issuer, the Notification to LuSE shall be accompanied by a resolution from the governing body (e.g. Board of Directors) of the Issuer, authorizing such an increase in the Authorised Amount.

7.3.2.1.3 Issuers other than the Zambian government shall be required to submit to LuSE the following additional documentation:

7.3.2.1.3.1 – a letter signed by two directors or two duly authorized officers of the Issuer confirming that there has been no material change to the financial position or affairs of the Issuer as reflected or incorporated in the original Offer Document since the date of such Offer Document since the date of such Offer Document; alternatively.

7.3.2.1.3.2 – in the event of any such material change, detailed supplementary listing particulars shall be submitted to LuSE, specifying the nature and extent of such material change.

7.3.2.2 In the case of permanent reduction in authorized, listed and issued amounts

7.3.2.2.1 – In The event of a proposed permanent reduction in the Authorised, Listed and issued amount of a Debt Security (e.g. invitation to redeem, convert or split), an

Issuer shall notify LuSE of its intention to implement such permanent reduction, providing details of:

7.3.2.2.1.1 – the reduction in the amount

7.3.2.2.1.2 – the remaining balance;

7.3.2.2.1.3 – the proposed date of reduction and, if applicable, the notice to be issued to the Investors giving notice of the proposed reduction.

7.3.2.3 In the case of changes to registered information, additional information

7.3.2.3.1 Issuers shall forthwith advise the LuSE in writing of:

7.3.2.3.1.1 – a change in name of the Issuer, together with a certified copy of the certificate of change of name;

7.3.2.3.1.2 – a change in the Issuer’s registered address;

7.3.2.3.1.3 – a change in Transfer Secretary, Paying or Calculation Agent;

7.3.2.3.1.4 – any “stops” placed against, or the reported loss of, Listed Debt Security certificates; and

7.3.2.3.1.5 – any changes to the books closed period.

7.4 LuSE reserves the right to request an Issuer, at any time after the Listing of a Debt Security issued by it, to confirm or refute the happening of an event or existence of a state of affairs which may have a material adverse effect on the ability of such Issuer or its guarantor to maintain any of its obligations in respect of any specific Listed Debt Security, and the Issuer shall be obliged to comply with such request forthwith.

SECTION 8

PROCEDURES AND DOCUMENTS REQUIRED FOR LISTING

8.1 LISTING METHODS AND PROCESS

8.1.1 An Issuer wishing to List a Debt Security on LuSE may bring the Debts Securities for Listing by public offer method, private placement method or by the method of issue of rights to existing share holders of already issued Debt Securities, and shall submit an Application to LuSE through a Sponsoring Broker or Participant. The terms ‘public offer’, ‘private placement’ or ‘issue of Debt Securities to existing holders of already issued Debt Securities’ shall be construed in terms of the Companies Act.

8.1.2 This section lists the documents required to be submitted to LuSE in an Application. With the submission of the Application, an Issuer shall submit, where applicable:

8.1.2.1 – a copy of the Offer Document;

8.1.2.2 – a certified copy of the certificate of registration of the issuer;

8.1.2.3 – a copy of the Board resolution or resolution of the governing authority of the Issuer authorizing the issue of Debt Security and Listing / or the establishment of a Programme;

8.1.2.4 – a reference to the provisions of the Act or other legislation, regulation, or applicable rules under which the Issuer is regulated, if not the Companies Act;

8.1.2.5 – a copy of the Memorandum and Articles of Association of the Issuer or equivalent constitutive documents;

8.1.2.6 – a certified copy of any applicable guarantee or security;

8.1.2.7 – Listing undertaking in a form prescribed by the LuSE

8.1.2.8 – confirmation that the Issuer has requested the CSD to act as custodian in respect of the Debt Security;

8.1.2.9 – any trust deed relating to the issue;

8.1.2.10 – a copy of the operating and administrative procedures memorandum, in the event of the Listing of a Programme;

8.1.2.11 – a copy of the Bank of Zambia Banking Supervision

Department's approval in respect of the issue, to the extent applicable;

8.1.2.12 – evidence of the credit rating issued by a rating agency if the Issuer elects to refer to such credit rating;

8.1.2.13 – copies of initial marketing material to be used in connection with the original issue of the Debt Security;

8.1.2.14 – confirmation by the issuer:

(a) That all applicable regulatory disclosures have been made; and

(B) that there are no material matters, other than those disclosed in the Listing Particulars or otherwise in writing to the Board, that should be taken into account by the Board in considering the suitability for Listing of the Debt Security for which Application is being made.

8.2 ROAD SHOWS / BOOKBUILDING

8.2.2 An Issuer's management may make presentations to make participants, and / or Potential Investors, or conduct meetings with Potential Investors, only after receiving approval in principle in writing from the LuSE in respect of the listing of the Debt Security.

8.2.3 The Offer Document, as approved in principle by LuSE, may be circulated to market participants and Potential Investors at meetings contemplated in 8.2.1; provided that any amendments effected following such meetings shall be limited to the insertion of dates, pricing, issue amount, and maturity information or similar information. If any other amendments are effected to the Offer Document, Potential Investors and LuSE must be informed of such amendments.

8.2.4 The Issuer, Sponsoring Broker (s), Participants, Dealers, Arrangers or Managers shall advise Potential Investors that the Offer Document is not the final document approved by LuSE and that such document shall be subject to completion and amendment, and this fact shall be clearly stated on the face of this document.

8.2.5 The CSD shall have approved the immobilization / dematerialization of the Debt Security prior to the commencement of the book building process.

8.2.6 A signed, final Offer Document shall be made available to LuSE before the offer opens.

8.3 ISIN NUMBERING

The International Debt Security Indication Number (common international code) shall be allocated to a Debt Security for the trading, clearing and settlement through the LuSE system after the CSD has approved the immobilization / dematerialization of the Debt Security and the salient features are available.

SECTION 9

9.1 GENERAL

9.1.1 A Debt Security Listing granted by LuSE shall be subject to the listing fees and levies prescribed below, in Appendix A, which fees and levies may be varied from time to time at the discretion of the Board.

9.1.1 The listing fees and levies applicable to all Debt Security shall comprise:

9.1.1.1 – a primary listing fee; and

9.1.1.2 – an annual fee.

9.1.2 An Issuer granted a Debt Security listing shall at all times ensure that information required for the calculation of the applicable listing fees and levies is submitted timorously to LuSE.

9.1.3 Listing fees and levies shall be subject to taxes as applicable at the standard rates, which shall be calculated and added to all fees prescribed in this document.

9.1.4 Listing fees and levies shall not refundable where, for any reason, a listing is reduced, withdrawn, consolidated, suspended or terminated; provided that where a listing is refused by LuSE, the Primary Listing fee shall be refunded to the Issuer.

9.2.1 PRIMARY LISTING FEE

9.2.1 A primary listing fee shall be levied on Debt Security Listed on the LuSE as determined by the Board from time to time.

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

9.2.3 A primary listing fee shall be payable by such method as the LuSE may determine.

9.2.4 The primary listing fee payable in respect of the original Application shall be paid in full prior to the granting of a Listing.

9.2.5 An Issuer of Listed Debt Security which fails to pay a primary listing fee on any increase in the issued amount in excess of the original Application within 5 days of such fee becoming payable shall be notified in writing of such arrears and of the interest due on the outstanding.

9.2.6 If such arrears and interest are not paid within seven days of the date of notice, the Listing granted to such Issuer may be suspended and a notice to that effect shall be published in accordance with the Rules at the expense of the Issuer.

9.2.7 If such arrears and interest are not paid within 21 days of the publication of such notice, the Listing granted to the Issuer may be terminated and a notice to that effect published in accordance with the Rules at the expense of the Issuer.

9.3 ANNUAL REVISION FEE

9.3.1 An annual revision fee shall be levied on 1 April each year on Debt Security Listed on LuSE as at the close of business on that date as determined by the Board from time to time.

9.3.2 The annual revision fee shall be payable annually in respect of the period 1 April to 31 March being LuSE's financial year.

9.4 PROGRAMME AND OTHER FEES

9.4.1 A Debt Issuance Programme granted approval by LuSE shall be subject to the approval fees and levies prescribed below, which fees and levies may be varied from time to time at the discretion of the Board.

9.4.2 The listing fees and levies applicable to all Debt Issuance Programme are:

9.4.2.1 – application fee for a Debt Issuance Programme;

9.4.2.2 – an administrative fee for each issuance of Security after the original issue under an approved Debt Issuance Programme; and

9.4.2.3 – a re-registration fee of a Debt Issuance Programme every year from the original date of the approved Debt Issuance Programme.

APPENDIX A

FEE CALCULATION METHODOLOGY:

In case an issue of debt securities by a new applicant, an initial listing fee shall be payable on the application for listing as follows:-

	INITIAL FEE	
Market value of issued capital K million	Marginal Rate of fee	Cumulative amount [excluding VAT in K]
Up to 5,000	Fixed	7, 500, 000
5,000 to 10,000	0.10%	12, 500, 000
10,000 to 50,000	0.075%	42, 500,000
50,000 to 100,000	0.015%	50, 000,000
100,000+		50, 000, 000

Annual Fee in Subsequent Years shall be payable as follows:

	ANNUAL FEE	
Market value of issued capital K million	Marginal Rate of fee	Cumulative amount [excluding VAT in K]
Up to 5,000	Fixed	3,750, 000
5,000 to 10, 000	0.05%	6, 250, 000
10, 000 to 50, 000	0.0375%	21,250, 000
50, 000 to 100, 000	0.0075%	25, 000, 000
100, 000+	Fixed	25, 000, 000

FEES:

THIS FEE SCHEDULE TAKES PRECEDENCE OVER ANY OTHER FEE SCHEDULE THAT MAY HAVE BEEN APPLICABLE PRIOR TO THE

**DATE OF THESE RULES INCLUDING THAT IN THE LuSE LISTING
RULES (1999).**