



# **Guide to listing on the Zimbabwe Stock Exchange**

## **1. Introduction to ZSE**

The Zimbabwe Stock Exchange Limited ('ZSE') is a licensed securities exchange in terms of the Securities and Exchange Act (24:25). Its core mandate is to facilitate long term capital raising through listing of securities as well as offering secondary market securities trading and issuer regulation services. Dating back to 1894, the ZSE has evolved to be one of the longest established capital raising platforms in Africa.

## **2. Why list on ZSE**

There are a number of benefits that may flow from listing on the ZSE.

### **2.1 Funding**

Potential issuers can use different securities to raise capital, that is, debt, equity, ETF and REIT units. In addition, listing on the ZSE will also enable the company to obtain other forms of finance, such as bank loans at better terms.

A listing will also enhance the status of the company and providers of the finance will be comforted by the fact that its financial information and actions will be subject to the ZSE and public scrutiny.

### **2.2 Exit route for founding shareholders**

A listing will better enable the existing shareholders of the company to realise all or part of their shareholdings, thus making it a more attractive investment.

### **2.3 Employee attraction**

A listing will enhance the status of the company which will better enable the company to attract and maintain good employees. A listing will make a company's share incentive scheme more attractive to employees, as their shares will be more marketable.

### **2.4 Improved business relations**

The enhanced status of being listed should improve the company's dealings with banks, suppliers, distributors and customers, which could have a positive effect on the company's overall performance.

### **3. The listing process**

#### **3.1 Discussions with the ZSE**

When an entity is considering listing, it is advisable to engage the ZSE at an early stage. This engagement will enable the potential issuer to get comments from the ZSE on the prospects for listing.

#### **3.2 Internal approvals**

Once the engagements with the ZSE indicate that listing is possible, the next step is to secure internal approvals. Ultimately a board resolution (or other internal supervisory board approval) will be required and depending on the memorandum and articles of the company, shareholder approval may also be required.

#### **3.3 Appointment of professional advisors**

After internal approvals, the entity seeking a listing is advised to engage professional advisors as follows:

##### **a) Sponsors**

An issuer must appoint a sponsor who will be responsible for

- i. All communication with the ZSE;
- ii. The lodging with the ZSE of all documents supporting the application; and
- iii. Seeking the ZSE's approval of listing particulars

A list of eligible sponsors will be provided by the ZSE.

##### **b) Financial advisor**

It is advisable for the company to also appoint a corporate advisor licensed by the Securities and Exchange Commission of Zimbabwe. (Corporate advisors are usually the corporate finance divisions of stockbrokers, merchant banks or auditing firms). The corporate advisor's main responsibilities include:

- i. advising on the method of listing, the marketing, the size and terms of the offer, the timing and pricing of the offer;
- ii. advising on market conditions and the potential demand for the company's securities;
- iii. co-ordinating the listing process;

- iv. drafting the listings documentation, with the assistance of the company and the company's legal advisor, accountant and sponsor;
- v. approaching the investment community with a view to generating a demand for the company's securities;
- vi. if the method of listing to be adopted is a placing, arranging the placing; and
- vii. if the method of listing to be adopted is a public offer and the offer is to be underwritten, recommending suitable underwriters

**c) Legal advisor**

Issuers are also advised to appoint a competent legal advisor. The legal advisor's main responsibilities include:

- i. assisting with the drafting of the listing documentation to ensure that all legal requirements are complied with;
- ii. if there is an underwriting or a placing, drafting the necessary agreements; and
- iii. Preparing share option schemes for the company.

**d) Accountant**

The ZSE requires an accredited independent accountant (a registered accountant and auditor) to report in the prospectus or pre-listing statement, inter alia, on the profits of the company and the financial position of the company over the previous three years.

**e) Transfer secretary**

Transfer secretaries are responsible for setting up the company's register of members, the issuing of share certificates, the registration of transfers and the mailing of company circulars.

### **3.4 Preparation and submission of the listing documents**

The documents to be submitted must be in the format specified in the ZSE rules and they depend on the listing method.

**a) Listing by introduction**

With an Introduction, no new securities are issued and shareholder spread should be in line with minimum required. The applicant must satisfy the ZSE that it has no knowledge of a pre-existing intention by holders to

dispose a material number of securities within 18 months of listing and the documents required are:

- Formal application (First Schedule);
- Prelisting statement;
- Constitutive documents of the applicant;
- General undertaking in the form of a Board resolution; and
- Copies of expert's consents

#### **b) Placing**

Placing or private placement is when securities are marketed to a closed subscriber base and not the public. The documents required are:

- Formal application (First Schedule);
- Prelisting statement;
- Statement on how the shareholder spread will be achieved;
- Constitutive documents of the applicant;
- Draft placing document;
- General undertaking in the form of a Board resolution; and
- Copies of expert's consents

#### **c) Initial Public Offering (IPO)**

In an IPO securities are marketed to the general public. An IPO must be underwritten and the issuer must include a declaration by its directors that they have carried out due and careful enquiry to confirm that the underwriter and the sub-underwriter (where applicable) can meet its commitments in terms of the offer. The following documents are require:

- Formal application (First Schedule);
- Prospectus;
- Constitutive documents of the applicant;
- General undertaking in the form of a Board resolution;
- An original copy of the signed accountant's report and relevant consent letters;
- Underwriting agreement; and
- Details concerning any planned price stabilization exercise.

#### **4. The prospectus / pre-listing statement**

When a company applies for a listing, it must produce a pre-listing statement or prospectus containing certain prescribed information concerning the company, its business and its prospects.

While the pre-listing statement may promote investment in the company's shares, it is not an invitation to the public to subscribe for shares, but rather aimed at enabling potential investors to make an informed investment decision regarding the company's shares. If the pre-listing statement contains a public offer, it will also have to comply with the prospectus provisions contained in the Companies and Other Business Entities Act.

Although the pre-listing statement will largely be drafted by the corporate advisor, the directors of the company accept full responsibility for the accuracy of its contents.

The main categories of information in the pre-listing statement are the following:

- General information regarding the company and its capital.
- Information regarding the directors and management of the company and the company's advisers.
- Information regarding the securities to be listed.
- Information on the company's / group's activities.
- Information on the company's financial position and profits and losses

## **5. ZSE listings requirements**

All listing applicants must be duly incorporated or validly established and listing applications must be submitted through a sponsor.

### **5.1 Equity Issuers**

- Minimum subscribed capital of ZWL10 million (not less than 10m shares);
- Satisfactory profit history for the preceding 5 years;
- At least 30% of the shares to be held by the public;
- Minimum number of shareholders
  - i. 300 in respect of equity shares;
  - ii. 25 in respect of preference shares;
  - iii. 10 in respect of debentures;

### **5.2 Debt Issuers**

- a) Be duly authorised to issue Debt Securities in terms of its memorandum and articles of association;
- b) Have the intention to list debt securities with minimum tenor of one (1) year worth at least USD1 million.

### **5.3 Exchange Traded Funds**

The legal structure for ETFs in Zimbabwe is that of a Collective Investment Scheme. This means an ETF Trust has to be registered with the Registrar of Collective Investment Schemes (the Securities and Exchange Commission of Zimbabwe).

The requirements to list an ETF are as follows:

- The management company of the ETF must prove to the ZSE that it has the relevant expertise to issue securities or has the access to such expertise;
- The underlying asset or security tracked by the ETF must be sufficiently liquid to satisfy the ZSE that there will be proper price formation in the ETF;
- The ETF must be open ended in nature unless otherwise determined by the ZSE; and
- Have a NAV that is calculated in a transparent manner and published on the issuer's website.

### **5.4 Real Estate Investment Trusts**

- An Issuer has to provide evidence of registration as a REIT with the Registrar of Collective Investment Schemes in terms of the Collective Investment Schemes Act, Chapter 24:19.
- The REIT issuer must have:
  - i. Minimum subscribed capital of ZWL10 million (not less than 10m units);
  - ii. Satisfactory profit history for the preceding 3 years, where applicable;
  - iii. At least 30% of the units to be held by the public;
  - iv. Minimum number of 300 unit holders

## **6. Listing fees**

An Issuer is required to pay document review and initial listing fees. In addition, after listing, the company will also have to pay an annual listing fees.

### **6.3 Professional advisors' and other fees:**

An issuer would also have to pay for professional advisors' fees as follows:

- *Sponsor* - Negotiable, depending on the size and complexity of the listing;

- *Financial advisor* - Negotiable, depending on the size and complexity of the listing and the amount of work required;
- *Legal Advisor* - fees based on hourly rates as prescribed by the Law Society of Zimbabwe;
- *Accountant* - Fees based on hourly rates but also negotiable.
- *Transfer secretary* – based on association guidelines but also negotiable

#### **6.4 Equity and REIT Listing Fees (Excluding VAT)**

##### **a) Initial Listing Fees (ZWL)**

0.05% of the value of securities subject to a minimum fee of \$2,500,000 and maximum fee of \$25,000,000.

##### **b) Annual Listing Fees**

The annual listing fees, depending on the market capitalization, shall be as follows:

<b>Tier</b>	<b>Market Capitalization</b>		
	<b>Lower</b>	<b>Upper</b>	<b>Fee</b>
	<b>ZWL</b>	<b>ZWL</b>	<b>ZWL</b>
1	-	500,000,000	2,362,500
2	500,000,001	2,500,000,000	3,780,000
3	2,500,000,001	5,000,000,000	5,901,000
4	5,000,000,001	10,000,000,000	7,113,750
5	10,000,000,001	15,000,000,000	8,925,000
6	15,000,000,001	20,000,000,000	12,600,000
7	20,000,000,001	25,000,000,000	14,175,000
8	25,000,000,001	35,000,000,000	16,800,000
9	35,000,000,001	50,000,000,000	18,637,500
10	50,000,000,001	75,000,000,000	19,950,000
11	75,000,000,001	100,000,000,000	21,000,000
12	100,000,000,001	-	22,050,000

##### **c) Additional Listing Fees**

0.05% of the value of securities subject to a maximum fee of \$20,000,000, prorated from the date of listing to the next billing date.



## Notes

The monetary value of securities for which application for listing is made will be determined as follows:

- i. the number of securities for which application for listing is made multiplied by the price per security;
- ii. in respect of capitalisation issue, where no market related price is attributable to the securities to be listed, they will be deemed to have a value calculated by multiplying the number of securities listed by the closing price on the declaration date; and
- iii. in respect of introductions, where no price is attributable to the securities, they will be deemed to have a value calculated by multiplying the number of securities listed by the closing price on the first day of trading.
- iv. In respect of each class of security listed, an annual listing fee shall be payable (except during the calendar year in which the first listing of securities is granted) based on the market capitalization value as at 30 November of the preceding year.
- v. The initial, annual and additional listing fees will be reviewed on a quarterly basis on 31 March, 30 June and 30 September.

### Debt Listing Fees (Excluding VAT)

#### a) Initial Listing Fees

Initial listing fees for debt securities be charged as follows:

Nominal Value of Debt Instrument (ZWL)		Fee per new Listed Instrument/ Programme (ZWL)
Min	Max	
-	200,000,000	240,000
200,000,001	500,000,000	480,000
500,000,001	1,000,000,000	720,000
1,000,000,001	2,000,000,000	960,000
2,000,000,001	3,000,000,000	1,200,000
3,000,000,001	4,000,000,000	1,500,000
4,000,000,001	5,000,000,000	1,800,000
5,000,000,001	7,000,000,000	2,400,000
7,000,000,001	10,000,000,000	3,000,000
10,000,000,001	-	3,600,000

Where listing is done through a number of tranches, the first 5 tranches issued under a programme in a year will be billed at \$100,000 per tranche. The next ten tranches will be billed at \$50,000 per tranche, and all tranches in excess of twenty under a programme in a year will be billed \$25,000 per tranche.

**b) Annual Listing Fees**

- Annual listing fees for debt securities shall be charged at 0.0125% of the outstanding amount subject to the following:

Minimum - \$200,000

Maximum - \$3,600,000

**Notes**

- If the legal entity issuing a bond is already listed on the ZSE then the issuer will pay 50% of the Applicable Annual Debt Listing Fees.
- The initial and annual debt listing fees will be reviewed on a quarterly basis on 31 March, 30 June and 30 September.

**6.5 Exchange Traded Products Listing Fees (Excluding VAT)**

**a) Initial Listing Fees**

<b>Item</b>	<b>Fee (ZWL)</b>
ETF	ETFs will only be charged the documentation fee on listing*
ETN	ETN will only be charged documentation fee on listing*

\* see document review section

**b) Annual Listing Fees**

<b>Item</b>	<b>Fee (ZWL)</b>
ETF	0.025% of the market capitalization subject to a maximum of ZWL 7,500,000
ETN	0.0125% of the value subject to a maximum of ZWL 3,600,000.

## Notes

- i. In respect of each class of security listed, the annual listing fee shall be payable (except during the calendar year in which the first listing of securities is granted) based on the market capitalization value as at 30 November of each year.
- ii. The initial and annual Exchange Traded Product listing fees will be reviewed on a quarterly basis on 31 March, 30 June and 30 September.

### 6.6 Document Review Fees (Excluding VAT)

Category	ZWL
Articles of association	
per new listed company	60,000
per subsidiary of a listed company	40,000
re-examination fee, per company	40,000
*minor amendments	20,000
Debenture trust deed	
per new trust deed	60,000
re-examination fee of existing deed requiring securities holders approval	40,000
minor amendments of existing deed not requiring securities holders approval	20,000
Share incentive/option scheme	
new scheme	100,000
amendment fee of existing scheme (requiring shareholder approval)	80,000
minor amendments of existing scheme not requiring shareholder approval	50,000
New listing	1,000,000

Includes pre-listing statement, excludes articles of association, debenture trust deeds and shares incentive/option schemes	
Rights offers, renounceable offers and claw-back offers Includes circular on pre-listing statement, letter of allocation and underwriting agreement(s);  if offer is in conjunction with a listing of a new company by way of renounceable offer, the fees payable as per above will be in addition of this fee	600,000
Company reconstruction- Schemes of Arrangements with Creditors and Members Includes circular and pre-listing statement; Excludes re-examination of articles of Association, debenture trust deeds, Share incentive/option scheme	600,000
Acquisition/Disposal/Mandatory offer	
Circular	600,000
Capital restructure	
Circular	600,000
Issue for cash	
Circular	600,000
Odd lot offer	
Circular	600,000
Consolidation/sub-division	
Circular	600,000

Capitalisation issues	
Circular(ordinary)	600,000
Circular(fractional entitlement)	600,000
Change of name	90,000
Related Party Transaction	750,000
Scrip dividend	60,000
Share Capital- cancellation or withdrawal of securities	60,000
Share Capital – Increase	60,000
Share Capital – Par Value Amendment	60,000
Termination of listing	750,000
Unbundling	750,000
Debt Securities	
Placing document, Offering circular Programme memorandum	600,000
Pricing supplement	100,000
Amendment to Programme	500,000
Amendment to Pricing Supplement	80,000
ETF/ETN prospectus/prelisting statement/placing document	800,000

Review of amendments to ETF/ETN circulars (per each review)	100,000
Index ground rules review	50,000
Trust deed review	
per new trust deed	60,000
re-examination fee of existing deed requiring securities holders approval	40,000
minor amendments of existing deed not requiring securities holders approval	20,000
New Listing – SPAC	800,000
Exercise of options	20,000
Fairness opinion	100,000
Reviews requiring responses, rulings and decisions within less than 24 hrs from the date of submission	100,000

Document review fees will be reviewed quarterly on 31 March, 30 June and 30 September

### Contact details

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