



CAPITAL MARKETS AND SECURITIES AUTHORITY

ISSUERS GUIDE TO CAPITAL MARKETS

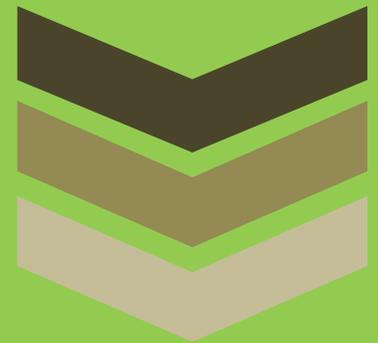


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ISSUERS' GUIDE TO CAPITAL MARKETS

1. Introduction

Capital markets are markets for long term financial instruments. It is the market in which securities are traded through the use of market Intermediaries. The market intermediaries include brokers and dealers. These are companies licensed by the Capital Markets and Securities Authority (CMSA) to facilitate trading of securities. Capital markets are divided into primary and secondary markets. Primary markets involve securities when they are issued to the public for the first time. The time needed to market these securities is also limited, usually four weeks. There are selected receiving agents who facilitate the selling of securities to the public in the primary market. Secondary markets, on the other hand is a continuous market for securities already sold to the public during the primary market and they are in their hands. Secondary markets facilitate the exchange of securities among investors. The price at which these securities exchange hands is the prevailing market price. The investor will be required to pay commission whenever they participate in the secondary market. DSE is the secondary securities markets in Tanzania.

2. Primary Capital Markets

Primary markets are markets for the initial issuance of securities. These markets operate for a fixed time period in which investors have an opportunity to acquire securities for the first time (Initial Public Offering) or whenever the company issues additional securities to the public. It is also an opportunity to acquire securities during an offer for sale, in which case, a large shareholder decides to offer his stake in a company to the public. Listed Tanzanian companies issued shares to the public for a period of about four weeks. Subscriptions to IPOs can be made generally through brokers/dealers and other appointed receiving agents like commercial banks and Tanzania Post Corporation.

3. Issuers of Securities

Issuers of securities (shares, bonds and units) are the Companies, Governments and Collective Investment Schemes (CIS) which issue securities to the public for the purposes of raising capital for operations as well as for financing long term development projects.

Limited Liability companies which require capital for expansion of their operations may consider issuing securities. They may use equities and/ or corporate bonds to raise the funds needed. Potential companies include public companies and statutory bodies which have the ability to borrow from the



public. These companies must meet certain conditions for them to be allowed to invite the public to invest in the company.

CIS refers to parties generally companies or unit trusts that issue securities (referred to as units) for the express reason of reinvesting the collected funds on financial markets or other forms of investment with the premises of passing on investment income to their unit holders.

Central Government and Municipal Councils may also use capital markets to raise needed funds or for privatization purpose.

As of December 2019, DSE had a total of 27 equities listed. Of these 21 local companies were listed following the public offer of securities for the purposes of raising capital as well as for privatization purposes. In addition, 6 foreign companies cross listed their shares at the DSE. These were not public issues. They were introduction of shares at the DSE as the same shares are listed in both Nairobi and Uganda Securities Exchanges. The introduction allows those with shares in these companies to exit in their jurisdictions as well as those wishing to acquire them to do so without crossing borders.

4. Money Markets

Are markets for short-term financial assets whose maturity is less than one year. The most important issuer using this market to raise funds is the Government of Tanzania. Some companies have also used commercial papers to raise funds for their short-term working capital requirements. The typical short term financing used by the Government are treasury bills of 35, 91, 182 and 364 days.

In Tanzania, the market for commercial papers is not active as that of treasury bills. This is because users of commercial papers are mainly corporate enterprises, which have the alternative source of meeting short term financing needs through financing by banks. Companies wishing to raise funds through commercial papers invite competitive bids for the amount needed. Responses received from potential financiers are evaluated and the selected financier is awarded the tender to provide the needed finance. Commercial papers are normally used to finance companies short-term working capital requirements.

4.1 Requirement for the Issuance of Commercial Papers:

Companies wishing to issue commercial paper will need to meet the following requirements:

4.1.1 **Share capital** – the issuer must have share capital of TZS 50 million and above



- 4.1.2 **Track record** – the issuer must have a track record of three years and profit record of two out of three years of existence.
- 4.1.3 **Debt ratios** – the issuer must have total indebtedness not exceeding 400% of the issuer’s net worth
- 4.1.4 **Offer document** – the issuer must prepare the offer document which shall be accompanied by reporting Accountant’s Report
- 4.1.5 **Publication of accounts** – the issuer must publish in newspapers half yearly and annual accounts as designated by CMSA
- 4.1.6 **Commercial paper size** – the issuer must issue at least TZS 30 million in TZS 1 million denominations
- 4.1.7 **Advisers** – the issuer must appoint advisers to the issue
- 4.1.8 **Registrar** – the issuer must designate the registrar for the issue.

It should be noted that the very old and common form of money market instrument is Term Deposits with commercial bank [Fixed Deposit Receipt (FDR)].

5. Capital Markets

These are markets for long term financial assets. Capital markets deals with shares, unit trusts and bonds, thus securities whose life time is longer than one year.

As mentioned above, money markets are separate from capital markets due to their role in short term financing nature. They are, however linked to capital markets in that government securities are used to price private securities because they are risk free. The example includes East African Development Bank (EADB) bonds which are priced depending on the 182 days treasury bills. Return from money markets can also influence the return and secondary market activities in capital markets as these markets provide an alternative investment avenue for the investors.

5.1 Tanzanian capital markets structure

Capital markets in Tanzania are made up of fixed income securities, equities (of listed companies as well as shares in closed ended CIS) and units in collective investment schemes. The market is dominated by equities as most of trades which are recorded involve equities. Bonds’ secondary market activities are also growing. There are some activities involving CIS units.



5.2 Bond market:

This is a market for long-term debt financial assets. The market facilitates the Government, municipalities and bodies corporate to raise long-term debt to finance their long-term financial requirements. These debt securities once issued may be listed on the stock exchange in order to provide an exit mechanism for the investors when they wish to exit as well as facilitate price discovery.

5.2.1 Conditions for issuance and listing of corporate bonds

A company applying for listing of debt securities must meet the following criteria:

- 5.2.1.1 It must have already obtained a listing of its equities on the same stock exchange.
- 5.2.1.2 It should offer at least TZS 50 million of debt security of a class to be listed. Further issues of securities of class already listed are not subject to these limits
- 5.2.1.3 It should have made profit in at least two of the last three years preceding application for issuance.
- 5.2.1.4 Debt ratio including new issue should not exceed 400% of the company's net worth and the average funds from operation to total debt for the three years should be at least 40%.
- 5.2.1.5 It should submit an offer document accompanied by reporting Accountant's Report covering at least three years audited financial statement preceding the issue.
- 5.2.1.6 It should submit a cash flow projection covering at least 12 months.
- 5.2.1.7 An applicant that does not meet the above conditions can seek a guarantor who complies with the specified condition.
- 5.2.1.8 It is required to enter into a contract with the Exchange on such terms as the Exchange may require for the protection of stockholders.

5.2.2 Procedure

An issuer who has met the initial conditions must follow the following procedures:



- 5.2.2.1 Preparation of an Information Memorandum (IM) for the purposes of listing as required by Capital Markets and Securities (Prospectus Requirements) Regulations, 1997;
- 5.2.2.2 The issuer must appoint a broker to sponsor its application for listing and inform the exchange of such appointment;
- 5.2.2.3 The issuer must submit to CMSA and DSE the application through the sponsoring broker for approval of both institutions; and
- 5.2.2.4 The approval of the IM allows the issuer to start selling securities as mentioned above on investing during primary markets.

From above it is evident that meeting conditions and this process requires professional advice. Thus, at the outset, the issuer is required to appoint a Lead Advisor/ Arranger to the issue. The Lead Advisor coordinates the exercise including appointment of other service providers/professionals like Sponsoring broker, Reporting Accountant, Auditor, Legal Advisers, Main receiving Bank, Receiving/ Placing agents and Registrar of the securities. Specifically:

The Lead adviser – this is a leader of the entire process who coordinates the activities needed to facilitate listing of securities at the DSE. The lead adviser carries out the valuation of securities as well as preparation of the offer document to be submitted to CMSA for approval of the public offer.

The Sponsoring Broker – this is the brokerage house which sponsors the company to the listing on the stock exchange. The sponsoring broker will take the lead in marketing the issue, submit the application to CMSA and DSE for consideration as well as play the role of receiving agent.

5.3 Equity markets

This is a market for the shares of companies. The market facilitates for companies to raise long-term capital to finance their long-term financial requirements. Shares, once issued may be listed on the stock exchange in order to provide an exit mechanism for investors when they wish to exit as well as facilitating price discovery.

5.3.1 Conditions and procedures for issuing shares and listing at the DSE Main Investments Market Segment (MIMS):

A company applying for listing of shares on MIMS must meet the following criteria:

- 5.3.1.1 It must be duly incorporated in the United Republic of Tanzania as a public company;



- 5.3.1.2 It has been in existence and operational for a period of not less than 3 years with audited accounts;
- 5.3.1.3 It must have sufficient working capital;
- 5.3.1.4 It must have a profitability track record two of the last three years before application;
- 5.3.1.5 Issued shares must be freely transferable;
- 5.3.1.6 The Company must agree to comply with continuous listing obligations;
- 5.3.1.7 It must issue at least 25% of its share to the public;
- 5.3.1.8 It must have at least TZS 200 million paid up capital;
- 5.3.1.9 The company must have at least 1000 shareholders; and
- 5.3.1.10 It must show that it has a competent board of directors and senior management.

Note: A foreign company must be registered in Tanzania as a foreign company for the purposes of cross-listing.

5.4 Procedures

An issuer who has met the initial listing conditions must follow the following procedures:

- 5.4.1 Obtain the shareholders consent to issue shares to the public;
- 5.4.2 Appointment of a team of advisers to prepare the company for public issue of securities and the listing of these securities on the stock exchange;
- 5.4.3 Preparation of a prospectus by the lead adviser and other advisers as required by CMS Prospectus Regulations;
- 5.4.4 The issuer must appoint a broker to sponsor its application for listing and inform the exchange of such appointment;
- 5.4.5 The issuer must submit to CMSA and DSE the application through the sponsoring broker for approval of both institutions;



5.4.6 The approval of the prospectus allows the issuer to start selling securities on primary markets.

6. Enterprise Growth Market

Enterprise Growth Market (EGM) is a market segment introduced in Tanzanian capital markets following the completion of a study on appropriate capital markets structure in Tanzania. The market segment facilitates mobilization of capital by companies which do not meet the eligibility criteria for listing on the main investment market segment. This market segment also helps startup companies with good business plan but lacking capital, to raise funds for their initialization as well as implementation of their business plans.

6.1 Conditions for issuance and listing

The following are the eligibility conditions for a company applying to issue and list its shares under EGM:

- 6.1.1 Must be incorporated as a public company under the Companies Act;
- 6.1.2 No minimum capital requirement;
- 6.1.3 No minimum track record is required;
- 6.1.4 No minimum profitability requirement;
- 6.1.5 If the company has no track record, the promoters will not be allowed to exit for the three years of listing or until when the Company makes profit.
- 6.1.6 The company must appoint and retain a Nominated Advisor;
- 6.1.7 Must have 5 years business plan and an independent technical feasibility report prepared by the Nominated Advisor;
- 6.1.8 Minimum number of shareholders is 200;
- 6.1.9 Public shareholding should be at least 10% of the issued shares;
- 6.1.10 must prepare a Prospectus to be approved by the CMSA;
- 6.1.11 Publication of an abridged Prospectus in the press;



6.1.12 Must have an Audit Committees as per the guidelines on corporate governance; and

6.1.13 The Memoranda and Articles of Association should provide for good corporate governance observance.

6.2 Procedures

An issuer who has met the initial listing conditions must follow the following procedures:

6.2.1 Appointment of a team of advisers to prepare the company for public issuance of securities and the listing of these securities on the stock exchange;

6.2.2 Appointment of a Nominated Advisor to nurse the company from the initial idea of raising capital via EGM until de-listing from EGM (end of listing on EGM) (if any) or the company graduates to the Main Investment Market Segment listing;

6.2.3 The issuer must submit to CMSA and DSE the application of a Nominated Adviser for approval of both institutions;

6.2.4 Preparation of a prospectus for the purposes of public offer and listing as required by CMS Prospectus Regulations;

6.2.5 Provide a letter of undertaking that the company will comply with the DSE continuous listing obligations; and

The approval of the prospectus allows the issuer to start selling securities on primary markets.

Note: The appointment of issuance and listing professionals under the Lead Advisor, to ensure compliance to the CMS Act and listing rules of the DSE, is a legal requirement.

Overall, the Initial Public Offer (IPO) period may range from three weeks to one month for equities. For bonds, it may last shorter than three weeks depending on the vibrancy of the market.

7. Collective Investment Schemes Units

The issuance of Collective Investment Scheme units falls under capital markets. A key requirement, in the case of Unit Trusts, is for a sponsor to



appoint a Manager and a Custodian (Trustee) of the Fund. These two service providers will enter into an agreement in the form of Trust Deed and appoint other service providers like Auditor, Legal Advisers, Selling and Receiving agents and Registrar of unit holders. This arrangement of a Unit Trust Scheme enables pooling resources or money from a cross section of investors with similar objectives and constructs a diversified portfolio of investment on behalf of contributors. Umoja Unit Trust is an example of such schemes. For closed ended CIS, a public offer takes the form of shares. Examples of closed ended CIS include TCCIA Investment Co. Ltd and National Investment Co. Ltd

The establishment of CISs is discussed in a separate booklet dedicated to the topic.

7.1 Requirements for the issuance of Collective Investment Schemes

7.1.1 Unit Trust

The procedure to establish a unit trust is explained below:

- 7.1.1.1 The proposed Trustee and proposed Manager must make written applications to the Authority for authorisation to act as Trustee and Manager respectively of the Unit Trust;
- 7.1.1.2 After getting approval to act as Trustee and Manager of the Unit Trust they must send the following documents to the Authority in order to get authorization to establish the Unit Trust:
 - 7.1.1.3 Complete an Application Form
 - 7.1.1.4 Draft Scheme Particulars, which contains information on the scheme calculated to invite offers by the public to subscribe for units in the scheme
 - 7.1.1.5 The Trustees latest audited report;
 - 7.1.1.6 A letter from the Trustee consenting to its appointment as Trustee of the scheme;
 - 7.1.1.7 Draft Trust Deed;



- 7.1.1.8 Any other material contracts such as any Management Agreement, Custodian Agreement, Employment contracts and any agreement between the manager and investment adviser;
- 7.1.1.9 The Memorandum and Articles of Association of the Management Company;
- 7.1.1.10 Full particulars regarding the actual or proposed Trustee;
- 7.1.1.11 Full particulars regarding the actual or proposed Manager;
- 7.1.1.12 Full Particulars of the Investment Adviser (if any) to satisfy the Authority of the advisors experience, honesty and integrity;
- 7.1.1.13 the name of any other third parties involved in the unit trust and sufficient information to satisfy the Authority of the third parties experience, honesty and integrity;
- 7.1.1.14 any other document which may be requested by the Authority;
- 7.1.1.15 Payment of application fees.

7.1.2 Open Ended Investment Companies

The procedure to establish an Open Ended Investment Company (OEIC) is explained below:

- 7.1.2.1 The proposed Manager and proposed Custodian must make written applications to the Authority for authorization to act as Manager and Custodian respectively of the OEIC (see section 5 and 6).
- 7.1.2.2 After getting approval to act as Manager of the OEIC, the Manager must send the following documents to the Authority in order to get authorisation to establish the OEIC:
- 7.1.2.3 Application Form;
- 7.1.2.4 The Draft Memorandum and Articles of Association of the OEIC;



- 7.1.2.5 Draft Prospectus, which contains information on the scheme calculated to invite offers by the public to subscribe for shares in the scheme (See schedule 2 for information to be included in Prospectus);
- 7.1.2.6 The Custodian's latest audited report;
- 7.1.2.7 A letter from the Custodian consenting to its appointment as Custodian of the scheme;
- 7.1.2.8 Any other material contracts such as any Management Agreement, Custodian Agreement, Employment contracts and any agreement between the manager and investment adviser;
- 7.1.2.9 The Memorandum and Articles of Association of the Management company (or in draft form if the company has not yet been incorporated);
- 7.1.2.10 full particulars regarding the actual or proposed Manager;
- 7.1.2.11 full Particulars of the Investment Adviser to satisfy the Authority of the advisors experience, honesty and integrity. A copy of any Investment Advisory Agreement should be submitted to the Authority;
- 7.1.2.12 full Particulars of the Custodian, to satisfy the Authority of the Custodians experience, honesty and integrity. A copy of the Custodian Agreement should be submitted to the Authority;
- 7.1.2.13 the name of any other third parties involved in the unit trust and sufficient information to satisfy the Authority of the third parties experience, honesty and integrity;
- 7.1.2.14 any other documents which may be requested by the Authority;
- 7.1.2.15 payment of application fees.

8. Continuous Listing Requirements

These are conditions which the company must fulfill during its listing life at the DSE. They include the following:

Notification to the Exchange on any of the following matters:



- 8.1 All dividends and /or cash bonuses recommended or declared together with the dates of closure of register and dates of payment of such dividends or cash bonuses.
- 8.2 The decision to pass any dividend or interest payment.
- 8.3 The financial results for the financial year and the first six months of each financial year (interim report) such results are required to be announced within three months of the end of the period concerned but are not required to be audited- the format and contents of such announcements are to be in accordance with guidelines issued by the Exchange.
- 8.4 Short particulars of any of new capital whether to be issued as capitalization or by way of rights to shareholders.
- 8.5 Any changes in the Directorate, the Secretary, Auditors and Legal Advisors and the date of the financial year end.
- 8.6 Any sale or purchase of assets which could materially alter the company's business or capital structure.
- 8.7 Any other information necessary to enable the shareholders to appraise the position of the company and to avoid the establishment of a false market in the listed securities.
- 8.8 Such information should not be passed by the company to any third party until it has been released to the market by the Exchange.
- 8.9 The issuer is required to forward to the Exchange as soon as issued:
- 8.10 Copies of the Annual Report and Accounts.
- 8.11 Copies of half yearly interim statement.
- 8.12 Copies of all Resolutions increasing the capital and all notices relating to further issues of capital or any other circular.

9. Benefits of Issuing and Listing Securities at the DSE

Issuers wishing to issue and list securities at the stock exchange will stand to obtain the following benefits:



- 9.1 The issuer can raise capital relatively cheaply from the public –this is because listed securities are traded daily and it makes it possible for the company to raise the needed capital due to the ready market of its securities;
- 9.2 The performance of the issuer is monitored by the market and therefore a listed company is likely to perform better to meet the expectation of the public – listed companies are considered good performers by the public. Admission to the stock exchange creates expectations to the investors, which forces the directors of these companies to work towards meeting investors’ needs. This adds to the credibility of these companies;
- 9.3 Listing is a marketing tool for a company, as it will be referred to on a daily basis during the release of market information to the public - listed companies’ are referred to in the daily market report released by the DSE to the public. This is a marketing tool for these companies to become house hold names;
- 9.4 Listed securities are easily transferable. This fact enhances the ability of the company to raise funds from the public due to the existence of a ready market for the investors should they wish to sell their securities of the issuer;
- 9.5 Listed companies are generally considered to be efficient and reliable - this is due to the fact that before being admitted to the stock exchange, the company is subjected to rigorous tests and scrutiny. Once the company passes this test, it is regarded superior to others which are not listed;
- 9.6 Issuing and listing widens the range of financing choices for a company - this is the flexibility in financing companies created by listing the company on the DSE. This flexibility does not exist for unlisted companies;
- 9.7 Public issuance and listing facilitates ownership change and privatization - capital markets facilitates the implementation of privatization programme to Tanzanians. Government owned shares can be sold to Tanzanians through the capital markets as it was the case during Tanzania Breweries Ltd and other companies privatized through capital markets;



- 9.8 Listing attracts foreign portfolio investors – listed companies are attractive to foreign investors as the investors know the value of the companies to invest in and listing facilitates an exit mechanism;
- 9.9 The issuer will increase its opportunities to venture into investments and expansions by having alternative means of financing such investments – the flexibility created by listing the company on the stock exchange helps companies to expand into new ventures that would have otherwise not been possible due to lack of capital; and.
- 9.10 Listing adds to the status and public image of a company listed companies have a higher status than unlisted ones. This status has value in the sense that listed companies can borrow from banks at a cheaper rate due to marketability of their shares as well as being subjected to other regulators over and above own regulators.

10. Fiscal Incentives

Below are the incentives granted by the Government to issuers with the purpose of encouraging issuance and listing and development of capital markets in Tanzania. They are:

- 10.1 Reduced corporate tax from 30% to 25% for the period of three years provided that the issuer has issued at least 35% shares held by the public. The rationale for this incentive is to attract more listings.
- 10.2 Tax deductibility of IPO costs for the purposes of income tax determination. IPO costs are accepted by the Tanzania Revenue Authority (TRA) as acceptable expenses used in the generation of income and profits, and therefore are taken into consideration when determining profit for tax purposes. This incentive is meant to make IPO costs tax deductible.
- 10.3 Withholding tax on investment income made by CIS is final tax. Investors in CIS will not be charged tax on the income distributed by CIS after the scheme income taxation.
- 10.4 Stamp duty – there is no stamp duty on the secondary market trades involving listed securities. The incentive is intended to develop an interest in the DSE secondary market activities.
- 10.5 Capital gains tax – there is no tax on capital gain realized by selling listed securities. The tax on unlisted securities is 10%. This incentive



is aimed at and is meant to encourage them to participate on the DSE secondary market.; and

- 10.6 Withholding tax on dividend income – this has been reduced from 10% for unlisted securities to 5% for listed securities. The incentive is intended to encourage investor participation on the DSE.

11. CMSA and DSE Fees for MIMS

CMSA Prospectus Evaluation Fee:

Market value of shares	Fees charged
TZS 1 billion or less	TZS 2 million
Between TZS 1 billion and TZS 5 billion	TZS 2 million plus 0.2% of the amount exceeding TZS 1 billion
Between TZS 5 billion and TZS 10 billion	TZS 10 million plus 0.1% of the amount exceeding TZS 5 billion
More than TZS 10 billion	TZS 15 million plus 0.05% of the amount exceeding TZS 10 billion

DSE Listing Fee:

Initial Listing Fee (when a company comes to the market for the first time)	0.2% of the value of the securities to be listed (Min. TZS 2 million - Max. TZS 20 million)
Additional Listing Fee (payable by a company already listed and is seeking listing of additional securities)	0.1% of the market value of the additional securities to be listed (Min. TZS 1 million - Max. TZS 10 million)
Annual Listing Fee (payable annually by all listed companies)	0.05% of market capitalization (Min. TZS 2 million - Max. TZS 10 million)

Fees, applicable to EGM based issuance and listing of securities, are charged at 50% of the above fees.



12. Roles of Different Advisors at Issuance

There are different advisors who are engaged in preparing the company to go public. These include the Lead Advisor, Reporting Accountant, Auditor, Legal Advisor, Sponsoring Broker, Lead Receiving Bank, Collecting Agents and Nominated Advisor.

- 12.1 **Lead advisor** - advisor is the lead consultant in the IPO. The lead advisor coordinates all the duties performed by all other consultants for the company preparing to go public. The main duties of the Lead Advisor is to prepare the prospectus, carry out the valuation of the issuers securities, submit the draft prospectus to sponsoring broker for onward submission to CMSA and DSE, effect corrections to the draft prospectus as required by CMSA and DSE.
- 12.2 **Reporting Accountant** - reviews the audited accounts of the issuer over time and comment on the accounting policies. The Reporting Accountant also reviews the projections and forecasts against the assumptions as well as accuracy of their presentations for the purpose of inclusion in the prospectus.
- 12.3 **Auditors** - Auditors would have audited the accounts of the issuer over time. They are required to state consent because reliance will be placed on financial statements audited by them. Auditors are also required to provide a report that the company is properly constituted as per Companies Act, 2002.
- 12.4 **Legal Advisors** - are lawyers who review the Memorandum and Articles of Association (MEMARTS), material contracts, ownership of assets by verifying title deeds and any other documents of title. The lawyers will also review and comment on the existence of legal disputes and charges against the issuer and the likely outcome of these suits.
- 12.5 **Sponsoring Broker** – is the link between the issuer, CMSA and DSE. The Sponsoring Broker will submit the issuance and listing application to CMSA and DSE, communicate comments and issues requiring clarification by the issuer, coordinate communication about the issue to the public in collaboration with media consultant and coordination of the marketing of the issue to the public. In more developed market, a sponsoring broker will ensure that the whole issue is bought by



arranging for underwriters in order to ensure that the issuer gets the whole amount they need within the offer period.

- 12.6 **Lead Receiving Bank** – is the commercial bank that coordinates the exercise of collection of funds from different collection agents. The role of the Lead Receiving Bank is to prepare the database of subscribers to the issue, keep the money collected before submission to the issuer and facilitation of the payment of IPO costs to all consultants involved in the public offer. The Lead Receiving Bank together with the Lead Advisor will also recommend an allotment formula to CMSA for approval in the event that the offer is oversubscribed. The Lead Receiving Bank will process the refund cheques in case there is an oversubscription.
- 12.7 **Collection Agents** – are the DSE brokers/dealers and appointed collecting agents, who handle subscriptions for the public offer. Normally, banks with wide branch network are preferred in order to facilitate wider share ownership, especially those involving privatizations. Any agent with widespread network can be appointed a collecting agent.
- 12.8 **Nominated Advisor** – Nominated Advisors operate on the EGM market segment. The role of a Nominated Advisor is to act as a key consultant to companies and help them achieve EGM issuance and listing. In the case of start-ups, Nominated Advisors are also expected to help in the transformation of a business idea into reality, thus assist in the incorporation and organization of the company.

Nominated Advisors have to be appointed for the duration of issuers' listings on EGM as they are also expected to protect investors interests' on an on-going basis by ensuring sound financial management. Furthermore, they are expected to guide the issuer towards MIMS listing.

Companies wishing to obtain listing on EGM will not be permitted to list if they have not appointed a Nominated Advisor.

- 12.9 **Registrar of the securities** – these are the institutions which facilitate the registration of holders of securities.





CAPITAL MARKETS AND SECURITIES AUTHORITY

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