

THE CAPITAL MARKETS AND SECURITIES ACT

(CAP. 79)

GUIDELINES

(Made under section 10(2)(f))

**THE CAPITAL MARKETS AND SECURITIES (CROWDFUNDING GUIDELINES),
2022**

Guideline *Title*

PART I

PRELIMINARY PROVISIONS

1. Citation.
2. Application.
3. Entry into force.
4. Interpretation.

PART II

**REQUIREMENTS FOR LICENSING A
CROWDFUNDING OPERATOR**

5. Operator to be licensed.
6. Presumed operation of crowdfunding.
7. Requirement for licensing a crowd-funding operator.
8. Appointment of responsible person.
9. General obligation for crowdfunding operator
10. Due diligence on issuers.
11. Due diligence on investors.
12. Safe guard of investors' money
13. Trust account.
14. Change by issuer.
15. Managing conflicts of interest.
16. Shareholding of crowdfunding operator.

PART III

OPERATION OF CROWDFUNDING

17. Prohibition from providing financial assistance.
18. Permitted and non-permitted issuers.
19. Prohibition from raising funds.
20. Concurrent crowdfunding platforms.
21. Hosting micro-fund.
22. Terms, conditions and directives by Authority.
23. Continuous obligations.

24. Reporting and disclosure.
25. Cessation of business or operations.
26. Suspension or revocation of a license.
27. Investment limits.
28. Eligible investors.
29. Eligible crowdfunding issuers.
30. Eligible crowdfunding offer.
31. Risk warnings and acknowledgement.

**PART IV
DISCLOSURE AND RESTRICTION**

32. Disclosure in crowdfunding offers and approval.
33. Consent for publication of crowd offer document.
34. Restriction on offers.
35. Obligations of crowdfunding operations during offer period.
36. Disclosure of fees and interests.
37. Restrictions on commissions and financial interest.
38. Restrictions on advertising and publicity.
39. Inspections and investigations.
40. Exemption

**PART V
MISCELLANEOUS PROVISIONS**

41. Amendment of Guidelines.
42. Amendment of Schedules.

SCHEDULES

THE CAPITAL MARKETS AND SECURITIES ACT

(CAP. 79)

GUIDELINES

(Made under section 10(2)(f))

The Capital Markets and Securities (Crowdfunding Guidelines), 2022

	PART I PRELIMINARY PROVISIONS
Citation	1. These Guidelines shall be known as the Capital Markets Crowdfunding Guidelines, 2022.
Application	2.-(1) These Guidelines shall apply to: (a) the United Republic of Tanzania (b) equity and debt securities; and (c) crowdfunding offers within the United Republic shall be made through a licensed crowdfunding operator.
Entry into force	3. These Guidelines shall come into force on date of publication in the <i>Government Gazette</i> .
Interpretation	4. In these Guidelines, unless the context requires otherwise:
Cap.79	“Act” means the Capital Markets and Securities Act;
	“AMLA/CFT” means Anti Money Laundering Act and Combating Financing of Terrorism;
	AMLPOCA means Anti Money Laundering and Proceeds of Crime Act for Tanzania Zanzibar;
	“Authority” means the Capital Markets and Securities Authority established under section 6 of the Act;
	“blind pool” means a company with no written business plans;
	“BRELA” means Business Registration and Licensing Agency
	“crowdfunding” means the act of funding projects or ventures by raising money from a large number of people who each contribute funds through an electronic system;
	“crowdfunding operator” means a person licensed under these Guidelines to provide crowdfunding services in the United Republic of Tanzania,
	“Regional Crowdfunding operator” means a person licensed in any of the Partner State, has certificate of compliance from BRELA and approved by the Authority.

	“crowdfunding platform” means an online portal or electronic platform used to facilitate crowdfunding;
	“Custodian bank” means a commercial duly licensed by the Bank of Tanzania and authorized by the Authority to hold in trust Investor’s monies;
	“investor” means a person / legal entity providing funding to the issuer through the purchase of an investment instruments in the issuer’s business on the crowdfunding platform;
	“issuer” means a legal entity hosted on the crowdfunding operator’s platform to offer its equity or debt securities on the crowdfunding platform for business undertakings;
	“material change” means any change or new matter that may significantly affect an issuer’s business or its ability to carry out its proposal;
	“micro fund” means a fund used to finance early stage emerging companies with small amounts of capital that is typically less than that of a traditional venture capital;
	“Partner State” means a member of the regional economic corporation such as East Africa Community (EAC) or the Southern African Development Community (SADC);
	“responsible person” means any person who is certified by the Authority as Authorised Crowdfunding Operator;
	“trust account” means a dedicated bank account, non-interest bearing for maintaining only investors’ funds raised through the platform and shall be held with a custodian bank duly authorized by the Authority;
	“Tanzania” means the United Republic of Tanzania;
	PART II REQUIREMENTS FOR LICENSING A CROWDFUNDING OPERATOR
Operator to be licensed	5. A person shall not offer, operate or provide crowdfunding in Tanzania unless he has obtained a license from the Authority.
Presumed operation of crowdfunding	6.- (1) A person may be presumed to be operating, providing or maintaining a crowdfunding in Tanzania if:
	(a) the crowdfunding is operated, provided or maintained in Tanzania; or
	(b) the crowdfunding is located outside Tanzania and actively targets investors in Tanzania;
	(c) its component parts, when taken together, are physically located in Tanzania even if any of its component parts, in

	isolation, is located outside Tanzania.
	(2) A crowdfunding operator located outside a Partner State shall be considered as actively targeting investors in that Partner State if the operator, or the operator's representative, promotes directly or indirectly that crowdfunding in a Partner State.
	(3) In deciding whether there is direct or indirect promotion of crowdfunding, the following may be taken into consideration by the Authority:
	(a) advertising the crowdfunding platform, securities that are subject to the crowdfunding and if the issuer is hosted on the crowdfunding platform or in any publication in Tanzania; and
	(b) sending direct mail or e-mail to Tanzanian addresses marketing or promoting the crowdfunding platform;
	(4) Notwithstanding the preceding provisions of this guideline, in determining whether a crowdfunding is targeted at investors in Tanzania, the Authority shall assess all relevant facts and circumstances taking into account the protection of investors and the integrity of the capital markets in Tanzania.
Requirement for licensing a crowdfunding operator	7.-(1) A crowdfunding operator shall be a company limited by shares and incorporated in Tanzania.
G.N No.....of	(2) An Application for operating a crowdfunding platform shall be in accordance with section 10 (g) of the Act and the Capital Markets and Securities (Licensing) Regulations of 1996 and also in the Form specified in the Second Schedule to these Guidelines.
	(3) An applicant for a crowdfunding license shall be required to:
	(a) furnish to Authority the rules for the operation of the crowdfunding platform;
	(b) satisfy the criteria set out in the First Schedule to these Guidelines; and
	(c) furnish any other additional information and fulfil any other requirements as may be specified by the Authority.
	(4) Where the application is for a regional crowdfunding operator, Authority may, in addition to the requirements under this Part, register the applicant as a crowdfunding operator, in accordance with the requirements specified under the Schedule I (2) of these Guidelines.
Appointment of responsible person	8. A crowdfunding operator shall:

	(a) have at least one responsible person, who is certified by the Authority as an authorized crowdfunding operator; and
	(b) appoint one responsible person who is the principal officer involved in operations.
	(2) The appointed responsible person in sub clause (1) shall at all times undertake the role of the main contact person for the purpose of liaising with the Authority and perform any duty as may be directed by the Authority.
	(3) Any vacancy in relation to the position of appointed responsible person shall be filled within one month from the date of the departure of the former responsible person and information of the appointment sent to the Authority in accordance with these Guidelines.
General obligation for crowdfunding operator	9. A crowdfunding operator shall:
	(a) carry out a due diligence exercise on prospective issuers planning to use its platform;
	(b) monitor and ensure compliance of its rules;
	(c) carry out investor education programmes;
	(d) ensure the issuer's disclosure document lodged with the crowdfunding operator is verified for accuracy and made accessible to investors through the platform;
	(e) inform investors of any material adverse change to the issuer's proposal or such other disclosure document;
	(f) ensure that the fundraising limits imposed on the issuer are not breached;
	(g) ensure that the investment limits imposed on the investors are not breached;
	(h) obtain and retain the self-declared risk acknowledgement forms from investors prior to their investing on a crowdfunding platform;
	(i) have in place processes to monitor anti-money laundering requirements;
	(j) ensure that relevant information for existing and potential investors is availed on the platform;
	(k) develop rules for carrying out the crowdfunding operations;
	(l) ensure compliance with the requirements of the reporting persons obligations stipulated under AMLA and AMLPOCA;
	(m) ensure that licensing requirements and applicable fees are complied with;
	(n) perform any other obligation as may be required by the

	Authority;
Due diligence on issuers	10. (1) A crowdfunding operator shall conduct due diligence on each issuer prior to allowing the issuer to raise funds using the crowdfunding platform.
	(2) The due diligence in sub clause (1) shall be in addition to due diligence requirements to be conducted under the AMLA and AMLPOCA legislations and shall include the following:
	(a) the identity, including details of its incorporation, business registration and good standing;
	(b) the identity and proof of address of each of its directors, officers and controllers;
	(c) the fitness and propriety of each of its directors, officers and controllers;
	(d) its financial strength including verification of its latest financial statements;
	(e) its financial history, past performance and credit history including the rating of external credit agencies where available;
	(f) any credentials or expertise it claims to have;
	(g) the valuation of its business, funding levels if available and the source of any existing funding;
	(h) its business proposal;
	(i) the commitment of its directors, officers and controllers to the business, including how much capital they have provided; and
	(j) assessment as to whether the business is being conducted in accordance with all applicable legislation.
Due diligence on investors	11. (1) A crowdfunding operator shall conduct due diligence on each investor providing funding on its crowdfunding platform.
	(2) The due diligence referred to in sub clause (1) shall be in addition to due diligence requirements to be conducted under the AMLA and AMLPOCA legislations and shall include, at a minimum, the following:
	(a) identity and proof of address in the case of a natural person;
	(b) identity including details of its incorporation, business registration and good standing, if a legal person;
	(c) identity and proof of address of each of its directors, officers and controllers if a legal person;
	(d) fitness and propriety of the investor and that of its directors, officers and controllers where applicable;
	(e) level of sophistication;
	(f) the risk assessment and rating; and
	(g) the sources of funds.

Safe guard of investors' money	12. A crowdfunding operator shall-
	(a) establish systems and controls for maintaining accurate and up-to-date records of investors' monies held; and
	(b) ensure that investors' monies are properly safeguarded from conversion or inappropriate use by its officers.
Trust account	13. -(1) A crowdfunding operator shall establish and maintain in a licensed institution, a trust account as specified under section 69 of the Act, designated for the funds raised by an issuer hosted on its platform.
	(2) The funds in trust account established in sub clause (1) shall only be released where:
	(a) the targeted amount sought to be raised has been met;
	(b) there is no material adverse change relating to the offer during the offer period; and
	(c) cooling-off period of at least six business days have expired.
	(3) The Trust account shall be separate from operations accounts which the crowdfunding operator maintains for the keeping of its own funds.
Change by issuer	14. A material adverse change concerning the issuer, may be permitted where it includes any of the following matters:
	(a) the discovery of a false or misleading statement in the disclosure document in relation to the offer;
	(b) the discovery of a material omission of information required to be included in the disclosure document; or
	(c) a material change or development in the circumstances relating to the offering or the issuer.
Managing conflicts of interest	15. A crowdfunding operator shall:
	(a) establish a framework which sets out policies and procedures to effectively and efficiently manage, mitigate and report conflicts of interest including potential conflicts of interest which may arise in the course of the crowdfunding operator carrying out its functions; and
	(b) ensure that conflicts are managed in a timely manner.
Shareholding of crowdfunding operator	16. -(1) A crowdfunding operator, including its individual directors and shareholders, shall disclose to the Authority and public on its platform if it:
	(a) holds any shares in any of the issuers hosted on its platform;
	(b) pays any referrer or introducer, or receives payment in

	whatever form, including payment in the form of shares, in connection with an issuer hosted on its platform; or
	(c) holds any direct or indirect interest in the capital or voting rights of an issuer or investor.
	(2) A crowdfunding operator's shareholding in any of the issuers hosted on its platform shall not exceed twenty percent.
	PART III OPERATION OF CROWDFUNDING
Prohibition from providing financial assistance	17. A crowdfunding operator shall not provide any financial assistance to investors to invest in any offering of an issuer hosted on its platform.
Permitted and non-permitted issuers	18. Only a locally incorporated private limited company shall be allowed to be hosted on the crowdfunding platform.
Prohibition from raising funds	19. The following entities are prohibited from raising funds through a crowdfunding platform:
	(a) commercially or financially complex structures including investment fund companies or complex financial institutions;
	(b) public-listed companies and their subsidiaries;
	(c) companies-
	(i) with no specific business plan or its business plan is to merge or acquire an unidentified entity including blind pool;
	(ii) other than a regulated micro-fund that propose to use the funds raised to provide loans or make investment in other entities;
	(iii) other than a micro-fund, with paid up share capital exceeding TZS equivalent of USD 100,000; and
	(d) any other type of entity that is specified by the Authority.
Concurrent crowdfunding platforms	20. An issuer:
	(a) shall not be hosted concurrently on multiple crowdfunding platforms; and
	(b) may be permitted to list on a crowdfunding platform and peer-to-peer financing (P2P) platform at the same time subject to disclosure requirements as may be specified by the platform operators and approved by the Authority.
Hosting micro-	21. A crowdfunding operator may allow for the hosting of a

fund	micro-fund on its platform provided that its entities:
	(a) are registered with the Authority as a Fund manager;
	(b) have a specified investment objective; and
	(c) only raise funds from sophisticated investors and angel investors.
Terms, conditions and directives by Authority	22. The Authority shall issue terms, conditions and directives to a crowdfunding operator, board, chief executive, controller or any other person regarding:
	(a) compliance with the requirements of the securities laws and these Guidelines;
	(b) the conduct of business or operations of the crowdfunding operator;
	(c) the appointment or removal of the responsible person;
	(d) fees payable;
	(e) restrictions on the types of investors or participants who may have access to a crowdfunding platform;
	(f) the services that may be offered;
	(g) the requirement to submit periodic reports to the Authority;
	(h) the requirement to maintain relevant records; and
	(i) any other matter as the Authority considers necessary for the protection of investors or the proper functioning of the crowdfunding market.
Continuous obligations	23. The crowdfunding operator's board shall ensure that:
	(a) the crowdfunding operator complies with all the requirements under these Guidelines including any directive issued or any term or condition issued by the Authority;
	(b) the appointed responsible person accordingly carries out their responsibilities and duties;
	(c) it establishes and maintains policies and procedures to:
	(i) manage conflicts of interest;
	(ii) monitor operations and other market activity to detect non-compliance with the securities laws or its rules;
	(iii) ensure that all documents and records of its participants are maintained for a period of not less than seven years after the closure of business relationship;
	(iv) deal with complaints relating to the operations or the conduct of its participants;
	(v) ensure compliance with all relevant laws and regulations;
	(d) immediately notify the Authority:

	(i) of any irregularity or breach of any provision of the securities laws, these Guidelines or its rules, including any alleged or suspected violations of any law or Guidelines in relation to money laundering, terrorism financing and proliferation financing by its participants;
	(ii) of any material change in the information submitted to the Authority; and
	(iii) if it becomes aware of any matter which adversely affects or is likely to adversely affect its ability to meet its obligations or to carry out its functions under these Guidelines.
Reporting and disclosure	24. A crowdfunding operator shall:
	(a) submit to the Authority:
	(i) periodic compliance reports to demonstrate its compliance with the requirements of these Guidelines and any directive issued by the Authority;
	(ii) its audited financial statements, within three months after the close of each financial year or such further period that the Authority may allow;
	(iii) issuers' quarterly compliance reports covering operations and compliance status with these Guidelines where applicable; and
	(b) publish issuers audited financial statements, within three months after the close of each financial year and management accounts one month after the closure of the quarter.
Cessation of business or operations	25. -(1) A crowdfunding operator shall give six months' notice to the Authority prior to cessation of its business or operations.
	(2) The Authority may issue a directive or impose any term or condition for the purposes of ensuring the orderly cessation of the business or operations of the crowdfunding platform.
	(3) A crowdfunding operator may, by notice in writing, apply to the Authority to withdraw its license, stating its grounds for the withdrawal.
	(4) The withdrawal of the license in sub clause (3) shall not:
	(a) take effect until the Authority is satisfied that adequate arrangements have been made to meet all the liabilities and obligations of the crowdfunding operator that are outstanding at the time when the notice of the withdrawal is given; and
	(b) operate so as to:
	(i) avoid or affect any agreement, transaction or arrangement

	relating to the regulated activities entered into by the crowdfunding operator whether the agreement, transaction or arrangement was entered into before or after the withdrawal of the registration; or
	(ii) affect any right, obligation or liability arising under any such agreement, transaction or arrangement.
Suspension or revocation of a license	26. The Authority may suspend or revoke the license of a crowdfunding operator if the crowdfunding operator fails to:
	(a) meet the requirements of these Guidelines;
	(b) comply with the directives of the Authority; and
	(c) pay fees as prescribed by the Authority.
Investment limits	27. The following limits shall apply to any issuer being hosted on a crowdfunding platform:
	(a) an issuer can only raise up to the TZS equivalent of USD 150,000 within a 12-month period, irrespective of the number of projects an issuer may seek funding for during the 12-month period; and
	(b) an issuer can only utilize the Crowdfunding platform to raise a maximum amount of TZS equivalent of USD 300,000, excluding the issuer's own capital contribution or any funding obtained through private placement exercise.
Eligible investors	28. The following shall be allowed to invest in crowdfunding:
	(a) high net worth or sophisticated investors;
	(b) venture capital companies;
	(c) professional investors;
	(d) institutional investors; and
	(e) individual investors subject to investment limits of a maximum of TZS equivalent to USD 500 per issuer with a total amount of not more than TZS equivalent of USD 5,000 within a 12 month period.
Eligible crowdfunding issuers	29. In order for an issuer to be eligible to raise equity and debt under these Guidelines, the issuer shall:
	(a) be a company with its principle place of business located in Tanzania;
	(b) have a majority of directors, CEO and the Chairperson ordinarily residing in Tanzania;
	(c) not be listed on any exchange; and
	(d) not operate as a fund management business.

Eligible crowdfunding offer	30. An offer is eligible to be made through a crowdfunding platform if:
	(a) it is made by a company for the issue of equity or debt of the company;
	(b) it complies with the issuance limit; and
	(c) the funds sought to be raised by the offer are not intended to be used, to any extent, by the company or a related party of the company, to invest in securities or interests in other entities or schemes other than the investment specified in the offer document; and
	(d) any other requirements specified in these Guidelines and by the Operator in relation to the issuance are complied.
Risk warnings and acknowledgement	31. A crowdfunding operator shall issue standard risk warnings to investors to carefully consider risk factors stated in the offer document and acknowledge the same in writing, prior to making investment decision.
	PART IV DISCLOSURE AND RESTRICTION
Disclosure in crowdfunding offers and approval	32.-(1) An issuer who intends to offer equity or debt on a crowdfunding platform shall file with the Authority and provide to the crowdfunding operator the following in the offer document;
	(a) the name, legal status, physical address, and website address of the issuer;
	(b) the names of the directors and officers (and any persons occupying a similar status or performing a similar function), and each person holding more than 20 percent of the shares of the issuer;
	(c) a description of the business of the issuer and the anticipated business plan of the issuer including three years financial forecasts;
	(d) a description of the financial position or status of the issuer including audited financial statements of the previous financial year;
	(e) the use and objectives of the fund to be raised;
	(f) potential risks associated with the investment;
	(g) the price of the issue and the targeted issue subscription;
	(h) a description of the stated purpose and intended use of the proceeds of the offering sought by the issuer with respect to the target offering amount;

	(i) the target offering amount, the deadline to reach the target offering amount, and regular updates regarding the progress of the issuer in meeting the target offering amount;
	(j) the price to the public of the securities and the method for determining the price, provided that, prior to sale, each investor shall be provided in writing, the final price and all required disclosures, with a reasonable opportunity to rescind the commitment to purchase the securities within a reasonable time;
	(k) a description of the ownership and capital structure of the issuer, including-
	(i) terms of the securities being offered and each other class of security of the issuer, including how such terms may be modified, and a summary of the differences between such securities, including how the rights of the securities being offered may be materially limited, diluted, or qualified by the rights of any other class of security of the issuer;
	(ii) a description of how the exercise of the rights held by the majority shareholders of the issuer could negatively impact the investors;
	(iii) the name and ownership level of each existing shareholder who owns more than 20 percent of any class of the securities of the issuer;
	(iv) how the securities being offered are being valued, and examples of methods for how such securities may be valued by the issuer in the future, including during subsequent corporate actions;
	(v) the risks to investors relating to minority ownership in the issuer, the risks associated with corporate actions, including additional issuances of shares, a sale of the issuer or of assets of the issuer, or transactions with related parties; and
	(vi) such other information as the Authority may prescribe for the protection of investors and in the public interest.
	(2) The crowdfunding offer document shall upon approval by the Authority, be published on the crowdfunding platform in addition to being filed with the Registrar of Companies.
Consent for publication of crowd offer document	33.-(1) An issuer shall not arrange for an offer document to be published on a platform of a crowdfunding operator unless each of the following persons has consented in writing to the publication:
	(a) each director of the issuer; and
	(b) each person named in the crowdfunding offer document as a

	proposed director of the issuer.
	(2) Where the crowdfunding offer document includes a statement by a person, or a statement said in the document to be based on a statement by a person, the company making the offer must not arrange for the document to be published on a platform of a crowdfunding operator unless:
	(a) the person has consented in writing to the statement being included in the document in the form and context in which it is included;
	(b) the document states that the person has given consent; and
	(c) the person has not withdrawn this consent before the company arranges for the document to be published on a platform of that crowdfunding operator and such persons include auditors, legal advisors and investment advisers.
	(3) A crowdfunding operator shall not publish any crowdfunding offer document if it is not satisfied of certain matters in the offer document furnished to it.
	(4) A crowdfunding platform shall not publish on the platform any information, statement or offer document that has not been approved by the Authority.
Restriction on offers	34. -(1) Securities purchased in a crowdfunding transaction shall be restricted securities generally and cannot be resold for a period of one year.
	(2) A company must not make a crowdfunding offer at a time when another crowdfunding offer previously made by the company, or by a related party of the company, is open or suspended.
	(3) The Authority shall prescribe procedures for withdrawal of a crowdfunding offer and how to deal with a supplementary or defective offer.
Obligations of crowdfunding operations during offer period	35. -(1) A crowdfunding operator shall, during the offer period, ensure that:
	(a) at all times while the offer is open, the crowdfunding platform is provided for the making of applications pursuant to the crowdfunding offer; and
	(b) a retail investor cannot make an application pursuant to the crowdfunding offer through the crowdfunding platform unless the retail investor completes an acknowledgement that complies with the requirements of the customer due diligence/ information applicable to brokers when on boarding investors;
	(c) prospective investors cannot make an application pursuant to

	the crowdfunding offer through the crowdfunding platform while the offer is suspended or after being closed.
	(2) The crowdfunding operator shall reject any application for the issue of securities pursuant to the offer if the application is made otherwise than by means of the crowdfunding platform.
	(3) A crowdfunding operator shall at all times during the offer ensure that prospective investors can:
	(a) access the crowdfunding platform;
	(b) make applications relating to the offer;
	(c) see their applications relating to the offer; or
	(d) ask questions relating to the offer;
	(4) The Authority shall have access to the comments and ratings by Investors on the platform regarding an issue.
Disclosure of fees and interests	36. A crowdfunding operator shall ensure that the following appear prominently on the offer platform at all times during the offer period-
	(a) the fees charged by the crowdfunding operator;
	(b) a disclosure of any direct or indirect pecuniary interest that the crowdfunding operator or its associates have or expect to acquire in the issue.
Restrictions on commissions and financial interest	37. Crowdfunding operators shall not-
	(a) receive commissions or compensate others for the sale of equity or debt securities through their platforms;
	(b) recommend investments in issuers on their platforms;
	(c) act in any way as investment advisers; and
	(d) take a financial interest in the issuers on their platforms unless such interest is compensation for their services, in the same class of equity or debt securities being offered to the public.
Restrictions on advertising and publicity	38. -(1) A person shall not, without the approval of the Authority-
	(a) advertise an equity or debt crowdfunding offer or an intended crowdfunding offer; or
	(b) publish a statement that directly or indirectly refers to an equity or debt crowdfunding offer or an intended crowdfunding offer reasonably likely to induce people to apply for securities pursuant to a crowdfunding offer or an intended crowdfunding offer.
	(2) A crowdfunding operator shall not advertise a

	crowdfunding offer document or a document that purports to be a crowdfunding offer document or continue to advertise such a document while the offer is open, if:
	(a) is not satisfied as to the identity of the company making the offer, or of any of the directors or other officers of the company;
	(b) has reason to believe that:
	(i) any of the directors or other officers of the company are not of good character or integrity;
	(ii) the company, or a director or other officer of the company, has, in relation to the offer, knowingly engaged in conduct that is misleading or deceptive or likely to mislead or deceive; and
	(iii) the offer to which the document relates is not eligible to be made under the Act and these Guidelines.
Inspections and investigations	39. -(1)The Authority shall carry out inspections and investigations on the crowdfunding operator or any facility of the crowdfunding operator to satisfy itself on the integrity of the platform, the financial soundness and stability, risk management and control systems of the crowdfunding operator or intermediaries.
	(2)The scope of inspections shall cover all matters relating to compliance with the provisions of these Guidelines, AMLA and AMLPOCA any other relevant laws.
Exemption	40. -(1) The operators and issuers shall comply with all the relevant legislations, regulations and Guidelines.
	(2) Without prejudice to sub clause (1), the Authority may grant exemption to the crowdfunding operators or issuers from some of the requirements under the Act, and these Guidelines as may be deemed appropriate.
	PART V MISCELLANEOUS PROVISIONS
Amendment of Guidelines	41. The Minister shall have the power to amend these Guidelines where it deems necessary.
Amendment of First Schedule	42. Without prejudice to the provisions of clause 41, the Board may, in consultation with the Minister amend the First Schedule, as it deems necessary.

FIRST SCHEDULE

(Made under clause 7(3))

CRITERIA FOR LICENSING

Conditions for registration	1. The Authority may register an applicant as a crowdfunding operator, if is satisfied that:
	(a) the applicant will be able to operate an orderly, fair and transparent market
	(b) the applicant's board, chief executive, controller, and any person who is primarily responsible for the operations or financial management, are fit and proper and have not–
	(i) been convicted, whether within or outside Tanzania, of an offence involving fraud or other dishonesty or violence or the conviction of which involved a finding that he acted fraudulently or dishonestly;
	(ii) been convicted of an offence under the securities laws or any law relating to capital market;
	(iii) been subjected to any action taken by the Authority;
	(iv) contravened any provision made by or under any written law whether within or outside Tanzania for protecting members of the public against financial loss due to dishonesty, incompetence or malpractice by persons concerned in the provision of financial services or the management of companies or against financial loss due to the conduct of discharged or undischarged bankrupts;
	(v) engaged in any business practices appearing to the Authority to be deceitful or oppressive or otherwise improper (whether unlawful or not) or which otherwise reflect discredit on his method of conducting business;
	(vi) engaged in or has been associated with any other business practices or otherwise conducted himself in such a way as to cast doubt on his competence and soundness of judgment; or
	(vii) engaged in or has been associated with any conduct that cast doubt on his ability to act in the best interest of investors, having regard to his reputation, character, financial integrity and reliability;
	(c) the applicant shall be able to manage risks associated with its business and operation including demonstrating the processes and contingency arrangement in the event the applicant is unable to carry out its operations;
	(d) the applicant shall appoint at least one responsible person as required by the Guidelines;
	(e) the applicant shall take appropriate action against a person in breach including directing the person in breach to take any necessary remedial measure;
	(f) the rules of the crowdfunding operator make satisfactory provisions–
	(i) for the protection of investors and public interest;
	(ii) to ensure proper functioning of the market;
	(iii) to promote fairness and transparency;
	(iv) to ensure integrity, availability and completeness of information;
	(v) to manage any conflict of interest that may arise;
	(vi) to promote fair treatment of its users or any person who subscribe for its services;
	(vii) to promote fair treatment of any person who is hosted, or applies to be

	hosted, on its platform;
	(viii) to ensure proper regulation and supervision of its users, or any person utilising or accessing its platform, including suspension and expulsion of such persons; and
	(ix) to provide an avenue of appeal against the decision of the crowdfunding operator; and
	(x) the applicant has sufficient financial, human and other resources for the operation of the recognized market, at all times.
Registration of regional crowdfunding operator	2. In the case of a regional crowdfunding operator, in addition to the requirements under paragraph 1, the Authority may register the Regional operator as a crowdfunding operator, where the Authority is satisfied that:
	(a) the applicant is authorised to operate crowdfunding business or activity of a similar nature in a Partner State jurisdiction;
	(b) the applicant is from a comparable jurisdiction with whom the Authority has regulatory arrangements on enforcement and supervision; and
	(c) it is in the best interest of the Partner State jurisdiction to register the Regional operator as a crowdfunding operator.
Determination of best interest	3. In determining the best interest of Tanzania, the Authority shall give regard to any one or more of the following:
	(a) the area of specialisation and level of expertise that can be offered to the capital market including the effect on productivity, transfer of skills and efficiency and quality of capital market services;
	(b) the risk posed on the systemic stability of the capital market including activities and conduct that will likely impact the orderly functioning of the capital market;
	(c) the contribution towards attracting investments, enhancing market linkages and promoting vibrancy in the capital market;
	(d) the ability in developing strategic or nascent sectors in the capital market;
Operationalization	4. Before the crowdfunding operator is allowed to fully operationalise in the recognized market, the Authority shall require among others:
	(a) the crowdfunding operator to provide an information technology (IT) assurance regarding the system readiness; and
	(b) a written declaration by the crowdfunding operator's internal auditor or responsible person confirming that the crowdfunding operator has–
	(i) sufficient human, financial and other resources to carry out operations;
	(ii) adequate security measures, systems capacity, business continuity plan and procedures, risk management, data integrity and confidentiality, record keeping and audit trail, for daily operations and to meet emergencies; and
	(iii) sufficient information technology (IT) and technical support arrangements.

SECOND SCHEDULE

(Made under clause 7(2))

FORM FOR CROWDFUNDING OPERATOR LICENCE

**APPLICATION BY A COMPANY FOR CROWDFUNDING LICENSE
THE CAPITAL MARKETS AND SECURITIES ACT
(CAP. 79)
(Section 36)**

Application is hereby made for Crowdfunding operator' license under the Act and the following statements are made in respect thereof:

Notes:

1. If space is insufficient to provide details, where necessary, please attach annexure(s). Any such annexure should be identified as such and signed by the signatory to this application.
2. This application shall be accompanied by the current audited financial statements as required under Regulation 5 of the Capital Markets and Securities (Licensing) Regulations [G.N. No. 417 of 1996].

**PART I
INFORMATION ON THE APPLICANT**

1. (a) Name of the applicant:

(b) Registered office:

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

(c) Place of incorporation:

.....

(d) Full address and telephone number of the principal place at which the business of the applicant is or is to be carried on:

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

(e) Authorised and paid-up capital of the applicant, including the types of shares issued or to be issued:

Authorised Share Capital

.....

Paid Up Share Capital

.....

Types of Shares

.....

(f) The details of shareholders of the applicant, including the name, address, amount of shares being held and date of acquisition:

(Separate Annexure)

(g) Address of place at which applicant's register under section 52 of the Capital Markets and Securities Act will be kept

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

(h) Set out as an annexure hereto details of each director and secretary showing full name, residential address, date of birth, office held, date of appointment and academic as well as professional qualifications.

2. State the nature of the principal business for which the applicant requires Crowdfunding operator's license: (Separate Annexure)

(a) Indicate areas of proposed business for which the applicant requires an Crowdfunding operator's licence: either: advises others concerning securities; or: issues or promulgates analyses or reports concerning securities; or: pursuant to a contract or arrangement with a customer, undertakes on behalf of the customer (whether on a discretionary authority granted by the customer or otherwise) the management on behalf of customers of a portfolio of securities for the purpose of investment.

(b) For each indicated area of proposed business, state in detail the manner in which the business will be conducted and the experience of the applicant and its management. (Separate Annexure)

(c) The type of customers with whom the applicant proposes to do business. (Separate Annexure)

(d) Describe in detail the organizational structure and internal control procedures which the applicant has adopted or proposes to adopt in the conduct of its business. (Separate Annexure)

3. Set out name and address of each person who directly or indirectly exercises or has power to exercise a controlling influence over the management and policies of the applicant other than those shown as directors. (Separate Annexure)

4. Is any director or secretary of the applicant a director of any other corporation? Using an annexure, answer "Yes" or "No" for each person; if "Yes" give details of:

(a) names of corporation;

(b) places of incorporation; and

(c) dates of appointment.

(For questions 4 to 6 answer "Yes" or "No" in space provided. If "Yes" attach annexure giving all relevant particulars.)

5. Has the applicant or any director or secretary of the applicant within the past ten years:

(a) been licensed or registered in any place under any law which requires licensing or registration in relation to dealing in securities or acting as an investment adviser?
.....

(b) been licensed, registered or otherwise authorised by law to carry on any trade, business or profession in any place?

(c) been refused the right or restricted in its or his right to carry on any trade, business or profession for which a specific licence, registration or other authority is required by law in any place?
.....

6. Has any director or secretary of the applicant within the past ten years:
- (a) been a member or partner in a member firm of any securities exchange?
.....
 - (b) been suspended from membership of any securities exchange or otherwise disciplined by a securities exchange?
 - (c) been refused membership of any securities exchange?
 - (d) been known by any name other than the name or names shown in this application?
.....
 - (e) been convicted of any offence other than a traffic offence in Tanzania or elsewhere or are there any proceedings now pending which may lead to such a conviction?
.....
 - (f) has judgement including findings in relation to fraud, misrepresentation or dishonesty been given against him in any civil proceedings, in Tanzania or elsewhere? (If "Yes", using an annexure, give full details, including whether judgement is unsatisfied.)
.....
 - (g) been declared bankrupt or compounded with or made an assignment for the benefit of his creditors, in Tanzania or elsewhere?
 - (h) been engaged in the management of any corporation other than those referred to in answer to question 5?
 - (i) been refused a fidelity or surety bond in Tanzania or elsewhere?
 - (j) been disqualified as a director, or been a director of a company that has gone into receivership or liquidation, in Tanzania or elsewhere?

7. In relation to each director and secretary of the applicant, set out below details of the officer's employment and business activities, during the previous ten years.

Name of Director or Secretary	Name and address of employer (if self-employed, so state)	Nature of business	Description of duties in relation to the employment or activity	Period of employment or activity (give exact date)

8. Set out any additional information (including any formal qualifications or training of the directors or secretary of the applicant and the name of the institution that conducted the relevant course) considered relevant to this application. (Separate Annexure)
9. Set out below details of two persons (who shall not be related to the applicant, and neither of whom shall have any interest in the success or otherwise of this application) with whom each director and the secretary of the applicant has had regular contact over the past five years and of whom the Authority may enquire regarding the character and reputation of the respective director or secretary.

(Separate Annexure)

Name of character referee	Address of character referee	Occupation of character referee	Name of director or secretary in respect of whom enquiries may be made

**PART II
MISCELLANEOUS**

1. We are aware of the provisions of section 39 of the Capital Markets and Securities Act relating to false statements made in applications.
2. We declare that all information given in this application and in the attached annexure (if any) is true and correct.

Dated this day of 20.....

Signature

Signature

.....
Name of Director

.....
Name of Director/Secretary