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**RELATED PARTY TRANSACTIONS GUIDELINES**

**FOR**

**NON-BANK FINANCIAL INSTITUTIONS**

**June 2023**

1. **Overview**
   1. The Non-Bank Financial Institutions Regulatory Authority (NBFIRA) recognizes that transactions between and among related parties create financial and economic benefit to group companies. However, the nature of the related parties’ relationships and greater significance or complexity of their transactions may give rise to specific risks of material misstatement of the financial statements due to error or fraud. These guidelines therefore recognize the need to strengthen the NBFIRA Policy on related party transactions and other similar situations so as to prevent or mitigate abusive transactions with related parties and avoid risks of conflict of interest.
   2. The ***Regulatory Authority*** is empowered by section 4(2)(d) of the NBFIRA Act of 2016 to make rules, set standards and provide guidelines for non-bank financial institutions. In addition, section 4(2)(e) empowers the ***Regulatory Authority*** to give directions to any person to ensure compliance with a relevant law, rule or guideline.
   3. The purpose of this document is therefore to give guidance on the disclosure of transactions between Non-Bank Financial Institutions (NBFIs) and their Related Parties. The guidelines give direction to the regulated entities to develop policies and procedures which guard against conflict of interest and any possibility of abuse when conducting transactions with Related Parties. The guidelines shall apply equally to local and cross-border transactions.
   4. This guidance note must be read together with Sections 6, 7 and 8 of Companies Act, 2018, Financial Reporting Act, 2010 and its supporting legislation, International Reporting Standard (IFRS 12 – Disclosures of Interests in Other Entities) and International Accounting Standard (IAS); IAS 24-Related Party Disclosures, IAS 28 – Investment in Associates, Joint Ventures and IAS 31 – Interest in Joint Ventures, other financial services laws and their amendments as may be the case. In addition, the NBFIs in the capital markets sector are encouraged to also conform at all times with the standards set by the International Organization of Securities Commissions (IOSCO) on disclosures requirements.
2. **Objectives** 
   1. The objectives of the guidelines are to improve disclosure requirements on related party transactions and outstanding balances with an NBFI’s related party in order to:
   2. Ensure that conflict of interest in Related Party Transactions are managed and that such transactions are conducted at arms’ length.
   3. Ensure that entities effectively appraise, ratify, approve and disclose Related Party Transactions in a transparent manner.
   4. Prohibit preferential transactions with NBFI’s senior management, executive officers, directors and shareholders of affiliated financial institutions.
   5. Ensure that NBFI’s financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by such parties.
   6. Prescribe exposure limits that apply to related party transactions to mitigate risk.
3. **Key terms** 
   1. “Affiliate” a person or entity who, directly or indirectly, either controls, is controlled by or is under common control with, a specified person or entity, including a judicial person that directly or indirectly through one (1) or more intermediaries, is controlled by or is under common control with the NBFI or its affiliates.
   2. “Arm’s length” means a transaction is entered into on equal favorable terms and conditions, with or for the benefit of persons who are not so related to an NBFI. Furthermore, a transaction is conducted at arm’s length where those who partake in it from opposite ends act independently without one party influencing the other.
   3. “Cross-Border” means an investment that is made outside the entity’s home market, regardless of whether or not the investment is also being offered concurrently in the entity's home market. The home market may be a market that, by treaty or some other agreement or arrangement, encompasses two or more jurisdictions.
   4. “Directors, Senior Management or Key Personnel” includes
      1. the entity’s directors;
      2. Its executive officers;
      3. Members of its administrative, supervisory or management bodies; and
      4. any other person defined as a controller or key person in the NBFIRA regulatory framework.
   5. “Expert” means a person who is named in a Document as having prepared or certified any part of such Document, or as having prepared or certified any report or valuation for use in connection with that Document.
   6. “Group” means a parent and all its subsidiaries. References to an entity’s group means the group of which it is a member of.
   7. “Independent Shareholder” means a shareholder who does not have a material personal interest or any other form of conflict of interest perceived by the Regulatory Authority in respect of a transaction being considered.
   8. "Market value" means the last traded price of the securities held by the regulated entity on the market day preceding the date of the sale and purchase agreement.
   9. “Material” means any financial transaction, arrangement or relationship in which the aggregate amount involved will or may exceed P200 000.00 in a year where a Related Party has or will have direct or indirect material interest, including dealings that could pose material risk to the NBFI in determination of what constitutes significant, may vary from one NBFI to another depending on the transactions, size and potential impact on the operation of the NBFI.
   10. “Ordinary course of business” means the business that the entity is licensed by the Authority to conduct.
   11. “Related Party” means;
       1. entity that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise (this includes holding companies, subsidiaries and fellow subsidiaries);
       2. associates and joint ventures of the reporting entity and the investing party or venture in respect of which the reporting entity is an associate or a joint venture;
       3. individuals owning, directly or indirectly, an interest in the voting power of the reporting entity that gives them control or significant influence over the entity, and relatives of any such individual;
       4. key management personnel and relatives of such personnel;
       5. entities over which any person described in (c) or (d) is able to exercise significant influence; and
       6. any advisor to the regulated entity which has, or within the 12 months preceding the date of the transaction had a beneficial interest, whether directly or indirectly, in the regulated entity or any of its associates, this includes entities owned by directors or major shareholders of the reporting entity and entities that have a member of key management in common with the reporting entity.
   12. “Related Party Transaction" means:
4. a transaction (other than a transaction in the ordinary course of business) between a company and its related party; or
5. an arrangement (other than an arrangement in the ordinary course of business) pursuant to which a company and its related party each invests in, or provides finance to, another undertaking or asset; or
6. any other similar transaction or arrangement (other than a transaction in the ordinary course of business) between a company and any other person the purpose and effect of which is to benefit a related party.
   1. “Related Party Transactions Committee” means a committee responsible for reviewing and endorsing related party transactions. The Related Party Transactions Committee may constitute of management or Board members depending on the structure of the NBFI. An existing committee (such as the audit sub-committee) may be mandated to carry out the duties of a Related Party Transactions Committee.
   2. “Senior Management” means a member of management of the NBFI or person who report directly to the Board of Directors or the Chief Executive (howsoever described) of the NBFI.
   3. “Senior Manager” means a person who is a member of senior management.
   4. “Significant Shareholder” means a person who holds, either themselves or in aggregate with their connected persons, a significant shareholding. Governments are excluded from this definition.
   5. “Significant Shareholding” means 10% or more of the shares or voting rights in the NBFI or business.
7. **Scope and Nature of Related Party Transactions**
   1. The Related Party Transactions include but are not limited to:
8. Loans and non-trade amounts to and from all related parties;
9. Financial transactions of purchase or sales of goods and exchange of services;
10. Transactions on shared labour service;
11. Agency transactions;
12. Property transactions;
13. Leasing transactions;
14. Financing and interest collection & payment;
15. Endorsements and guarantees;
16. Transactions involving the assumption of financial/operating obligations;
17. Transactions that include the subscription for debt/equity issuances (in cash and in kind);
18. Transactions that involve the establishment of joint-venture entities;
19. Transactions involving the transfer of intangible items (e.g., research and development, trademarks, license agreements);
20. Outsourcing arrangement;
21. Management contracts;
22. Purchase considerations of private related party company; and
23. Any other transactions that may be deemed as a related party transaction by the Regulatory Authority.
24. **Requirements for Related Party Transactions**
    1. The board of an NBFI shall have written policies and procedures put in place, and adhered to, in order to;
25. Identify individual transactions to a Related Party as well as the total amount of such transactions and to monitor and report on such transactions through an independent review process;
26. Manage and monitor members of staff of the entity from benefiting from a Related Party Transaction (otherwise than the receipt of standard remuneration also available in transacting with non-related parties).
    1. Where applicable, NBFIs should disclose on a quarterly basis any other transaction deemed not on-arm’s length to the ***Regulatory Authority*** such as staff purchase of repossessed assets of clients.
    2. Related Parties, including group companies incorporated outside Botswana are responsible for disclosing Related Party Transactions to the Related Party Transactions Committee and the material interests that they or an immediate family member may have on such transactions.
    3. The following information, to the extent relevant, with respect to the proposed Related Party Transaction should be disclosed by the Related Parties to the Related Party Transactions Committee for approval.
27. The name of the Related Party and the basis on which such person or entity is a Related Party.
28. A general description of the transaction(s) including the material terms and conditions.
29. The Related Party’s interest in the transaction(s) including the Related Party’s position or relationship with, or ownership of, any entity that is a party to or has an interest in the transaction(s).
30. The total value of the proposed transaction and the share of the Related Party’s interest in the transaction(s).
31. Whether the entity will be a party to the transaction and if not, the nature of its participation in the transaction(s).
32. Whether the proposed transaction includes any potential reputational risk issues that may arise as a result or in connection with the proposed transaction.
33. A reconciliation of the related party transactions to ensure that any deviations are promptly addressed.
34. Any other material information regarding the transaction(s) or the Related Party’s interest in the transaction(s).
35. Necessary disclosures shall be made also in the Notes to the Audited Financial Statements
    1. NBFIs to ensure that all service providers including auditors, suppliers and vendors certify that they do not have a conflict of interest with the company.
    2. Disclaimer is required from all approving officer(s) signing contracts, agreements, work orders and purchase orders that are not related to the counterparties of the proposed transactions.
    3. Related Party Transactions should be subjected to a written process, approved in advance by the Board, for on-going monitoring by senior management;
    4. There shall be in place an obligation for senior management to report to the Board, on at least a quarterly basis, for timely action by the Board any deviation from a policy, process or limit required. Furthermore, the institution shall, within 5 business days, report any such deviation to the ***Regulatory Authority***, advising of the background and the proposed remedial action;
36. **Exposures** 
    1. An NBFI shall not transact with a Related Party where to do so would result in the exposures of the NBFI exceeding one or more of the following limits:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Exposure Category** | **LIMITS** | | | |
| **Lending** | **Capital** | **Retirement Funds** | **Insurance** |
| 1. Exposures to any one of the NBFI’s directors or senior management, trustee and persons connected to them, including any exposures to any business in which the director or senior manager has a significant shareholding. | 0.5% of total equity1 | 0.5% of total equity | 0.5% of total equity of Related Party | 0.5% of total equity |
| 1. The aggregate of exposures under i)., above. | 5.0% total equity | 5.0% total equity | 5.0% of total equity of Related Party | 5.0% total equity |
| 1. Exposure to any one of its significant shareholders, including exposures to businesses in which the significant shareholder has a significant shareholding. | 5% of total equity | 5% of total equity |  | 5% of total equity 2 |
| 1. The aggregate of exposures under iii)., above. | 15% of total equity | 15% of total equity |  | 15% of total equity2 |
| 1. Exposures to a client or group of connected clients3, other than a NBFI, in which the NBFI has a significant shareholding. | 5% of total equity | 5% of total equity |  | 5% of total equity 2 |
| 1. The aggregate of exposures under v)., above. | 15% of total equity | 15% of total equity |  | 15% of total equity 2 |

*1Total Equity refers to the audited total equity as per the latest audited annual financial statement.*

*2Medical Aid Schemes/Funds are excluded from Exposure Categories iii) to vi).*

*3Group of connected clients refers to clients/ companies that belong to the same organizational structure.*

NB: Exemption from iii) and iv): An NBFI may apply to the ***Regulatory Authority*** in writing for an exemption from the limit in iii) and iv). Such an exemption would only be potentially available to the extent that an exemption is available in respect of intra-group lending to a parent undertaking, to other subsidiaries of that parent undertaking or to its own subsidiaries, in so far as those undertakings are covered by the supervision on a consolidated basis to which the NBFI itself is subject.

* 1. An NBFI will also be exempted based on merits from the limit in iii) and iv) as per its Group Treasury Management Policy, approved by the ***Regulatory Authority***.

1. **Independent Expert’s Opinion** 
   1. In the event that there is reliance on a report on the transaction from an independent expert, the report must state the expert’s opinion as to whether the transaction is fair and reasonable to investors.
   2. The expert’s opinion must be displayed prominently in the notice of the meeting and on the covering page of any accompanying documents.
   3. the report from the independent expert required must set out, at a minimum:
   4. the reasons for the opinion;
   5. the key assumptions made;
   6. the factors taken into consideration in forming the opinion; and
   7. a statement as to whether the transaction is on normal commercial terms, in the ordinary course of business, fair and reasonable and in the best interests of the investors.
2. **Review and Approval** 
   1. All Related Party Transactions must go through the normal approval processes of the NBFI after due consideration of existing regulations and limits.
   2. All Related Party Transactions, including transactions falling under the ordinary course of business with deviations are referred to the Related Party Transactions Committee. The Committee reviews and ratifies these Related Party Transactions and endorses the Board for approval.
   3. The Committee should consider the following factors to the extent relevant to the Related Party Transaction in conducting an independent review:
3. The identities of the parties involved in the transaction or relationship;
4. The terms of the transactions are fair and on arms’ length basis to the NBFI;
5. The impact on Director’s or Senior management’s independence; and
6. Whether the Related Party Transaction would present an improper conflict of interest for any Shareholder, Director, Senior manager of the NBFI.
   1. The Board of Directors approves and confirms all Related Party Transactions endorsed by the Related Party Transactions Committee.
   2. Directors should ensure that they have, or have access to, sufficient knowledge or expertise to assess all aspects of the proposed related party transactions, where necessary they should obtain appropriate professional and expert advice from appropriately qualified persons.
   3. Any member of the Board or Related Party Transactions Committee who has interest in the transaction must abstain from participation in the review and approval of any Related Party Transaction.
7. **Disclosure and Reporting to the Regulatory Authority**
   1. The NBFI shall publicly disclose in its website the policy on Related Party Transactions and disclose to its shareholders and members at annual general meetings. Necessary disclosures shall be made also in the notes to the annual financial statements of the NBFI.
   2. Related Party exposures shall be reported to the ***Regulatory Authority*** on a quarterly basis by the 25th of each month following the end of the quarter, except in case of deviations. The exposures must be in a format specified under schedule I and/or as may be specified from time to time by the ***Regulatory Authority***. This is without prejudice to the rights and powers of the ***Regulatory Authority*** to otherwise request specific information at any point in time or to conduct inspections of a NBFI compliance with the guidelines.
   3. Where an entity considers that there may have been an error in its conduct by reference to the requirements of this guidelines (including without limitation reporting requirements imposed in respect of these guidelines) the NBFI shall within 5 business days inform the ***Regulatory Authority*** in writing of its proposals for correcting any such error as may have occurred.

**ADDITIONAL REQUIREMENTS APPLICABLE TO CAPITAL MARKETS NBFIs ONLY**

1. **Purchase consideration**
   1. When an NBFI considers purchasing a private related company, proper valuation and due diligence must be undertaken. Valuation and due diligence reports must be available on request by the Regulatory Authority and minimum investment limits must be observed at all times.
   2. When calculating the purchase consideration:
2. where all or part of the consideration is in the form of securities to be listed, the consideration attributable to those securities means the aggregate market value of those securities based on the ruling price of such securities at the time the terms of the transaction are agreed.
3. the consideration is the amount paid to the vendors but the Regulatory Authority may require the inclusion of further amounts (for instance where the purchaser agrees to discharge any liabilities, whether actual or contingent, of the vendors as part of the terms of the transaction).
4. if deferred consideration is or may be payable in the future, the consideration is the maximum possible total consideration payable under the agreement. If the total consideration is not subject to any maximum the transaction will normally be treated as Category 1, notwithstanding the category into which it otherwise falls.
5. in respect of a new class of securities for which an application for listing will be made, the consideration will be the issue price of such securities or, if no price is attributable thereto, the expected aggregate market value of all those securities, determined by the Regulatory Authority in the absence of evidence of same provided by the regulated entity.

1. **Aggregation of transactions**
2. The Regulatory Authority will require transactions completed during the 12 months prior to the date of the latest transaction to be aggregated with the latest transaction for the purpose of determining the categorization to apply to the latest transaction. In case of doubt, the Regulatory Authority must be consulted at an early stage.
3. Without prejudice to the generality of Clause 4(n), transactions will normally only be aggregated if they:
4. are entered into by the company with the same party or with parties connected with one another;
5. involve the acquisition or disposal of securities or an interest in one particular company; or
6. together lead to substantial involvement in a business activity which did not previously form a part of the company's principal activities.
7. **Review & Approval Mechanism for NBFIs under Capital Markets** 
   1. The below listed shall form the basis for related party transactions’ approval and review mechanism. While seeking the approval of the Related Party Transactions Committee, board or the shareholders, all information that is relevant and necessary to the Related Party Transaction and as prescribed under the laws or by the Related Party Transactions Committee or the board, shall be duly provided to the Related Party Transactions Committee, board or shareholders, as the case may be.
   2. The Audit Committee may grant omnibus approval for related party transactions considering the repetitive nature of the transactions.
   3. The Audit Committee, shall, after being authorized by the Board of Directors, specify the criteria for granting omnibus approvals to the related party transactions proposed to be entered into by the Company in the manner and to the extent prescribed under the Laws. Such omnibus approvals shall be valid for one financial year. The Audit Committee shall, while granting such omnibus approvals, satisfy itself about the adherence to the criteria so specified by it.
   4. The Audit Committee shall satisfy itself about the need for such omnibus approval and that such approval is in the interest of investors.
   5. The omnibus approval granted by the Audit Committee shall include the following particulars:
8. Name of the related parties;
9. Nature and duration of the transaction;
10. Maximum amount of transaction that can be entered into;
11. The indicative base price or current contracted price and the formula for variation in the price, if any; and
12. Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.
13. In case of an Unexpected Related Party Transactions, the Audit Committee may grant an omnibus approval for such transactions provided that the value does not exceed 10% of assets under management per transaction in any given financial year.
14. The Audit Committee shall not grant omnibus approval for transactions in respect of selling or disposing off the undertaking of the Company without any prior approval by the Regulatory Authority.
15. All Material Related Party Transactions shall be reviewed and validated by the Auditors of a Company and a confirmation of the same shall be made to the Audit Committee, the Board of Directors and the investors of the Company while seeking the necessary approvals.
16. Any Director or Key Managerial Personnel who is interested in any related party transaction shall not be present at the meeting of the Board or Audit Committee during discussions on the subject matter of the resolution relating to such transaction.
17. The Audit Committee shall review, on a quarterly basis, the details of all related party transactions entered into by the Company.
18. On a quarterly basis, the management shall submit a report to the Audit Committee providing a comparison between the approvals granted and the actual transactions.
19. Requirements for a related party transaction.
20. Experts and counsel, who play an influential advisory role in investments made on behalf of investors can be impartial in advising the regulated entity.
21. Investment managers, CIU managers, private equity managers, venture capital managers often rely on Experts to provide critical advice or information that is used in connection with placement of investments. An Expert can be an accountant, engineer, appraiser, valuer, financial analyst or any person whose profession gives authority to a statement made by him/her. If the Document indicates that a statement or report included in it can be attributed to such an Expert, the person’s name, business address and qualifications would be highly relevant to investors. In some cases, the Expert may be an organization, rather than an individual. Additionally, in some jurisdictions the consent of the Expert to be named is required for liability purposes and must be disclosed. In those cases, disclosure in the Document that the statement or report, in the form and context in which it is included, has been included with the consent of that person, who has authorized the contents of that portion of the Document is important.
22. **Approval for NBFIs under Capital Markets** 
    1. The Company shall not enter into any Related Party Transaction except as stated hereinafter.
    2. Transactions requiring approval of Related Party Transactions Committee:
    3. All Related Party Transactions shall require approval of the Related Party Transactions Committee
    4. A prior approval of the related Party Transactions Committee shall be required for all Related Party Transactions except for the following:
       1. Transactions between the Company and its wholly owned subsidiary/(ies) whose accounts are consolidated with the Company and placed before the shareholders at the general meeting of the Company for approval (“WOS Transactions”) Provided that any of the above Related Party Transaction which is not in the ordinary course of business or not at arm’s length shall require a prior approval of the Related Party Transactions Committee.
       2. Unforeseen Related Party Transactions. The Related Party Transactions Committee shall approve/ratify the transactions listed under points (a) and (b) above subsequently.
    5. Transactions requiring approval of Board.
23. Related Party Transactions which are not in the ordinary course of business or not at arm’s length price; and
24. Material Related Party Transactions.
    1. Transactions requiring approval of shareholders of the company.
25. All Material Related Party Transactions shall require approval of the Shareholders of the Company by way of a resolution passed at the general meeting of the company; and no related party shall vote to approve such resolutions whether the entity is a party to the particular transaction or not.
26. All Related Party Transactions which are not in the ordinary course of business or not at arm’s length and which are in excess of the limits prescribed in Table 6.1. requiring the approval of shareholders, shall require an approval of the Shareholders by way of a resolution passed at the general meeting of the Company; and in such cases, the Related Party/(ies) to the transaction shall abstain from voting on such resolution.
    1. Transactions requiring approval of investors in the company.
27. All material related party transactions, i.e. all transactions with a related party exceeding 10%, involving client funds, shall require approval of investors in the Company by way of a resolution passed at the general meeting of investors; and no related party shall vote to approve such resolutions whether the entity is a party to the particular transaction or not.
28. All Related Party Transactions which are not in the ordinary course of business or not at arm’s length and which are in excess of the limits prescribed under these Guidelines, requiring the approval of investors, shall require an approval of the investors by way of a resolution passed at the general meeting called for investors of the Company; and in such cases, the Related Party/(ies) to the transaction shall abstain from voting on such resolution.
    1. Audit Committee Approval
29. Any related party transaction by a regulated entity (or any of its subsidiaries) shall be approved by the Audit Committee of the regulated entity, either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.
30. Directors should ensure that they have, or have access to, sufficient knowledge or expertise to assess all aspects of the proposed related party transactions, where necessary they should obtain appropriate professional and expert advice from appropriately qualified persons.
31. If a director of a regulated entity has a material personal interest in a matter being considered at a directors meeting, they must not be present while the matter is being considered at the meeting and/or vote on the matter.
    1. Independent Shareholders Approval
32. A regulated entity must send a circular to its investors including the information required in Clause 9 above. Any circular sent to investors in connection with a related party transaction must provide sufficient information to enable any recipient of the circular to evaluate the effects of the transaction on the regulated entity and investments in general;
33. In addition to Audit Committee approval, a regulated entity must obtain the independent shareholder’s approval as well as the large investors’ approval by way of an ordinary resolution/consent or Special Resolution/consent as shall be directed by the Regulatory Authority, taking into account the circumstances of each matter.
34. In the event a Special Resolution/consent is required, the validity of the resolution shall be subject to a minimum of 75% votes by independent shareholders or large investors, in favor of the related party transaction.
35. The regulated entity shall include in the special or ordinary resolution/consent to approve or give effect to the transaction, a condition that the validity of the resolution will be subject to a simple majority (for an ordinary resolution) or a majority of 75% (for special resolution) of the votes of the independent shareholders and large investors, being cast in favor of the resolution.
    1. Shareholder/investor approval must be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

**SCHEDULE I- REPORTING TO NBFIRA**

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| --- | --- | --- | --- |
| **RELATED PARTY TRANSACTIONS**  **QURTERLY REPORTING FORM** | | | |
| **Part 1- Company Details** | | | |
| 1a. Name of company \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  1b. Name of Principal Officer \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Contact number\_\_\_\_\_\_\_\_\_\_\_\_\_  1c. NBFIRA certificate/registration number \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  1d. Reporting period \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | |
| **Part 2- Related Party Transactions** | | | |
| 2a. Loans and non-trade amounts to and from all related parties;  2b. financial transaction of purchase or sales of goods and exchange of services;  2c. transactions on shared labour service;  2d. agency transaction;  2e. property transaction;  2f. leasing transaction;  2g. financing and interest collection & payment;  2h. endorsements and guarantees;  2i. transactions involving the assumption of financial/operating obligations;  2j. transactions that include the subscription for debt/equity issuances (in cash and in kind);  2k. transactions that involve the establishment of joint-venture entities;  2l. transactions involving the transfer of intangible items (e.g. research and development, trademarks, license agreements);  2m. outsourcing arrangement;  2n. management contracts;  2o. purchase considerations of private related party company; and  2p. any other transactions. | | | |
| **Part 3- Nature of Relationship** | | | |
| **Nature of relationship Code**  3a. Ultimate holding company\* 1  3b. Intermediate holding company 2  3c. Immediate holding company\* 3  3d. Subsidiary 4  3e. Associated company 5  3f. Other related party\*\* 6  \*If a company is both the immediate holding company and the ultimate holding company, the code to be used should be "1".  \*\*"Other related party" refers to any other person whose transaction with the reporting company is required to be disclosed as a related party transaction in the audited accounts; for example, a joint venture or another company belonging to the same group as the reporting company. | | | |
| **Part 4- Loans and Non-Trade Amounts** | | | |
| **No.** | **Name of Related Party** | **Relationship Code & Country of Operation** | **Amount (BWP)** |
| 4a. |  |  |  |
| 4b. |  |  |  |
| 4c. |  |  |  |
| 4d. |  |  |  |
| 4e. |  |  |  |
|  |  |  |  |
| **Part 5- Purchase of Goods and Services from related party** | | | |
| **No.** | **Name of Related Party** | **Relationship Code & Country of Operation** | **Amount (BWP)** |
| 5a. |  |  |  |
| 5b. |  |  |  |
| 5c. |  |  |  |
| 5d. |  |  |  |
| 5e. |  |  |  |
|  |  |  |  |
| **Part 6- Sale of Goods and Services to related party** | | | |
| **No.** | **Name of Related Party** | **Relationship Code & Country of Operation** | **Amount (BWP)** |
| 6a. |  |  |  |
| 6b. |  |  |  |
| 6c. |  |  |  |
| 6d. |  |  |  |
| 6e. |  |  |  |
|  |  |  |  |
|  |  |  |  |
| **Part 7- Other related party transactions** | | | |
| **No.** | **Name of Related Party** | **Relationship Code & Country of Operation** | **Amount (BWP)** |
| 7a. |  |  |  |
| 7b. |  |  |  |
| 7c. |  |  |  |
| 7d. |  |  |  |
| 7e. |  |  |  |
|  |  |  |  |
| **Part 8- Declaration** | | | |
| I declare that the information given is true and complete  Full name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Signature:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Designation:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Date:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | | | |

**SCHEDULE II- For Capital Markets NBFIs ONLY**

Policy On Related Party Transactions:

1. The Chief Financial Officer (CFO) / DIRECTOR / Compliance Officer (CO) shall be responsible for keeping record of all Related Parties of the Company and the transactions with all Related Parties at all times.
2. As regards transactions with Related Parties that require prior approval of the Board / Related Party Transactions Committee, the CFO shall be responsible to notify the Board / Related Party Transactions Committee of any such potential Related Party Transactions.
3. The notice of any potential Related Party Transaction shall be given well in advance to the Board / Related Party Transactions Committee and shall also contain adequate information about the Related Party transaction(s). This will provide the Board / Related Party Transactions Committee members adequate time and information to consider and review the proposed transaction(s).