

**NON-BANK FINANCIAL
INSTITUTIONS REGULATORY
AUTHORITY (PERSONS
OPERATING A SECURITIES
INFRASTRUCTURE BUSINESS)
RULES**

2012

NBFIRA/RS/CM/RUL06

NBFIRA

Non-Bank Financial
Institutions Regulatory
Authority



CONTROL TABLE

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1. PURPOSE

The purpose of these Rules is to provide detailed requirements and structured documents for application and compliance requirements for persons operating a Securities Infrastructure Business (SIB).

2. SCOPE

This Rules are applicable to all licensed SIBs operating in the Republic of Botswana.

3. ASSOCIATED DOCUMENTS

Associated documents are documents that are indispensable to the implementation of this procedure. These are:

Document	Reference
Insurance Industry Act	No.10 of 2015
NBFIRA Act	No.21 of 2023
Securities Act	No.26 of 2014
Securities (Amendment) Act	No.16 of 2023
Securities (Institutions Licensing) Regulations	Statutory Instrument No.31 of 2017
Securities (Persons Operating a Securities Infrastructure Business) Regulations	Statutory Instrument No.32 2017

4. DEFINITIONS

Term	Definition
Approved by	The person endorsing or authorizing documents.

Authored by	The individual responsible for creating or writing a particular document.
Key Personnel	Has the same meaning assigned to it under the Securities (Institutions Licensing) Regulations.
Securities	Has the same meaning assigned to it under the Securities Act
Securities Broker/ Dealer	Has the same meaning assigned to it under the Securities Act
Securities Exchange	Has the same meaning assigned to it under the Securities Act

5. ACRONYMS AND ABBREVIATIONS

Abbreviation	Full Phrase
NBFIRA	Non-Bank Financial Institutions Regulatory Authority
SRO	Self- Regulatory Organisation

6. RESPONSIBILITY

The Director of Capital Markets Department is responsible for effective implementation and maintenance of these Rules.

7. RULES

7.1 Citation

These Rules may be cited as the Non-Bank Financial Institutions Regulatory Authority (Persons Operating a Securities Infrastructure Business) Rules.

7.2 Interpretation

In these Rules, all terms carry the same meaning as in the Act–

“the Act” means the Non Bank Financial Institutions Regulatory Authority Act;

“the Authority” means the Non Bank Financial Institutions Regulatory Authority;

“central counterparty” means an entity that legally interposes itself between the counterparties to the contracts traded within one or more financial markets, becoming the buyer to every seller and the seller to every buyer and which is responsible for the operation of a clearing and settlement system;

“clearance and settlement system” has the meaning assigned to it under the National Clearance and Settlement Systems Act;

“financial year” means the twelve month period covered by the annual accounts of a person operating a securities infrastructure business; “issuer” means a public company whose transferable securities are traded on an exchange;

“key personnel” means chief executive officer, directors, chief financial officer, company secretary, compliance officer and internal auditor and the term “key person” shall be construed accordingly.

“listed securities” means securities included in the list of securities that are issued by a company and are traded on an exchange

“listing rules” means the rules of an exchange governing the admission and maintenance of listed securities;

“member” means a person who has rights to conduct business with a securities infrastructure business, which is organised as a mutual organisation

“participant” means a person who has rights to conduct business on a securities infrastructure business that is not a mutual organisation. “securities exchange” includes a commodities exchange.

“securities infrastructure business” means:

- (a) an exchange; or
- (b) a central securities depository;

(c) a clearance and settlement system other than a central securities depository;
or

(d) a clearance and settlement system encompassing a central
counterparty

“settlement operator” means a person operating a central securities depository, other
clearance and settlement system, or a central counterparty

“market user” is a person who is a member, participant, issuer or investor.

7.3 Application of these Rules

These Rules shall apply to persons wishing to operate securities infrastructure
business and who seek to apply to the Authority for a licence under Section 43 of
the Act.

These Rules apply to securities infrastructure businesses whose place of business
is in Botswana.

7.4 SCHEDULE 1

7.6.7 APPLICATION FORM FOR A PERSON TO BECOME AN OPERATOR OF A SECURITIES INFRASTRUCTURE BUSINESS

Please answer every question, writing “not applicable” if appropriate. If there is insufficient space, please continue on a separate sheet, identifying, on the separate sheet, the question for which the additional information is supplied.

(a) **Name of applicant** (Please give the name of the applicant)

(b) **Name and capacity of the person submitting this form** (Please note that this form must be submitted by the chief executive or another executive director)

(c) **Current Registered Office Address** (Please give the full physical address and a postal address)

(d) **Other addresses used by the applicant** (Please give the head office address, if different from the registered office, and any other addresses used by the applicant)

(e) **What is the Securities Infrastructure Business that the applicant wishes to operate** (please state whether it is an exchange, central securities depository, other clearance and settlement body – and, if so, whether it encompasses a central counterparty, or any combination of these)

(f) **Does the applicant seek a declaration that the securities infrastructure business should be an SRO?** (if yes, please give an overview of the regulatory responsibilities to be taken on by the SRO)

(g) **Previous regulatory history** (Please give details of any regulatory authority that has exercised financial services supervisory authority over the applicant in the past 7 years)

**(h) Name and address of the key persons, controllers or shareholders,
(including both physical and Postal address)**

(i) Position the key persons are to take up

(j) Declaration (Please answer "Yes" or "No" to each of the following questions. If the answer is "Yes", please give full details on a separate sheet of paper.)

- i. Is the applicant, for any reason, precluded in any way from carrying on (fully or partially) the business which the applicant proposes to conduct?

YES/NO

- ii. Has the applicant ever been convicted of any offence in any jurisdiction?

YES/NO

- iii. Has the applicant ever been the subject of any disciplinary, legal, other investigations or other comparable proceedings, by any law enforcement, regulatory, or professional body in any jurisdiction, whether or not there were any sanctions or other findings as a result?

YES/NO

- iv. Has the applicant, ever been subject, in any jurisdiction to liquidation, insolvency proceedings, or compulsorily winding up, as the case may be, or made other agreements or arrangements with creditors?

YES/NO

- v. Has the applicant ever been refused a licence or equivalent authorisation to carry on a business activity in any jurisdiction?

YES/NO

- vi. Have any of the key personnel, controllers or shareholders ever been convicted of any offence by any court in any jurisdiction? (if the answer is yes, please cross refer to the relevant personal questionnaire)

YES/NO

- vii. Have any of the key personnel, controllers or shareholders ever been subject to investigations, disciplinary proceedings, or termination by an employer in any jurisdiction, or resigned from a position in any jurisdiction in circumstances where, but for the resignation, there would

likely have been an alternative sanction such as dismissal? (if the answer is yes, please cross refer to the relevant personal questionnaire)

YES/NO

viii. Is the applicant engaged in any litigation in any jurisdiction?

YES/NO

ix. Are you aware of any other matter that may be material to an assessment, by the Authority of the balance of skills available to, the integrity of or the financial soundness of the applicant?

YES/NO

x. Have you supplied all the information specified in Schedule 2 of the Licensing Regulations?

YES/NO

(k) Certification

I certify that the above information and all information supplied with this application is complete and correct to the best of my knowledge. I undertake to advise the Authority of any material change that occurs at any time after this form is submitted and until such time as the applicant ceases to conduct licensed activity.

I authorise the Authority to contact any person named herein to verify the contents of this form. In so doing the Authority may refer to the Application.

Name Position

Signature.....Date.....

7.5 SCHEDULE 1a

7.5.1 APPLICATION FORM FOR AN ADDITIONAL KEY PERSON, CONTROLLER OR SHAREHOLDER

Please answer every question, writing “not applicable” if appropriate. If there is insufficient space, please continue on a separate sheet, identifying, on the separate sheet, the question for which the additional information is supplied. The term “controller” includes a partner. A partner or controller may also be a key person.

(a) **Name of applicant** (Please give the name of the securities infrastructure business)

(b) **Name and capacity of the person submitting this form** (Please note that this form must be submitted by the chief executive or another executive director)

(c) **Current Registered Office Address** (Please give the full physical address and a postal address)

(d) **Name and address of the key person, controller or shareholder**

(e) **Position the key person is to take up** (controllers and shareholders who are not also key persons may state that this question is not applicable)

(f) **Explanation how the skills and experience relate to the position** (controllers and shareholders who are not also key persons may state that this question is not applicable)

(g) **Assessment of how the new appointment will affect the balance of skills available to the securities infrastructure business** (controllers and shareholders who are not also key persons may state that this question is not applicable)

(h) **Declaration** (Please answer "Yes" or "No" to each of the following questions. If the answer is "Yes", please give full details on a separate sheet of paper.)

- i. Has the key person, controller or shareholder ever been convicted of any offence by any court in any jurisdiction? (if the answer is yes, please cross refer to the relevant personal questionnaire)

YES/NO

- ii. Has the key person, controller or shareholder ever been subject to investigations, disciplinary proceedings, or termination by an employer in any jurisdiction, or resigned from a position in any jurisdiction in circumstances where, but for the resignation, there would likely have been an alternative sanction such as dismissal? (if the answer is yes, please cross refer to the relevant personal questionnaire)

YES/NO

- iii. Are you aware of any other matter that may be material to an assessment, by the Authority of the balance of skills available to, the integrity of or the financial soundness of the applicant?

YES/NO

(i) **Certification**

I certify that the above information is complete and correct of the best of my knowledge. I undertake to advise the Authority of any material change that occurs at any time after this form is submitted and until such time as the securities infrastructure business ceases to operate.

I authorise the Authority to contact any person named herein to verify the contents of this form. In so doing the Authority may refer to the Application.

Name Capacity

Signature.....Date.....

7.6 SCHEDULE 2

7.6.1 INFORMATION TO BE SUPPLIED WITH AN APPLICATION

7.6.2 General licence application requirements

- (a) An application for a licence in the form prescribed in Schedule 1, together with any relevant attachments shall be enclosed in a sealed envelope and filed with the Authority.
- (b) An application for a licence shall be accompanied by personal questionnaires signed and dated by each key person, controller and shareholder.

7.6.3 Information to be supplied by applicants for a licence

7.6.3.1 Each applicant, unless it is a newly formed business, shall supply copies (certified by the director, or partner, as the case may be) of the last balance sheet and of the last profit and loss account (if any), incorporating the results of its last financial year, and which have respectively been audited by a qualified auditor (including every document required by law to be attached). The copies of the financial statements shall be accompanied by a copy of the report of the auditors thereon (certified as aforesaid).

7.6.3.2 Where the audited accounts are for a period that ends more than 6 months before the date of application, the applicant, unless it is a newly formed business, shall supply unaudited accounts for a period ending not earlier than 6 months prior to the date of application (which shall also be certified by a director or partner, as the case may be, as being a true and fair reflection of the company's financial position to the best knowledge of the applicant).

7.6.3.3 Each applicant shall supply a business plan containing the particulars of

- (a) the names and addresses of the key persons, controllers and shareholders;
- (b) the shareholding structure which shall disclose;
 - i. whether any of the shareholders will have an executive role to oversee the day-to-day operations of the business;
 - ii. where controllers are incorporated, the full group structure; and
 - iii. the shareholders which shall be members of or participants in the securities infrastructure business.
- (c) the qualifications, experience and expertise of the key personnel and an explanation of how those qualifications, individually and collectively will be sufficient for the securities infrastructure business;
- (d) the financial projections for three years, together with the key assumptions on which the business plan is based;
- (e) one bank reference from the applicant's current bank, or, if the applicant has yet to establish a bank account, the applicant should supply a bank reference for at least two of the directors;
- (f) two business references relating to the applicant or, if the applicant
- (g) the proposed premises suitably located and equipped or evidence acceptable to the Authority that such premises will be available;
- (h) the human and technology resources available to the securities infrastructure business that will be capable of operating the business or evidence acceptable to the Authority that such resources will be available; and
- (i) the proposed independent auditor.

7.6.3.3.1 Each applicant shall give an overview of its proposed corporate

governance arrangements, which shall include:

- (a) the certificate of incorporation and constituting documents; particulars of the Board and Board Committees (if any);
- (b) protocols to ensure a fair representation of the members in the selection of directors, where the securities infrastructure business is a mutual organisation;
- (c) particulars of any procedures, codes or protocols for the operation of the Board that the Board may have adopted at the time of the application and an overview of the procedures, codes and protocols that the applicants intends that the Board shall adopt by the time the securities infrastructure business commences operations;
- (d) particulars of the management and organisation structure, providing an organisation chart with brief descriptions of the powers and duties of the posts;
- (e) an overview of the applicant's assessment of risks and policies to mitigate those risks;
- (f) an overview of the applicant's proposed internal controls including, inter alia:
 - i. an explanation of how these controls mitigate the risks to which the securities infrastructure business is subject;
 - ii. a copy of the procedures manual designed to implement internal controls; or
 - iii. an overview of the proposed contents of such a manual;
 - iv. and an undertaking that such a manual will be completed by the time the applicant commences licensed activities;
- (g) the applicant's proposals for monitoring compliance with the rules of the securities infrastructure business or SRO, which shall include, inter alia:

- i. the arrangements for ensuring fair and consistent treatment of all members and other participants;
 - ii. off-site review of returns submitted by members or other participants;
 - iii. on-site inspections;
 - iv. investigations;
 - v. the holding of hearings relating to disciplinary matters; and
 - vi. the imposition of sanctions;
- (h) the applicant's code of conduct for staff, which shall include, inter alia:
- i. the provisions regarding the holding or trading of securities;
 - ii. other measures for avoiding staff conflicts of interest;
 - iii. confidentiality provisions: and
 - iv. the measures to be taken in the event of any breach of the code;

where the applicant seeks to use third parties to provide the services for which it will be responsible, the applicant should provide details of the third parties and should supply a copy of the contract and, where appropriate and available, the service level agreement.

- (i) Each applicant shall provide evidence that it has the minimum financial resources required by these Regulations.
- (j) Each applicant shall supply copies of the criteria for membership of or participation in the securities infrastructure business.
- (k) Each applicant shall supply the rules to which the members or participants of the securities infrastructure business shall be subject and the procedures for making amendments to those rules.
- (l) Each applicant shall supply a list of proposed members or participants.

7.6.4 Additional information required from applicants to be a person operating an exchange

- (a) Each applicant shall supply a list of transferable securities and listed derivatives and other instruments it proposes to list on the exchange.
- (b) Each applicant shall supply details of the operating procedures, controls and trading system of the exchange and an explanation as to how this will enable the exchange to satisfy the requirement that a proper market be established in accordance with Security Infrastructure Business Regulation 2012 and the maintenance of market integrity.
- (c) Each applicant shall supply details of the clearing and settlement system it proposes to use to meet the requirements of Security Infrastructure Regulation 2012.

7.6.5 Additional information required from applicants to be a settlement operator

- (a) Each applicant shall enclose a copy of the Certificate of Recognition to operate a clearance and settlement system or the application for the Certificate.
- (b) Each applicant shall supply details of its operating procedures, controls and settlement system and an explanation as to how the system will meet the requirements of Security Infrastructure Business Regulation 2012.
- (c) Each applicant shall supply a copy of a legal opinion stating that its arrangements for transferring title to securities are legally valid.

7.6.6 Additional information required from applicants to be a settlement operator that also encompasses a central counterparty

- (a) Each applicant shall supply a copy of its operating procedures, controls and systems and an explanation of how the system will meet the requirements of Security Infrastructure Business Regulation 2012.
- (b) Each applicant shall also supply a copy of its assessment of its exposure in the event of its scenario testing and the financial resources it considers necessary in the light of that calculation.

7.7 SCHEDULE 3

7.6.7 PERSONAL QUESTIONNAIRE

Please answer every question, writing “not applicable” if appropriate. If there is insufficient space, please continue on a separate sheet, identifying, on the separate sheet, the question for which the additional information is supplied.

- (a) **Name of Respondent** (Please give the name of the person completing the questionnaire)

- (b) **Name of Applicant** (Please give the name of the securities infrastructure business or applicant)

- (c) **Proposed capacity** in which the Respondent is completing this questionnaire (eg, key person, controller or shareholder)

- (d) **Current Private Address** (Please give the full physical address and a postal address)

- (e) **Date and Place of birth** (Please give the city and country)

(f) **Passport/Identity Card number** (Please delete as appropriate)

(g) **Nationality**

(h) **Current Membership of professional bodies and year of admission.**

(Please give name and address of the body, the nature of the membership and, the date of admission)

(i) **Present occupation or employment** (Please give the name and address of the employer, the nature of the employer's business, the position held and the date of appointment to the position)

(j) **All other positions** (Please state all other occupations or positions that will continue to be held concurrently with the appointment as key person or controller of the securities infrastructure business. Please state, in each case, the name, address and business of the entity with which the position is held, the nature of the position and the date of appointment)

(k) **Full curriculum vitae**, (Please attach a full CV, which gives the details requested at question 9 for each post or occupation and identify the posts or other occupations that were in the financial services sector and which are

regarded as relevant experience for the proposed appointment)

(l) **Relevant qualifications or skills** (Please give, for qualifications, the name and address of the awarding body, the nature of the qualification and the date of the award)

(m) **Bank details** (Please provide the name and address of your main bank and state how long you have been a customer of that bank).

(n) **Previous regulatory history** (Please give details of any regulatory authority that has exercised financial services supervisory authority over you or an entity with which you have been associated in the past 7 years)

(o) **Declaration** (Please answer "Yes" or "No" to each of the following questions. If the answer is "Yes", please give full details on a separate sheet of paper.)

- i. Are you, through any previous or current occupation, employment, or otherwise, precluded in any way from carrying on (fully or partially) the services which the company (identified in 1 above) offers?

YES/NO

- ii. Have you at any time been convicted of any offence by any court in any jurisdiction?

YES/NO

- iii. Have you or any entity with which you are or have been associated ever been the subject of any disciplinary, legal, other investigations or other comparable proceedings, by any law enforcement, regulatory, or professional body in any jurisdiction, whether or not there were any sanctions or other findings as a result?

YES/NO

- iv. Have you or any entity with which you are or have been associated ever been refused a licence or equivalent authorisation to carry on a business activity in any jurisdiction?

YES/NO

- v. Have you ever been subject to investigations, disciplinary proceedings, or termination by an employer in any jurisdiction, or have you ever resigned from a position in any jurisdiction in circumstances where, but for the resignation, there would likely have been an alternative sanction such as dismissal?

YES/NO

- vi. Have you or any entity with which you have been associated, ever been subject, in any jurisdiction to bankruptcy, liquidation, insolvency proceedings, or compulsorily winding up, as the case may be, or made other agreements or arrangements with creditors?

YES/NO

- vii. Are you engaged in any personal litigation with respect to the management of any business entity in any jurisdiction?

YES/NO

viii. Are you aware of any other matter that may be material to an assessment, by the Authority of your competence, integrity or financial standing?

YES/NO

(p) Certification

I certify that the above information is complete and correct of the best of my knowledge. I undertake to advise the Authority of any material change that occurs at any time after this form is submitted and until such time as I am no longer connected to the applicant entity.

I authorise NBFIRA to contact any person named herein to counter-verify the contents of this form. In so doing the Authority may refer to the Application.

Name of Respondent

Signature.....Date.....

.....

7.8 SCHEDULE 4

7.8.1 REPORTING REQUIREMENTS

7.8.2 General requirement

- (a) A person operating a securities infrastructure business shall submit such reports to the Authority as the Authority may request.

7.8.3 Annual reporting by all securities infrastructure businesses

- (a) A person operating a securities infrastructure business shall inform the Authority of the financial year that it adopts for its annual accounts and shall not change that financial year without the approval of the Authority.
- (b) Within three months of the end of the financial year, a person operating a securities infrastructure business shall submit, in such form as the Authority may direct, its audited financial statements to the Authority and the financial statements shall include, inter alia:
 - i. the balance sheet of the securities infrastructure business at the end of the financial year, showing all assets and liabilities and demonstrating compliance with the financial resource requirement imposed by the Authority;
 - ii. any actual, or potential off balance sheet commitments, including, inter alia, guarantees, that the securities infrastructure business had incurred and which had not been extinguished at the end of the financial year;
 - iii. the profit and loss and income and expenditure account of the securities infrastructure business; and

- iv. any opinion given by an auditor in relation to the accounts.
- (c) A person operating a securities infrastructure business shall provide the Authority, annually, with an updated list of its key persons, controllers and shareholders, its address, and a list of its members or participants.
- (d) A person operating a securities infrastructure business shall provide the Authority with a list of employees and their qualifications and experience where they are occupying positions where such qualifications or experience are specified.
- (e) A person operating a securities infrastructure business shall provide the Authority with a report on the key decisions the Board has made in accordance with the Non Bank Financial Institutions (securities business) (corporate governance) rules 2012
- (f) A person operating a securities infrastructure business shall provide the Authority with details of applications for membership or participation received during the financial year, showing the outcome of each application and the reasons for the decision.
- (g) A person operating a securities infrastructure business shall provide the Authority with a consolidated report, providing an overview of the quarterly reports on:
 - i. the performance of the business; complaints; and

- ii. compliance by members or participants with their obligations.
- (h) A person operating a securities infrastructure business shall submit a report on the outcomes of the Board's evaluations, as required by the corporate governance rules, of:
 - i. its risk assessment,
 - ii. its review of internal controls,
 - iii. its review of the performance of any third party suppliers
 - iv. its review of its compliance with regulatory obligations; and
 - v. its review of its business plan.

7.8.4 Quarterly reporting by all securities infrastructure businesses

- 7.8.4.1 No later than one month after the end of each quarter of its financial year, a person operating a securities infrastructure business shall submit to the Authority:
- 7.8.4.2 unaudited management accounts showing:
 - (a) the balance sheet for the end of the quarter (including off balance sheet commitments),
 - (b) the profit and loss and income and expenditure accounts for the quarter,
 - (c) the calculation of the financial resource requirements for the end of the quarter; and
 - (d) the funds held in any guarantee fund;
- 7.8.4.3 the number of complaints received by the securities infrastructure business about itself or its members or participants during the specified period and the number that have been outstanding for more than three months;
- 7.8.4.4 an overview of the compliance by members or participants with the rules of the securities infrastructure business, including, inter alia:
 - (a) the number of on-site inspections;

- (b) the number of investigations; and
- (c) the number and nature of any sanctions imposed by the person operating the securities infrastructure business;
 - i. any changes to the information given by the person operating the securities infrastructure business in respect of its name, address, key personnel, nature of business; and
 - ii. any material change in other information that would reasonably be regarded as relevant to a determination of the continuing fitness and properness of the person operating the securities infrastructure business.

7.8.5 Advance notification by all securities infrastructure businesses

7.8.5.1 A person operating a securities infrastructure business shall provide the Authority with four weeks advance written notification of the following matters:

- (a) any change in the name or address;
- (b) any changes to its rules;
- (c) any new appointments to the key personnel or new controller or shareholders;
- (d) any change to the external auditor;
- (e) any decision to seek a licence from another regulatory authority in Botswana or abroad;
- (f) a substantial change to its capital structure;
- (g) any change to its premises and any new premises it may acquire;
- (h) any other material change in the information supplied in its application; or
- (i) a decision to seek termination or revocation of its licence.

7.8.5.2 The advance notification shall be accompanied by an application for permission to make the change if required by these Regulations.

7.8.5.3 If a person operating a securities infrastructure business becomes aware that it has failed to give advance notification in respect of any the

matters specified in this Regulation, the person shall give immediate notice of the matter to the Authority, together with an explanation of the circumstances that resulted in a failure to provide the prescribed advance notice.

7.8.6 Immediate notification by all securities infrastructure businesses

7.8.6.1 A person operating a securities infrastructure business shall inform the Authority immediately should any of the following events occur:

- (a) any event which could reasonably be expected to affect the Authority's assessment of the ongoing fitness and properness of the person, its controllers, shareholders or key personnel;
- (b) any serious failure of the systems of the securities infrastructure business;
- (c) any event that may interfere with the ability of the securities infrastructure business to carry out its responsibility to enforce its rules;
- (d) a material failure by the person operating the securities infrastructure business to meet its responsibilities (including its regulatory requirements) and any material change in any of the information provided to support the initial application that might reasonably be expected to affect investors' interests or the Authority's assessment of the ongoing fitness and properness of the market intermediary, its controllers, shareholders or key personnel;
- (e) a reduction in financial resource requirements below 120% of the minimum specified in these Regulations or a reduction of 50% since the previous report to the Authority;
- (f) any concern by the person operating the securities infrastructure business that it may not be able to meet obligations as they fall due;
- (g) any inability to comply with any instruction or direction of the Authority imposed in accordance with the Act, Regulations or Rules;
- (h) any misstatement or error in any return or application previously submitted to the Authority of which the person operating the securities infrastructure

business becomes aware;

- (i) any fraud on the securities infrastructure business or its members or participants by any person;
- (j) any disciplinary action against any of the key personnel of the securities infrastructure business;
- (k) any investigation, finding or conviction relating to the securities infrastructure business, any of its controllers, shareholders or any of its key personnel by a law enforcement authority or professional association;
- (l) any regulatory finding that may reasonably be expected to affect the Authority's assessment of the continuing fitness and properness of a member, of or participant, in the securities infrastructure business;
- (m) any civil claim against the securities infrastructure business; or
- (n) any litigation instigated by the person operating the securities infrastructures business.

7.8.6.2 A person operating a securities infrastructure business shall make public the information described in sub paragraphs (b), (c), (i), (k), (m) and (n), unless it is able to satisfy the Authority that such public disclosure would not be in the interests of the Botswana capital markets.

7.8.7 Additional reporting requirements for persons operating an exchange

7.8.7.1 A person operating an exchange shall provide a report, annually and quarterly on the performance of the exchange, including, inter alia

7.8.7.1.1 an overview of market developments, including, inter alia relevant data on market size, turnover and significant price movements;

7.8.7.1.2 the number and nature of transferable securities or listed derivatives on

- the exchange, including details of any new listings;
 - 7.8.7.1.3 details of any new forms of securities;
 - 7.8.7.1.4 any action taken in respect of potential or actual defaults;
 - 7.8.7.1.5 any other information material to an assessment of whether the market is continuing to function in an orderly fashion.
- (a) A person operating an exchange shall submit a weekly market report including, inter alia:
 - i. an overview of market developments, including, inter alia relevant data on market size, turnover and significant price movements;
 - ii. any action taken in respect of potential or actual defaults;
 - iii. market positions or credit exposures of market participants that exceed a limit agreed with the Authority;
 - (b) A person operating an exchange shall make an immediate notification of the following events:
 - i. any decision to halt or suspend trading;
 - ii. substantial market movements; or
 - iii. any indication that there may be serious market misconduct, or financial crime or money laundering.

7.8.8 Additional reporting requirements for persons operating a central securities depository or other clearance and settlement system

- (a) A settlement operator shall include, within its quarterly financial report, the margin payments held from participants.
- (b) A settlement operator shall provide immediate notification of:
 - i. any event that prompts the securities infrastructure business to consider using its powers to take action to prevent a default by a member or participant;
 - ii. any default by a member or participant;

- iii. any potentially disruptive large position held by a participant.

7.8.9 Additional reporting requirements for settlement operators encompassing a central counterparty

- (a) A settlement operator that also encompasses a central counterparty shall provide immediate notification of any default by a member or participant.

7.9 SCHEDULE 5

7.9.1 APPLICATION AND ANNUAL FEES FOR SECURITIES INFRASTRUCTURE BUSINESSES

Securities infrastructure business	Fees
Exchange Application fee Annual fee	Refer to statutory instrument no 11 of 2012
Settlement operator, Application fee Annual fee	Refer to statutory instrument no 11 of 2012
Central Counterparty, Application fee Annual fee	Refer to statutory instrument no 11 of 2012
SRO Application fee Annual fee	Refer to statutory instrument no 11 of 2012

7.10 SCHEDULE 6

7.11.1 MINIMUM QUALIFICATIONS FOR KEY PERSONNEL

Securities Infrastructure Business	Minimum qualifications
Exchange Chief executive officer Directors, Compliance officer, Internal auditor	(a) CEO, Compliance officer and Internal Auditor, Directors i. a degree or diploma or certificate offered by an Institution of Higher Education/Learning ii. a foreign qualification similar to qualifications above iii. an industry or specific qualification iv. Financial examination approved by Regulatory Authority v. an industry or professional/special qualification (e.g. regulatory examinations) offered through a professional body recognized by the regulator or an accredited provider; or (b) Compliance officer additional i. hold a legal or business diploma or degree recognized by the regulator,

	ii. and/or have the relevant experience iii. have attained any specific financial services industry or compliance related certificate, diploma or degree recognized by the regulator, and/or have the relevant experience; or iv. be an accredited member of any organization recognized by the regulator as being appropriate for this purpose, and/or have the relevant experience v. at least have 3 years experience in compliance or risk management function in the financial services industry; vi. Internal auditor additional vii. hold a legal or business diploma or degree recognized by the regulator, and/or have the relevant experience viii. have attained any specific financial services industry or accounting related certificate, diploma or degree recognized by the regulator, and/or have the relevant experience; or ix. be an accredited member of
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	any organization recognized by the regulator as being appropriate for this purpose, and/or have the relevant experience at least have 5 years experience in internal auditing or risk management function in the financial services industry.
Clearing and settlement system Chief executive officer Directors Compliance officer Internal auditor	(a) hold a legal or business diploma or degree recognized by the regulator, and/or have the relevant experience (b) have attained any specific financial services industry or related certificate, diploma or degree recognized by the regulator, and/or have the relevant experience; or (c) be an accredited member of any organization recognized by the regulator as being appropriate for this purpose, and/or have the relevant experience. (d) pass a settlement officers examination offered by the regulatory authority or any other competent institution appointed by the regulatory authority.
Central Securities Depository Chief executive officer	(a) hold a legal or business diploma or degree recognized by the

	regulator, and/or have the relevant experience (c) have attained any specific financial services industry or related certificate, diploma or degree recognized by the regulator, and/or have the relevant experience; or
Directors, Compliance officer Internal auditor	(a) be an accredited member of any organization recognized by the regulator as being appropriate for this purpose, and/or have the relevant experience. (b) pass a settlement officers examination offered by the regulatory authority or any other competent institution appointed by the regulatory authority.
Clearing and settlement system encompassing a central counterparty Chief executive officer Directors, Compliance officer Internal auditor	(a) hold a legal or business diploma or degree recognized by the regulator, and/or have the relevant experience (b) have attained any specific financial services industry or related certificate, diploma or degree recognized by the regulator, and/or have the relevant experience; or (c) be an accredited member of any organization recognized by the regulator as being appropriate for this purpose, and/or have the relevant experience.

	(d) pass a settlement officers examination offered by the regulatory authority or any other competent institution appointed by the regulatory authority.
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7.11 SCHEDULE 7

7.11.1 FINANCIAL RESOURCE REQUIREMENTS

Securities infrastructure business	Minimum Financial Resource Requirements
Exchange Paid up share capital Surplus of net liquid assets over expenditure requirement Net assets Insurance	To be completed
Settlement operator Paid up share capital Surplus of net liquid assets over expenditure requirement Net assets Insurance Guarantee fund	
Central counterparty Paid up share capital Surplus of net liquid assets over expenditure requirement Net assets Insurance	

8 **RECORDS**

Reference Number	Record (Description of records)	Location / Holder	Retention Period	Justification
Not applicable	Not applicable	Not applicable	Not applicable	Not applicable