



**WEST AFRICA SECURITIES REGULATORS ASSOCIATION  
(WASRA)**

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**ASSOCIATION DES AUTORITES DE MARCHE FINANCIERS D'AFRIQUE DE L'OUEST  
(AMFAO)**

**TECHNICAL COMMITTEE REPORT TO THE EXECUTIVE COUNCIL**

*Presented at the Executive Council at its meeting in Rabat, 23th January 2018  
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Kuwait, 21th January 2019*

**GUIDELINES FOR ISSUANCE OF FIXED INCOME SECURITIES BY  
STATUTORY BODIES IN WASRA MEMBER COUNTRIES**

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**DIRECTIVES POUR L'EMISSION DE TITRES A REVENU FIXE PAR  
DES ENTITES PUBLIQUES DANS LES PAYS MEMBRES DE  
L'AMFAO**

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10 January 2019, updated in Accra on 1<sup>st</sup> April 2019.*

I. <u>DEFINITION DES TERMES</u>	I. <u>DEFINITION OF TERMS</u>
Sauf indication contraire du contexte, les définitions suivantes s'appliquent à certains termes utilisés ci-après dans les <i>International Debt Disclosure Principles</i> :	Unless the context indicates otherwise, the following definitions apply to certain terms used hereinafter in the <i>International Debt Disclosure Principles</i> :
<b>Garantie</b> - Actif nanti pour garantir les titres de créance.	<b>Collateral</b> – Asset that is pledged to secure the Debt Securities.
<b>Émetteur</b> - Entité dont les titres de créance sont offerts au public ou cotés.	<b>Issuer</b> – Entity whose Debt Securities are being offered to the public or listed.
<b>Transfrontalier</b> - Offre ou cotation de titres d'emprunt faite hors du marché d'origine de l'émetteur, que le placement ou la cotation ait lieu ou non simultanément sur le marché d'origine de l'émetteur. Le marché d'origine peut être un marché qui, par traité ou autre accord ou arrangement, englobe deux juridictions ou plus.	<b>Cross-Border</b> – An offering or listing of debt securities that is made outside the Issuer's Home Market, regardless of whether or not the offering or listing is also being made concurrently in the issuer's Home Market. The Home Market may be a market that, by treaty or some other agreement or arrangement, encompasses two or more jurisdictions.
<b>Titres de créance</b> - Titres de créance «simples», tels que des obligations non garanties et garanties par une garantie	<b>Debt Securities</b> – “Plain vanilla” debt securities, such as unsecured bonds, and bonds secured by collateral.
<b>Administrateurs et membres de la haute direction</b> - Ce terme englobe: a) les administrateurs de l'émetteur, b) les membres de la haute direction, et c) les membres de ses organes d'administration, de surveillance ou de direction.	<b>Directors and Senior Management</b> – This term includes the issuer's (a) directors, (b) executive officers, and (c) members of its administrative, supervisory or management bodies.
<b>Document</b> - Prospectus ou autres types de documents d'offre utilisés dans le cadre d'une offre publique de titres de créance, ainsi que de déclarations d'enregistrement ou de prospectus utilisés dans le cadre de la cotation de titres de créance ou de l'admission à la négociation sur un marché réglementé.	<b>Document</b> – Prospectuses or other types of offering documents used in connection with a public offering of Debt Securities, and registration statements or prospectuses used in connection with the listing of Debt Securities or admission to trading on a regulated market.
<b>Expert</b> - Personne nommée dans un document comme ayant préparé ou certifié une partie quelconque de ce document ou comme ayant préparé	<b>Expert</b> – 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

ou certifié tout rapport ou toute évaluation devant être utilisé dans le cadre de ce prospectus.	report or valuation for use in connection with that prospectus.
<b>Groupe</b> - Une société mère et toutes ses filiales. Les références au groupe d'un émetteur désignent le groupe dont il est membre.	<b>Group</b> – A parent and all its subsidiaries. Reference to an Issuer's group mean the group of which it is a member.
<b>Marché d'Origine</b> - La juridiction dans laquelle l'entité est légalement organisée, constituée ou établie.	<b>Home Market</b> – The jurisdiction in which the Entity is legally registered, incorporated or established.
<b>Marché d'Accueil</b> - Les juridictions, autres que le marché d'origine, dans lesquelles l'entité cherche à offrir, à enregistrer, à inscrire ou à admettre à la négociation ses titres de créance sur un marché réglementé.	<b>Host Country</b> – The jurisdictions, other than the Home Market, in which the Entity is seeking to offer, register, list or admit to trading on a regulated market its Debt Securities.
<b>Membre</b> – Juridiction membre de l'AMFAO	<b>Member</b> – WASRA member jurisdiction.
<b>Special Purpose Vehicule (SPV)</b> - Une entité juridique Ad'Hoc créée dans le but spécifique de collecter des fonds pour financer un projet ou une infrastructure par un organisme public.	<b>Special Purpose Vehicle (SPV)</b> – A legal entity created by a statutory body for the specific purpose of raising funds to finance project or infrastructure

<b>II. <u>EXIGENCES POUR L'EMISSION DE VALEURS MOBILIERES A REVENU FIXE</u></b>	<b>II. <u>REQUIREMENT FOR ISSUING FIXED INCOME SECURITIES</u></b>
Ces exigences s'appliquent à toute entité publique souhaitant émettre des titres à revenu fixe dans les pays membres de l'AMFAO:	These requirements shall apply to any Public Entity seeking to issue fixed income securities in WASRA member countries:
<b>1. Statut d'émetteur et éligibilité</b>	<b>1. Issuer status and eligibility</b>
L'émetteur doit: <ul style="list-style-type: none"> <li>a. être une entité qualifiée par le Régulateur du pays d'origine pour collecter des fonds;</li> <li>b. obtenir une non-objection de la part de le Regulateur du pays hôte.</li> </ul> Et: <ul style="list-style-type: none"> <li>c. être un État supranational, un État membre, un État infranational ou leurs agences dans toute juridiction de la région; ou</li> <li>d. être un véhicule Ad'Hoc (SPV) parrainé par l'un des organismes susmentionnés et structuré de manière à recueillir des fonds;</li> </ul>	The issuer shall : <ul style="list-style-type: none"> <li>a. be an entity qualified by the Home Country Regulator to raise funds;</li> <li>b. obtain a No Objection from the Host Country Regulator.</li> </ul> And: <ul style="list-style-type: none"> <li>c. be a supranational, Member state, subnational or their agencies in any jurisdiction within the region; or</li> <li>d. be a Special Purpose Vehicle (SPV) sponsored by any of the above bodies and structured specially to raise funds;</li> </ul>
<b>2. Offre d'un Special Purpose Vehicule (SPV)</b>	<b>2. Special Purpose Vehicle (SPV) offer</b>
Les SPV doivent proposer des offres uniquement aux investisseurs institutionnels, qualifiés ou avertis, mais pas des offres non limitées pour le public.	Special Purpose Vehicle (SPV) shall make offer only to institutional, qualified or sophisticated investors but not unrestricted offers to the public.
<b>3. Entité d'approbation</b>	<b>3. Approving entity</b>
L'entité d'approbation doit être le Régulateur du Pays d'Origine.	The approving entity shall be the Home Country Regulator.
<b>4. Dénomination de l'Offre et affectation de fonds hors du territoire de compétence où les fonds sont réunis</b>	<b>4. Denomination of Offer and Application of Funds outside Jurisdiction where Funds are raised</b>
L'émetteur peut lever des fonds dans n'importe quel pays de la région sans restriction de l'utilisation du produit, sous réserve de publication dans le memorandum d'information et sous réserve de l'obtention des dispenses ou de l'autorisation nécessaires en matière de contrôle des changes.	The issuer may raise funds in any jurisdiction in the region without restriction on the jurisdiction where proceeds are to be used subject to disclosure of same in the information memorandum and subject to obtaining the necessary exemptions or authorization on foreign exchange control where applicable.

<p>Toutes les émissions régionales doivent être libellées dans une devise convertible.</p>	<p>All regional issues shall be denominated in a convertible currency.</p>
<p><b>5. Frais</b></p>	<p><b>5. Fees</b></p>
<p>Des frais d'évaluation de 0,1% seront facturés à l'émetteur et payés lors de la demande.  En cas de souscription, le même taux sera applicable au montant supplémentaire.  En cas de retrait ou de non-approbation, l'émetteur perd 100% de la frais d'évaluation payée.  Les frais seront partagés en proportion du montant collecté dans chaque juridiction.</p>	<p>An evaluation fee of 0.1% of the amount to be raised shall be charged to the issuer and paid on application.  In the case of oversubscription, the same rate shall be charged to the additional amount.  In the event of withdrawal or non-approval, the issuer shall forfeit 100% of the evaluation fee paid.  Fees shall be shared in proportion to the amount raised in each jurisdiction.</p>
<p><b>6. Parties à la transaction</b></p>	<p><b>6. Parties to the transaction</b></p>
<p><i>a. <u>Arrangeur de transaction / Entité pour prise ferme/agent de bourse / agent de placement:</u></i>  L'organisateur de la transaction, l'agent de placement ou le courtier sponsor doit être une personne morale agréée par au moins un régulateur du pays membre de l'AMFAO.</p> <p><i>b. <u>Auditeur / Comptable</u></i>  L'auditeur ou le comptable doit être une société enregistrée dans tout pays membre de l'AMFAO qui se conforme aux exigences de son organisme professionnel et de l'autorité de réglementation des valeurs mobilières.</p> <p><i>c. <u>Conseiller juridique</u></i>  Le conseiller juridique doit être une société enregistrée dans tout pays membre de l'AMFAO qui se conforme aux exigences de leurs organismes professionnels et de l'autorité de réglementation des valeurs mobilières.</p> <p><i>d. <u>Dépositaire</u></i>  Le dépositaire doit être enregistré dans tout pays membre de l'AMFAO par au moins un régulateur de la région.</p> <p><i>e. <u>Banque de paiement et de réception</u></i>  Les banques de paiement et les banques destinataires sont des banques agréées dans le pays membre de</p>	<p><i>a. <u>Transaction Arranger/Issuing house Sponsoring Stockbroker/ Placing Agent:</u></i>  The transaction arranger/placing agent/sponsoring stockbroker shall be a corporate body that is licensed by at least one Regulator in the WASRA member country.</p> <p><i>b. <u>Auditor/Reporting Accountant</u></i>  Auditor or Reporting accountant shall be a firm registered in any WASRA member country that complies with the requirements of their professional body and the securities regulator.</p> <p><i>c. <u>Legal Adviser</u></i>  Legal Adviser shall be a firm registered in any WASRA member country that complies with the requirements of their professional bodies and the securities regulator.</p> <p><i>d. <u>Depository</u></i>  Depository shall be registered in any WASRA member country by at least one regulator in the region.</p> <p><i>e. <u>Paying agent/ Trustees and Receiving Bank</u></i>  The paying agent / Trustees and receiving banks shall be licensed banks in the WASRA member</p>

<p>l'AMFAO où les fonds sont levés. Il devrait y avoir au moins un agent payeur et une banque destinataire dans chaque juridiction.</p>	<p>country where funds are being raised. There should be at least one paying agent and one receiving bank in each jurisdiction.</p>
<p><b>7. <i>Etats financiers et prévisions financières</i></b></p>	<p><b>7. <i>Financial Statements Disclosure &amp; Projections</i></b></p>
<p>L'émetteur doit fournir des états financiers audités pour les trois derniers exercices. Des informations prospectives couvrant une période d'au moins trois (3) ans à compter de la date d'émission ou lorsque l'emprunt a une échéance plus courte, couvrant la maturité de l'emprunt, doivent aussi être fournies.</p> <p>Dans le cas d'un pays ou d'un groupe de pays, l'émetteur doit produire trois (3) années d'indicateurs macroéconomiques et / ou de situation.</p> <p>Dans le cas d'émetteurs sans historique d'états financiers, ils sont tenus de divulguer leurs obligations en matière de projections de performance, de facteur de risque et de toute autre information financière disponible pour évaluer les éventuelles projections.</p>	<p>The issuer shall provide:</p> <ol style="list-style-type: none"> <li>a. audited financial statements for the last three financial years or the period for which the entity has been in existence.</li> <li>b. Projected financial information covering a period of not less than three (3) years from the date of issue or where the bond has a shorter maturity period, the tenure of the bond, together with the review report by an auditor.</li> </ol> <p>In the case of a country or group of countries, issuer shall provide information on macroeconomic indicators and/or situation covering the last three years.</p>
<p><b>8. <i>Garantie et rehaussement de crédit</i></b></p>	<p><b>8. <i>Guarantee and Credit Enhancement</i></b></p>
<p>La garantie ou le rehaussement de crédit est déterminé par l'émetteur. Lorsque le rehaussement de crédit doit être fourni, les exigences suivantes sont applicables:</p> <ul style="list-style-type: none"> <li>- le garant est une banque, une institution financière non bancaire dûment agréée ou une institution financière internationale reconnue;</li> <li>- une lettre de non-objection doit être fournie par le responsable de la réglementation du garant, le cas échéant;</li> <li>- le garant doit avoir une cote de crédit valide.</li> </ul>	<p>Guarantee or credit enhancement shall be determined by the issuer. Where credit enhancement is to be provided, the following requirements shall apply:</p> <ul style="list-style-type: none"> <li>- the guarantor shall be a bank, a duly licensed non-bank financial institution or a recognized international financial institution;</li> <li>- a letter of no objection shall be provided by the guarantor's primary regulator, where applicable;</li> <li>- the guarantor shall have a valid credit rating.</li> </ul>
<p><b>9. <i>Notation de crédit</i></b></p>	<p><b>9. <i>Credit ratings</i></b></p>
<p>L'agence de notation de crédit (CRA) doit être enregistrée auprès d'un régulateur membre de</p>	<p>The Credit Rating Agency (CRA) shall be registered with a regulator which is a member of</p>

<p>L'Organisation internationale de la Commission des valeurs mobilières (IOSCO) ou les agences internationalement reconnues.</p> <p>La notation de crédit doit être fournie comme spécifié aux points (a) et (b):</p> <ol style="list-style-type: none"> <li>a. Lorsqu'un émetteur est un SPV ou que la dette doit être remboursée à l'aide des revenus d'un projet spécifique, la notation de crédit doit porter sur le projet.</li> <li>b. Lorsque la dette doit être remboursée par le fonctionnement normal de l'émetteur, l'émetteur est au centre de la notation.</li> </ol> <p>La note de crédit doit être mise à jour au moins une fois l'an jusqu'à la maturité de l'instrument de dette.</p> <p>La note d'information doit contenir une mise en garde explicite indiquant qu'une notation de crédit ne constitue pas une recommandation d'achat ou une assurance de performance et que les investisseurs doivent faire preuve de diligence raisonnable et utiliser cette notation comme l'une des considérations à prendre en compte lors de la décision d'investissement.</p>	<p>International Organization of Securities Commission (IOSCO) or other internationally recognized agency.</p> <p>Credit rating shall be provided as specified in (a) and (b):</p> <ol style="list-style-type: none"> <li>a. Where an issuer is an SPV or where the debt is to be repaid from a specific project's revenues, the credit rating shall be in respect of the project.</li> <li>b. Where the debt is to be repaid from the normal operation of the issuer, the rating shall be in respect of the issuer.</li> </ol> <p>The credit rating shall be updated at least once a year until the maturity of the debt instrument.</p> <p>There shall be an explicit cautionary statement included in the Information Memorandum to highlight the fact that a credit rating is not a recommendation to purchase or assurance of performance and investors should exercise due diligence and use the rating as only one of the considerations in making their investment decision.</p>
<p><b>10. Cotation / Négociation</b></p>	<p><b>10. Listing / Trading</b></p>
<p>La cotation / négociation est obligatoire pour toutes les émissions régionales à proposer au public.</p> <p>La cotation peut être facultative dans le cas de problèmes régionaux s'adressant à des investisseurs institutionnels, qualifiés ou avertis, tels que définis par le Régulateur du pays d'origine, auquel cas de tels problèmes peuvent être approuvés pour une plateforme de gré à gré réglementée.</p>	<p>Listing / Trading shall be mandatory for all regional issues that are to be offered to the public. Listing may be optional in the case of regional issues that are targeted at institutional, qualified or sophisticated investors as defined by the Home Country Regulator, in which case such issues may be approved for a regulated Over The Counter (OTC) platform.</p>
<p><b>11. Négociation, règlement Livraison</b></p>	<p><b>11. Trading, clearing and settlement</b></p>
<p>Les titres négociés en bourse ou sur une plateforme de gré à gré dans plusieurs pays doivent être conformes aux directives sur les transactions transfrontalières et le règlement des titres.</p>	<p>Securities traded on an exchange or OTC platform in multiple jurisdictions, shall comply with guidelines on cross border trading and settlement of securities.</p>
<p><b>12. Obligation de publication d'informations</b></p>	<p><b>12. Continuing disclosure obligations</b></p>

<p>L'approbation d'une émission régionale de titres à revenu fixe oblige l'émetteur à se conformer aux obligations en matière d'information permanente applicables aux offres publiques de son Pays d'Origine.</p> <p>L'émetteur doit déposer son obligation d'information continue auprès de le Régulateur du Pays d'Origine.</p> <p>Lorsque le titre régional à revenu fixe est coté sur une ou plusieurs bourses de valeurs ou est négocié sur un marché réglementé de la région, il est obligatoire de respecter toutes les obligations permanentes imposées par cette bourse ou ce marché.</p> <p>L'émetteur est tenu de mettre à la disposition des investisseurs, dans tous les pays où il a collecté des fonds, toutes informations utiles à une évaluation correcte de la situation financière de l'émetteur, de manière efficace et dans les délais impartis.</p>	<p>The approval of a regional issue of fixed income securities shall bind the issuer to comply with the continuing disclosure obligations applicable to public offers in its Home Country.</p> <p>The issuer shall file its continuing disclosure obligation simultaneously with the Host Country Regulator.</p> <p>Where the regional fixed income security is listed on one or more securities exchanges or is traded on any regulated market within the region, it shall be mandatory to comply with any and all continuing obligations imposed by that securities exchange or market.</p> <p>The issuer shall be obliged to avail investors in all jurisdictions in which the issuer has raised funds, any information relevant for proper appraisal of the financial position of the issuer in an effective and timely manner.</p>
<p><b><i>13. Emission additionnelle</i></b></p>	<p><b><i>13. Additional issues</i></b></p>
<p>Même si un émetteur a fait une offre de titres à revenu fixe au niveau régional, il peut à tout moment au cours de l'émission, réaliser un montant supplémentaire dans un pays quelconque conformément à un complément de prix supplémentaire en mettant à jour les informations fournies dans le mémorandum d'information régional.</p>	<p>Notwithstanding that an issuer has made a regional fixed income security offer, the issuer may at any time during the tenure of the issue raise an additional amount in any one jurisdiction pursuant to a further pricing supplement updating the disclosures in the regional information memorandum.</p>
<p><b><i>14. Sanctions</i></b></p>	<p><b><i>14. Penalties</i></b></p>
<p>En cas de non-respect des obligations d'information continue par un émetteur, les sanctions applicables du pays d'origine s'appliquent.</p>	<p>Where an issuer fails to comply with the continuing disclosure obligations, the applicable sanctions of the Home jurisdiction shall apply.</p>
<p><b><i>15. Règlement des litiges</i></b></p>	<p><b><i>15. Dispute resolution</i></b></p>
<p>Le mémorandum d'information précise la loi applicable et le mode de règlement des litiges.</p>	<p>The information memorandum shall specify the applicable law and mode of dispute resolution-</p>

<b>III. <u>PROCEDURE D'APPROBATION</u></b>	<b>III. <u>PROCEDURE FOR APPROVAL</u></b>
<ol style="list-style-type: none"> <li>1. L'opérateur de marché qui agit en tant que sponsor dépose, pour le compte de l'émetteur, le projet de prospectus auprès de le Régulateur du Pays d'Origine. Le projet de prospectus doit être conforme aux exigences de l'AMFAO;</li> <li>2. Le Régulateur du Pays d'Origine examine le projet de prospectus dans les trente (30) jours ouvrables;</li> <li>3. Le Régulateur du Pays d'Origine, si elle est convaincue que le prospectus est conforme aux normes minimales requises, soumet le prospectus révisé à le Régulateur du Pays d'Accueil pour examen et Non objection.</li> <li>4. Le Régulateur du Pays d'Accueil émettra une Non objection dans un délai de vingt et un (21) jours ouvrables;</li> <li>5. Le Régulateur du Pays d'Origine émet l'approbation finale de l'offre lorsqu'elle reçoit la non-objection de le Régulateur du Pays d'Accueil.</li> </ol>	<ol style="list-style-type: none"> <li>1. The market operator acting as an Issuing House/Sponsor shall file, on behalf of the issuer, the draft prospectus with the Home Country Regulator. The draft prospectus shall comply with WASRA requirements ;</li> <li>2. The Home Country Regulator shall review the draft prospectus within thirty (30) working days ;</li> <li>3. The Home Country Regulator , if satisfied that the prospectus complies with the minimum required standards, shall submit the Reviewed Prospectus to the Host Country Regulator for their review and No objection ;</li> <li>4. The Host Country Regulator shall issue No objection within fifteen (15) working days ;</li> <li>5. The Home Country Regulator shall issue the final approval of the offer when it receives the No objection from the Host Country Regulator.</li> </ol>

The contents of the prospectus should be properly steamlined. It is in the form of a discussion but that should not be the case. The requirements should be clearly outlined.

#### **IV. CONTENT OF THE PROSPECTUS AND EXPLANATORY NOTE**

The Prospectus shall, among other things, contain the following disclosures to guide potential investors;

- A. Identity of parties responsible for the document** shall be disclosed including their business address and functions

***Explanatory Note:***

The parties responsible for the document shall include

- 1. Directors and Senior Management (or equivalent)** Information on their business addresses and functions shall be provided.
- 2. Advisers or Other Parties** The information provided shall include the names and business addresses of the Issuer's principal financial advisers, legal advisers, reporting accountants, and other professional advisers to the extent of their involvement with the public offering.
- 3. Auditors** The names and business addresses of the external auditors who audited the Issuer's financial statements contained in the Document shall be provided.

**B. DESCRIPTION OF THE DEBT SECURITIES**

- 4. Economic Terms of the Debt Securities** The prospectus shall contain a description of the debt securities which shall include information on;
  - a. The terms;
  - b. Interests and other payments;
  - c. Maturity date;
  - d. Redemption, Amortization and Retirement;
  - e. Form of the securities;
  - f. Nominal amount;
  - g. Payment date;
  - h. Transferability
  - i. Currency;
  - j. size of the offering

***Explanatory Note***

The prospectus shall contain all relevant disclosures on the economic terms of the debt securities that may have a significant impact on an investor's decision. This shall include information about the terms of the Debt Securities that will be offered, such as the interest and any other payments such as

premium; the maturity date; provisions relating to redemption, amortization, and retirement of the Debt Securities; whether the Debt Securities are registered or bearer securities; Information about the form of the securities, such as whether investors can obtain physical certificates or whether their interests will be recorded via a book-entry system; the total nominal amount of the Debt Securities to be issued, the individual face value of each type of Debt Securities offered or listed, the interest to be paid during the life of the Debt Securities, and the dates on which such payments are due. In addition, any arrangements for transfer and any restrictions on the free transferability of the Debt Securities should also be disclosed.

All information which may help an investor understand the currency risk associated with the debt securities shall also be disclosed. Where payments on the Debt Securities are payable in two or more currencies, disclosure about who has the option to determine the currency conversion, as well as the basis for such determination shall also be provided.

**5. *Covenants Relating to the Issuance of the Debt Securities***

The prospectus shall disclose all covenants relating to the debt securities to be issued including covenants, which require the maintenance of ratios or assets, and covenants, which restrict or prohibit the Issuer from taking specified actions for the protection of the investors and the remedies in the event of a breach of covenant.

***Explanatory Note***

This provision requires that all covenants related to the debt securities shall be disclosed. This includes:

- i. any covenant aimed at protecting Debt Security holders;
- ii. Covenants or contractual agreements that require the Issuer to take certain actions, or to refrain from taking certain actions;
- iii. whether the breach of certain covenants will trigger the renegotiation of the terms of the Debt Securities before a default occurs;
- iv. provisions that restrict the declaration or payment of dividends in certain circumstances, such as where the Issuer's tangible net worth declines below a certain amount;

- v. provisions that require the Issuer to maintain certain financial ratios, such as limiting Debt Securities issued by the Entity to a specific percentage of its assets, or maintaining a certain level of debt-equity or debt-assets ratios.
- vi. In addition, provisions that restrict the Issuer from incurring additional debt under certain conditions must be disclosed as well as any covenant which restricts the Issuer from creating a lien on its assets or that of its subsidiaries to secure a debt issue without equally securing the Debt Securities covered by the prospectus;,
- vii. Covenants which prohibit the Entity from issuing other types of securities under certain circumstances;
- viii. For secured debt Securities, covenants which require the maintenance of properties and ensure the availability of assets for payment in case of a liquidation, permit or restrict the withdrawal of cash that has been deposited as a basis for the issuance of additional securities and provisions regarding the release or substitution of assets securing the issue must be disclosed.

- 6. Guarantees** The prospectus shall disclose whether or not the debt securities are guaranteed and, where so guaranteed, shall provide the following information;
- a. identity of the guarantor;
  - b. an outline of the features of the guarantee; and
  - c. such other information about the guarantor which is relevant to the guarantee provided.

***Explanatory Note***

This provision requires the disclosure of all relevant information about the guarantor which would assist investors make an informed decision about whether or not the guarantor shall be able to fulfill its obligations under the guarantee.

- 7. Liens** In a secured debt transaction, the prospectus shall disclose:
- a. The kind and priority of any lien securing the issue; and
  - b. the properties or assets subject to the lien;

***Explanatory Note***

This provision requires the disclosure of every lien, which

entitles Debt Security holders to a claim against the Entity's Collateral as well as all relevant information which enables investors to assess the likelihood that they can recoup their investment in the Debt Securities.

- 8. Subordination and Limitation of Rights** The Prospectus shall disclose information about the existence or possible creation of other securities and other debt that is senior to the subordinated Debt Securities;
- a. Any limitations on the issuance of additional senior debt, or the lack thereof; and
  - b. whether the rights attached to the Debt Securities are or may be materially limited or qualified by the rights of any other class of securities

***Explanatory Note***

This provision requires the disclosure of relevant information that describes the ability of Debt Securities holders to enforce their rights as creditors of the Issuer and specifies whether other securities holders or creditors have claims that would be viewed as senior, as having priority, or otherwise limiting the rights of the Debt Securities holders to any payments on the Debt Securities. If the rights of the Debt Securities holders will be subordinated to other securities holders or creditors, information should be provided in the document about the aggregate amount of outstanding indebtedness that is senior to the subordinated Debt Securities, as of the most recent practicable date.

**Default** The prospectus shall disclose

- i. measurable events that would constitute a default,
- ii. the remedies under the terms and conditions of the Debt Securities that would be available in the event of default; and
- iii. when action may be taken to enforce a claim;

***Explanatory Note***

This provision requires disclosures which help Debt Securities holders know if and when they may be able to pursue claims in the event of default by the Issuer.

- 9. Consequences of a Failure to Make Payments** The

prospectus shall clearly disclose the consequences of a failure to make payment by the Issuer and the rights of the Debt Securities Holders.

*Explanatory Note*

This provision requires information and a clear definition of failures to make payments which may not necessarily be classified as events of default, such that Debt Securities holders can pursue claims against the Issuer. For example, a failure to make an interest payment may not constitute an event of default, but may result in additional amounts of interest being payable to Debt Security Holders.

**10. Representation of Debt Security Holders (Through Trustees or Any Other Representative of the Debt Security Holders).**

The prospectus shall disclose if the interests of Debt Security Holders may be represented by an authorized party, and if so represented, the following shall be disclosed;

- a. identification of the party that is acting as the Debt Security holders' official representative;
- b. its address;
- c. the provisions applying to this representation;
- d. Information about the nature of any material relationship between the representative and the Issuer or its Affiliates;
- e. any requirements that must be satisfied before the representative can act on behalf of the Debt Security holders;
- f. the main terms of the contract governing the representation of the Debt Security holders and information on where investors may obtain access to the contract;
- g. If no such contract exists, a brief summary of the applicable provisions of the law governing the representation of the Debt Security holders;

***Explanatory Note***

The prospectus is expected to provide Investors in Debt

Securities with information on how their interests will be represented by an authorized party, such as a trustee or other entity who acts in a fiduciary capacity for the Debt Security holders. If such a representative has been selected, identification of the party that is acting as the Debt Security holders' official representative, its address, as well as the provisions applying to this representation must be disclosed to help investors know who is representing their interests. This disclosure shall also cover information about the nature of any material relationship between the representative and the Issuer or its Affiliates or such other relationship which helps the investor determine whether a conflict exists between the interest of the authorized party as a representative of the Debt Security holders and any other interest that it may have. In addition any requirements that must be satisfied before the representative can act on behalf of the Debt Security holders must be clearly disclosed upfront, such as a requirement that the holders of a certain percentage of the Debt Securities first instruct the representative to take action or whether the representative shall require indemnification before proceeding to enforce a lien against the Issuer's property or before taking any other action at the request of the Debt Security holders.

- 11. Meeting of Debt Security Holders** The prospectus shall disclose the procedures for convening, attending or voting at a meeting of Debt Security holders, and in particular shall
- a. Specify the matters for which such meeting may be called
  - b. Disclose the conditions governing the manner in which such a meeting would be convened including quorum requirements,
  - c. the conditions for being admitted to the meeting; and
  - d. the minimum number of votes required to adopt certain types of resolutions

***Explanatory Note***

This provision requires information about convening, attending or voting at a meeting of Debt Security holders, if such a meeting is to be called, for example, to change the terms and conditions of the Debt Security in light of a potential default by the Issuer. Disclosure of the conditions governing the manner in which such a meeting would be convened, and other modalities which shall inform investors about some of the protections that would be available to them as Debt Security holders.

- 12. Modification of Terms** The Prospectus shall contain provisions on the modification of the terms of the security or rights of Debt Security holders.

***Explanatory Note***

This requires full disclosure of any provision relating to how the terms of the Debt Security or rights of the Debt Security holders may be modified. This helps investors to ascertain how the crucial terms of the Debt Security (such as the Debt Security holders' right to receive interest and principal on stated due dates) can be changed especially after they have invested in the Debt Security.

- 13. Paying Agent** The Prospectus shall disclose the name and address of the entity appointed by the Issuer for the purpose of making payments on the debt securities.

***Explanatory Note*** Clear information on the identity of the Paying Agent shall be disclosed including such other information which helps Debt Security holders know who is responsible for making payments on the Debt Securities, and who they can contact to receive any payments due.

- 14. Credit Rating.** The Credit Rating assigned to the Issuer and/or the Debt Securities by a rating agency recognized or registered by a WASRA Jurisdiction shall be disclosed.

***Explanatory Note***

This provision requires a disclosure of Information about any credit rating that may have been assigned to the Issuer or the Debt Securities at the request or with the cooperation of the Issuer and which provides investors with a useful evaluation of the Issuer's ability to fulfill its obligations on the Debt Securities.

- 15. Applicable Law** The prospectus shall disclose the law applicable to the Debt Securities being publicly offered and/or listed

***Explanatory Note***

The prospectus is expected to clearly disclose the law applicable to the securities, particularly if the Issuer issues Debt Securities under the law of a jurisdiction other than its home jurisdiction.

## C. RISK FACTORS

- 16. Description of risk factors** The prospectus shall contain a detailed description of risk factors specific to the issuer and the offer without stating mitigants. The description of risk factors shall be provided in a separate section, which is distinctively titled “Risk Factors,”

The different types of risk factors shall be separated into different subsections

### ***Explanatory Note***

All risk factors which may affect or inform an investor’s decision shall be disclosed in detail. However, the Document should not identify so many risk factors that the value of the disclosure would be undermined, but rather include information that is useful to investors in assessing whether the Issuer will be able to fulfill its obligations. This section may contain cross-references to more detailed discussion contained elsewhere in the Document. In addition, legal boilerplate should be avoided as this does not provide investors with concrete information about the specific risks applicable to the particular issuance at hand.

## D. MARKETS

- 17. Identity of Exchanges and Regulated Markets** The prospectus shall disclose all the exchanges and/or regulated markets on which the Debt Securities are listed and/or admitted to trading, or are intended to be listed or admitted to trading, this shall include the dates on, or maximum timeframe within which the offered Debt Securities will be listed and/or admitted to trading.
- 18. Entities Providing Liquidity** The prospectus shall contain the names, addresses and the main terms of commitment of any entities that have made a firm commitment to act as liquidity providers for the Debt Securities in secondary market trading.

### ***Explanatory Note***

This provision requires information on entities that have made a firm commitment to act as liquidity providers or market makers for the Debt Securities in secondary market

trading, such as market makers providing liquidity through bid and offer rates. It should be noted that where this is disclosed the relevant regulator may require evidence of such commitment and may verify that such intermediary is authorized by a relevant regulator to act in such capacity.

## **E. INFORMATION ABOUT THE PUBLIC OFFERING**

- 19. Offer size** The prospectus shall disclose the size of the Issuer's public offering.
- 20. Pricing** The prospectus shall contain Key pricing information on the expected issue price or the method of determining the price and shall include information on;
  - a. the person/entity formally responsible for determining the price,
  - b. the various factors considered in the determination of the price;
  - c. the parameters and methodology used as a basis for establishing the price;
  - d. yield and method by which it has been calculated (where applicable)
  - e. information on how the price will be disclosed to the public (where the offering price is not already determined)

### ***Explanatory Note***

This rule requires the disclosure of all key pricing information including any expenses which may be charged to the Investors.

- 21. Method and Expected Timetable** The prospectus shall state the manner in which the Debt Securities shall be offered and the relevant dates of the offering and shall include;
  - a. details about the method by which the offering period may be extended or reduced and the duration of possible extensions, as well as the mode by which such information will be made public;
  - b. Payment information for investing in the Debt Securities and time limits for such payments;
  - c. Method and time limits for delivery of the Debt Securities that are purchased in the public offering.

### ***Explanatory Note***

This provision requires information which will help investors know how they can participate in the offering. Relevant information includes the time period during which the offer will be open, and to whom any purchase or subscription applications should be addressed. Occasionally, the exact dates of the offering period may be unknown. In such cases, disclosure about the arrangements for announcing the definitive dates is highly relevant. Other relevant details about participating in the public offering should also be clearly disclosed in the Document.

- 22. Underwriting Arrangements** The prospectus shall disclose if and how the Debt Securities will be underwritten and shall include:
- a. the names and addresses of the entities underwriting the public offering;
  - b. the type of underwriting arrangement;
  - c. a description of the material features of the underwriting relationship;
  - d. Where the amount of the offering may be increased, such as by the exercise of an over-allotment option.
  - e. a brief outline of the plan of distribution and an indication of the amount of any Debt Securities that are to be offered other than through the underwriters and the terms of any agreement with such entities;
  - f. where known, identification of the broker(s) or dealer(s) that will participate in the public offering, as well as the amount of Debt Securities to be offered through each

### ***Explanatory Note***

This provision requires the disclosure of information on the underwriting of the Debt Securities, which provides investors with valuable information about the underwriters' financial stake and potential liability in the offering.

In order to be sufficient, the disclosures provided should enable investors assess the underwriters' financial interest in the success of the public offering and listing. It is also mandatory to disclose the type of underwriting arrangement: If the underwriters are or have committed to take and pay for the entire allotment of Debt Securities offered ("firm commitment offering"), or if the underwriters act as agents for the Issuer or are only required to use their "best efforts" to

sell the Debt Securities, so that they are only required to take and pay for the Debt Securities that they actually sell to the public. This should be clearly disclosed. In any case, if the underwriter has a material relationship with the Issuer, the nature and terms of that relationship is regarded as highly relevant information for investors and must be clearly disclosed.

Other parties may be involved in distributing the Debt Securities to the public. For instance, a selling group of brokers or dealers may be appointed by the underwriters to market the issue to the public. This requires disclosure of information which helps investors obtain get a clearer picture of who may be involved in the actual sales to the public. This disclosure is expected to include terms relating to any volume limitations on sales and conditions under which the agreement may be terminated.

- 23. Targeted Investors** The Prospectus shall disclose whether the offer is restricted to a group of targeted potential investors and shall disclose any allocation that is reserved to any group of targeted investors in addition to the following:
- a. if the offering is being made simultaneously in the markets of two or more countries; and
  - b. if a tranche has been or is being reserved for certain markets;

***Explanatory Note***

This provision requires the disclosure of information which would indicate to potential investors whether they can participate in the public offering, and enable them to assess whether their opportunities for participation are the same as other investors. . If the offering is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain markets, information about the tranche and details of any other allocation arrangements must be disclosed.

- 24. Expenses of the Issue** The prospectus shall contain a reasonably itemized statement of the major categories of expenses incurred in connection with the issuance and distribution of the Debt Securities to be offered and state if parties other than the Issuer are paying the expenses.

***Explanatory Note***

This provision requires the disclosure of the expenses to be paid in relation to the public offering, which enables investors

and others to assess how much of the offering proceeds will be available for the Issuer and how much is being paid to parties involved in the transaction. This information should include the total amount of the discounts or commissions agreed to by the underwriters or other placement or selling agents and the Issuer or offeror, as well as the percentage that the commissions represent of the total amount of the offering. It should also be disclosed if parties other than the Issuer are paying the expenses, such as the underwriters or selling security holders.

- 25. Reasons for the Offer and Use of Proceeds** The prospectus shall disclose the Issuer's expected use of the proceeds from the public offering which shall include the estimated net amount of the proceeds, broken down into each principal intended use subject to the following;
- a. If the expected proceeds will be insufficient to fund all of the proposed purposes, an indication of the order of priority for each purpose identified, including the amount and sources of other funds that would be needed must be disclosed.
  - b. Where the Issuer has no specific plans for the offering proceeds, a discussion of the principal reasons for the offering shall be provided.
  - c. Where the proceeds are to be used directly or indirectly by the Issuer to acquire assets, other than in the ordinary course of business, a description of these assets and their costs shall be provided;
  - d. The prospectus shall disclose whether the proceeds will be used to acquire assets from related parties, as well as whether the acquisition will be transacted on an arm's-length basis.
  - e. Where the Issuer intends to use any material part of the proceeds to discharge, reduce or retire other debt, information about the interest rate and maturity of that debt shall be disclosed including an indication of how the proceeds of that debt were applied where it was incurred within the past year.
  - f. Where the proceeds will be used by other entities within the Issuer's group, this shall be disclosed.
  - g. Where the Issuer intends to use the offering proceeds to finance the acquisitions of other businesses, information about the businesses and the status of the acquisitions shall be disclosed, save where the acquisition is not yet probable and the Issuer reasonably determines that public disclosure would jeopardize the acquisition.

***Explanatory Note***

This provision requires the disclosure of information which provides investors with an indication of the Issuer's proposed use of funds, and which may help them assess the Issuer's ability to make payments on the Debt Securities as well as assess the Issuer's ability to meet its financing objectives

This provision further requires more detailed disclosure of certain types of proposed uses which can be particularly helpful for investors.

- 26. Resales by Selling Security Holders** Where the prospectus involves an offer for sale of the Issuer's Debt Securities by holders who acquired the Debt Securities in a private placement, the following shall be disclosed:
- a. name and address of the selling security holders;
  - b. whether the selling security holder has a material relationship with the Issuer or any of its predecessors or Affiliates;
  - c. the amount and percentage of the Debt Securities beneficially held by each selling security holder before and immediately after the offering

***Explanatory Note***

This provision requires the disclosure of information about selling security holders which enables investors know who is reselling the Debt Securities and delivering the Debt Securities upon resale. In addition, disclosure of the amount and percentage of the Debt Securities beneficially held by each selling security holder before and immediately after the offering indicates whether or not the selling security holders intend to resell all or a large portion of their interests in that class of securities through the offering.

**F. TAXATION**

The prospectus shall disclose information on applicable taxes including information on whether the Issuer shall be responsible for the withholding of tax on any payments made on the Debt Securities, and salient details about any reciprocal tax treaty between the home country and Host Country.

***Explanatory Note***

This provision requires the disclosure of relevant information on taxation to guide the investors on potential tax liabilities and credits. Reciprocal tax treaties may reduce the amount of tax that is withheld on any payments that are made to investors residing in the Host Country. In some jurisdictions, these investors may also be eligible for a foreign tax credit with respect to the withholding tax paid.

**G. SELECTED FINANCIAL INFORMATION**

- 27. Selected Financial Data.** The prospectus shall contain the historical financial information comprising the financial statements for the Issuer's most recent financial years which shall comply with the following:
- a. Include key information from the financial statements;
  - b. If interim financial statements are included in the Prospectus, this shall represent updated information for that interim period, which may be unaudited as long as this is disclosed;
  - c. If selected financial data for interim periods is provided, comparative data from the same period in the prior financial year shall be provided, except that the requirement for comparative balance sheet data shall be satisfied by presenting the year- end balance sheet information.
  - d. All selected financial data shall be presented in the same currency as the financial statements.
  - e. Where the financial statements provided in the prospectus are prepared in a currency other than the currency of the Host Country, the exchange rate between the financial reporting currency and the currency of the Host Country shall be provided. If the Host Country has designated an official exchange rate for this purpose, this exchange rate shall be used.

***Explanatory Note***

This provision requires the provision of elected historical financial information about the Issuer for the Issuer's most recent financial years which gives investors a useful summary of key financial information about the Issuer. This section of the document is expected to include specific line items expressed in the same manner as the corresponding line items in the Issuer's financial statements. For example, the

information may include such items as: net sales or operating revenues; income (loss) from operations; income (loss) from continuing operations; net income (loss); total assets; and net assets.

With respect to Exchange rate information, the document may include the exchange rates for the latest practicable date, for each of the years for which historical information is required by the Host Country regulator, and any subsequent interim period for which financial statements are presented in the Document.

- 28. Capitalization and Indebtedness** The prospectus shall contain a statement of capitalization and indebtedness that provides current information about the Issuer's guaranteed/unguaranteed and secured/unsecured indebtedness.

***Explanatory Note***

This provision requires the disclosure of all Information on capitalization and indebtedness of the Issuer which may help investors in assessing the financial position of the Issuer.

## **H. INFORMATION ABOUT THE ISSUER**

- 29. General Information About the Issuer** The prospectus shall contain detailed basic information about the Issuer which shall include:
- a. its legal and commercial name; and
  - b. the address and telephone number of its registered office (or principal place of business, if this is different from its registered office).
  - c. the Issuer's domicile and legal form;
  - d. the legislation under which it operates,
  - e. its country of incorporation, its incorporation date and the length of its life (unless its life span is indefinite).
  - f. its website address
- 30. History and Development of the Issuer** The prospectus shall disclose all material events in the development of the Issuer's business which shall include:
- a. discussion about the nature and results of any material legal reclassification, merger or consolidation of the Issuer or any of its significant subsidiaries;
  - b. acquisitions or disposals of material assets, other

- than in the ordinary course of business;
- c. material changes in the types of products produced or services rendered;
- d. name changes; or
- e. the nature and results of any bankruptcy, receivership or similar proceedings with respect to the Issuer or its significant subsidiaries.

***Explanatory Note***

This provision requires a disclosure of all material events in the history of the Issuer that could have an impact on its ability to fulfill its obligations on the Debt Securities or affect its solvency. It should be noted that the type of information required shall include, but is not limited to the instances stated in this rule.

- 31. Legal Proceedings** The prospectus shall disclose information on any legal or arbitration proceedings (including any governmental proceedings pending or known to be contemplated) that may have, or have had in the recent past, significant effects on the Issuer's financial position or profitability.

***Explanatory Note***

This provision requires sufficient disclosure to help investors assess the significance of the legal action and its potential impact on the Issuer's financial position.

- 32. Business Overview** The prospectus shall contain a general overview of the Issuer's business including the nature of the Issuer's operations and its principal activities, and the main categories of its products and/or services. Provided however that where statements regarding the Issuer's competitive position are made, evidence for those statements shall be provided.

***Explanatory Note***

This provision requires the disclosure of all information which can help investors assess the Issuer's ability to fulfill its obligations on the Debt Securities, and highlight factors that could have an impact on the market price of the Debt Securities.

- 33. Group Structure** Where the Issuer is part of a Group, the prospectus shall contain information about the Group, the Issuer's position within that Group as well as whether and

how the Issuer is dependent on other entities within the Group.

**Explanatory Note**

This provision requires the disclosure of information which helps investors assess whether the Issuer is dependent on other members of the Group for its profitability and viability.

- 34. Property, Plants and Equipment** Where the Issuer is a manufacturing company or other type of business which invests in property, plants and/or equipment, the prospectus shall disclose information about the Issuer's significant investment in these assets.

**Explanatory Note**

This provision requires disclosure of significant investments in fixed assets which constitute substantial assets of the issuer.

**Patents, Licenses or Contracts** The prospectus shall disclose information regarding the extent to which the Issuer is dependent, if at all, on patents or licenses, industrial, commercial or financial contracts (including contracts with customers or suppliers) or new manufacturing processes, where such factors are material to its business or profitability.

- 35. Research and Development** The prospectus shall contain disclosures about the Entity's research and development policies, including the amount spent on Entity-sponsored research and development activities.

**Explanatory Note**

This provision requires the disclosure of information on the Issuer's research and development policies and activities which may provide an indication of the degree to which the Entity is focused on activities that may enhance its future profitability.

## **I. OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

- 1. Operating Results** The prospectus shall contain disclosures about the significant factors that materially affected the Issuer's income from operations, including unusual or infrequent events or new developments and the extent to which income was affected by these factors. The prospectus shall also include disclosures on any significant components

of revenues and expenses that are necessary to understand the Issuer's results of operations

***Explanatory Note***

This provision requires disclosures which facilitate a better understanding of the Issuer's results of operations. Significant factors could include, for example, the impact of inflation, the impact of foreign currency fluctuations, and any governmental economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, the Issuer's operations.

- 36. Liquidity and Capital Resources** The prospectus shall contain information on the Issuer's short- term and long-term liquidity, i.e. its ability to generate adequate amounts of cash to meet its cash obligations, This shall include
- a. the Issuer's internal and external sources of liquidity;
  - b. any material, unused sources of liquidity which shall include a discussion of why these material sources of liquidity are not being used; and
  - c. any material restrictions on all sources of liquidity.
  - d. If a material deficiency is identified in the Issuer's ability to meet its cash obligations, the course of action that the Issuer has taken or proposes to take to remedy the deficiency shall be disclosed.
  - e. Information on the Issuer's material commitments for capital expenditures as of the end of its latest financial year and any subsequent interim period;
  - f. information on the general purpose of such commitments and the anticipated sources of funds needed to fulfill such commitments

***Explanatory Note***

This provision requires the disclosure of relevant information on the liquidity and capital resources of the Issuer. Examples of disclosure that can be relevant include the level of borrowings at the end of the period covered by the financial statements and the maturity profile of borrowings.

- 37. Trend Information** The prospectus shall disclose the potential impact of currently known trends, events and uncertainties that are reasonably likely to have material effects on the Issuer's net sales or revenues, income from operations, profitability, liquidity or capital resources, or that would cause reported financial information not necessarily to be indicative of future operating results or financial condition.

Where a profit forecast is included, a clear description of the assumptions upon which the Issuer has based its forecast shall be provided.

***Explanatory Note***

This provision requires disclosures on the facts and circumstances surrounding known material trends and uncertainties which can provide investors with a better understanding of the Issuer's prospects. a. Useful information could, for example, include disclosure of the most significant recent trends in production, sales and inventory, and costs and selling prices since the latest financial year.

- 38. Off-Balance Sheet Arrangements** The prospectus shall disclose all material off-balance sheet arrangements that have, or are reasonably likely to have, a material effect on the Issuer's financial position.

***Explanatory Note***

This provision requires a disclosure of all relevant off-balance sheet transactions (contractual arrangements not included in the balance sheet), which can have material impact on the Issuer's financial position.

- 39. Critical Accounting Estimates** The prospectus shall disclose the estimates and assumptions involved in applying accounting policies which can have a material impact on an Issuer's reported operating results, financial condition and changes in financial condition, as well as on the comparability of reported information over different reporting periods.

***Explanatory Note***

This provision requires the disclosure of critical estimates and assumptions. In determining which critical accounting estimates or assumptions to disclose, the Issuer should consider whether the nature of the estimate or assumption is material because of the subjectivity and judgment required to account for highly uncertain matters, as well as whether the estimate or assumption will have a material impact on financial condition or operating performance..

**J. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**

- 40. Directors and Senior Management** The prospectus shall identify the Directors and Senior Management of the Issuer

and disclose;

- a. their business experience, functions, and areas of experience within the Issuer.
- b. If these individuals have a material interest in the offering or listing, other than in their official capacities;
- c. whether any of the Issuer's Directors also serve as Directors of other companies.

***Explanatory Note***

This provision requires information on the directors and senior management of the Issuer in addition to a disclosure of anything that would impede the ability of these individuals to perform their required business activities for the Issuer.

**Compensation** The prospectus shall disclose information about the remuneration paid to the Issuer's board of Directors and Senior Management which shall include disclosure of salaries, stock options and amounts set aside to pay pension or other similar benefits. This information shall be provided at least on an aggregate basis.

**41. Practices of the Board of Directors** The prospectus shall provide information on the Issuer's corporate governance practices which shall include a summary of the charter or terms of reference under which various board committees operate, in cases where the board delegates certain functions to committees, as well as information on the Issuer's compliance with the applicable corporate governance code in its home jurisdiction.

**42. Employees** The prospectus shall disclose information on its employees as well as on the relationships between the Issuer's management and the relevant labor unions.

**Share Ownership** The prospectus shall provide details of all individuals with a vested financial interest in the Issuer and who are in a position to affect the Issuer's operations, such as Directors and members of Senior Management. This shall include current information about the amount of shares held by the Issuer's Directors and members of its Senior Management bodies.

## K. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

- 43. Major Shareholders** The prospectus shall disclose whether an Issuer is directly or indirectly controlled by another entity or natural person, as well as the nature of such control and shall in particular disclose:
- a. to the extent known to the Issuer, whether the Issuer is directly or indirectly owned or controlled by another corporation, by any foreign government or by any other natural or legal person severally or jointly.
  - b. Where such control exists, the names of the controlling corporations, government or other persons, as well as a brief description of the nature of the control, including the amount and proportion of capital held by each of them that confers a right to vote.
  - c. any arrangements known to the Issuer that may, at a subsequent date, result in a change in control of the Issuer,
  - d. where the Issuer is from a jurisdiction in which there is wide dispersal of share ownership;
    - i. the major shareholders who beneficially own a certain threshold percentage of the Issuer's shares;
    - ii. Significant changes in the percentage ownership held by any major shareholders in the past few years

### ***Explanatory Note***

This provision requires information on persons and entities who control the Issuer and who could influence the Issuer's business strategy.

- 44. Related Party Transactions** The prospectus shall disclose all related party transactions in accordance with the applicable accounting standards and shall in all cases disclose the nature, business purpose and amount of those transactions entered into by the Issuer with related parties.

### ***Explanatory Note***

This provision requires a disclosure of all Related Party Transactions. The source of this information and identity of entities or individuals who are viewed as related parties will be based on the requirements set forth by the applicable accounting standards

## L. INTERESTS OF EXPERTS AND COUNSELS

- 45.** The prospectus shall disclose where any of the Experts or

counselors named in it has a material direct or indirect economic interest in the Issuer, or an interest that depends on the success of the Issuer's offering or listing or otherwise has a material conflict of interest in rendering its advice or opinion, and shall disclose the nature and terms of that interest or conflict of interest.

## **M. FINANCIAL INFORMATION**

**46. Consolidated Statements and Other Financial Information** Where applicable, the prospectus shall contain Consolidated financial statements which shall be audited by an independent auditor and accompanied by an audit report. The Consolidated financial statement shall include;

- a. a balance sheet;
- b. income statement;
- c. statement showing either (i) changes in equity other than those arising from capital transactions with owners and distributions to owners, or (ii) all changes in equity (including a subtotal of all non-owner movements in equity);
- d. cash flow statement;
- e. related notes and schedules required by the comprehensive body of accounting standards pursuant to which the financial statements are prepared;
- f. if not included in the financial statements, a note analyzing the changes in each caption of shareholders' equity presented in the balance sheet.
  - i. The audit report(s) shall be for each of the periods for which audited financial statements are required to be provided under the Host Country's regulations;
  - ii. Where the auditors have refused to provide a report on the financial statements or if the report(s) contain qualifications or disclaimers, a copy of the auditors' refusal, qualifications or disclaimers shall be reproduced completely in the prospectus, as well as the reasons given for them,
  - iii. if the prospectus is dated more than nine

months after the end of the last audited financial year, the prospectus shall include audited consolidated interim financial statements that cover at least the first six months of the financial year as well as a copy of the auditor's interim review report .

- iv. The interim financial statements shall also include selected note disclosures which explain events and changes that are significant to an understanding of the changes in financial condition and performance of the issuer since the last annual reporting date.

***Explanatory Note***

This provision requires the disclosure of comparative financial statements that cover the Issuer's most recent financial years and that are audited in accordance with a comprehensive body of auditing standards to provide investors with material information about trends in the Issuer's performance and financial condition. The information provided in the financial statements must be timely. To this end, only audited financial statements prepared for the last year which are no more than nine months old after the end of the last audited financial year can still be included in the prospectus without being viewed as out-of-date. The interim financial statements contained in the Document should include comparative statements for the same period in the prior financial year, provided however that the requirement for comparative balance sheet information is deemed satisfied if Issuers present the year-end balance sheet.

**Significant Changes** The prospectus shall disclose whether any significant change has occurred since the date of the annual financial statements, and/or since the date of the most recent interim financial statements, if any, as of the date of the Prospectus. This shall include changes that have a significant impact on the Issuer's financial condition, performance or its ability to fulfill its obligations under the relevant issue.

**N. ADDITIONAL INFORMATION**

- 47. Memorandum and Articles of Association** The Prospectus shall disclose where information on the Issuer's objectives and purposes may be found in the Issuer's memorandum and articles of association or constitution. If applicable, information on the register and the entry number for the Issuer may also be disclosed.
- 48. Material Contracts** The prospectus shall contain a brief summary of material contracts entered into by the Issuer or any Affiliates outside the ordinary course of business.
- 49. Exchange Controls** The prospectus shall disclose any governmental laws, decrees, regulations or other legislation of the Issuer's home country which may restrict the import or export of capital, or affect the Issuer's ability to make payments to non-resident holders.

***Explanatory Note***

Some jurisdictions restrict the import or export of capital, which may affect the ability of Issuers located in those jurisdictions to make any payments, such as interest payments, to non-resident holders of the Issuer's Debt Securities. This rule requires the disclosure of such restriction which help investors know whether their investment returns would be restricted.

- 50. Statement by Experts** Where the prospectus contains a statement or report which is attributed to an expert, the following shall be disclosed:
- a. name, business address and qualifications;
  - b. that the statement or report, in the form and context in which it is included, has been included with the consent of the expert, who has authorized the contents of that portion of the document;

In addition, the consent of the Expert to be named shall be provided

***Explanatory Note***

The Experts referred to in this provision may be an accountant, lawyer, engineer, appraiser or any person who makes a statement or critical advice on information that is used in connection with the offering and listing.

**Annex: Comparative requirements for issuance and listing for fixed income Securities (Corporate Bonds) by jurisdiction**

	<b>WAMU</b>	<b>Ghana</b>	<b>Nigeria</b>	<b>ESRA</b>
<b>Approving authority</b>	CREPMF	Securities and Exchange Commission	Securities and Exchange Commission	Approval to be granted by all specific jurisdictions in which issue is made. Where approval is granted in one jurisdiction, this approval shall be relied upon by other jurisdictions in granting their own approval.
<b>Fees</b>	Visa fees – 0,05% to 0,1% of the issuing	Examination and Approval Fees – 0.05% of value of offer	Registration fees-0.15% of the value/amount	Each regulator approving the issue to get an equal share of the fees. Recommended evaluation fee of 0.1% subject to maximum of \$250,000 and minimum of USD 50,000.
<b>Incorporate status of issuer</b>	<ul style="list-style-type: none"> <li>• States</li> <li>• Public companies</li> <li>• Statutory Agencies of Government</li> <li>• Supra-Nationals</li> <li>• Sub-nationals</li> </ul>	<ul style="list-style-type: none"> <li>• Public companies</li> <li>• Statutory Agencies of Government</li> <li>• Supra-Nationals</li> <li>• Sub-nationals</li> </ul>	Public Companies, Supranational institutions and SPVs Subnationals and their agencies	Issuer to be body corporate duly incorporated, registered or established in all EAC Jurisdictions in which offer is to be made
<b>Share capital and net assets</b>	Minimum paid up share capital amount 100 million FCFA	Not Applicable	No requirement on minimum paid up capital	Minimum paid up share capital: local currency equivalent of USD \$ 850,000 Net assets: local currency equivalent of USD \$ 1.7 million
<b>Financial statement disclosure</b>	Three (3) years audited historical financial statements and approved by shareholders assembly.	Three (3) years audited historical financial statements.  Issuers with less than 3 years of existence shall	Five(5) year audited financial information comprising accounting policies, statement of financial position, income statement, cash flow and	Where entity has a track record, Audited financial statements Complying with IFRS for the 3 years preceding the offer Where audited accounts are more than 6 months old provide Managements Accounts

	<p>The Offer document (Note d'information) shall contain a report by accountant duly recognized and register to the national professional table.</p>	<p>submit audited financial statements since inception.</p> <p>The offer document shall contain a report by accountants duly qualified under section 296 of the Companies Act, 1963 (Act 179) to be appointed auditors of the issuer in respect of the financial statements.</p> <p>Where the offer document is dated more than nine months after the end of the last audited financial year, it should contain consolidated interim financial statements, which may be un-audited (in which case that fact should be stated), covering at least the first six months of the financial year</p>	<p>notes to the accounts : <b>Provided</b> that where the company has existed for less than five years, audited historical financial information for the number of years in existence or a statement of affairs for new company. The latest accounts shall not be less than 9months and shall be valid throughout the period of the offer.</p> <p>There shall be a letter from reporting accountants reviewing the audited accounts for the period.</p>	<p>covering the period since the last audit to a date not more than 30 days prior to offer date.</p>
<b>Financial projections</b>	<p>Financial projection to be publish to cover maturity period</p>	<p>Three years financial projections</p>	<p>3 year financial forecast, optional for equity issuance</p>	<p>Proforma financial statements to be prepared for a period covering not less than 3 years and where the maturity of the bond is less than three years for the life of the bond</p>

	<b>WAMU</b>	<b>Ghana</b>	<b>Nigeria</b>	<b>ESRA</b>
<b>Profitability</b>	Not applicable	Not Applicable	No requirement on profitability.	Where entity has a track record, issuer should have profits in at least two of the last three financial periods preceding the date of the issue
<b>Ratio analysis</b>	Not applicable	Not Applicable	No requirement to disclose ratios	No requirement to disclose ratios. Credit Rating Mandatory
<b>Guarantee and credit enhancement requirement</b>	Optional	Optional	Optional	Need for Guarantee or Credit Enhancement to be determined by issuer. Where guarantee is provided: <ul style="list-style-type: none"> <li>- Guarantor shall be a bank, duly licensed non-bank financial institution, or international financial institution</li> <li>- A letter of no objection shall be provided by the guarantor's primary regulator, where applicable</li> <li>- Guarantor to have a valid credit rating</li> </ul>
<b>Credit rating</b>	Mandatory for securities to be offer to public.  In the case that the rate is speculative, the issue shall provide guarantee.	Optional	Mandatory for Securities to be offered to public. Optional for private placement however comfort letter from the investor is to be filed..	Mandatory for all issues of fixed income securities.  Credit Rating Agencies not to be required to be registered in any EAC jurisdiction.  Only credit ratings agencies in compliance with the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies to be eligible to issue ratings.

				Cautionary statements in the Information Memorandum to highlight that a credit rating is not a recommendation to purchase or assurance of performance and investors should exercise due diligence
<b>Issue size</b>	To be determined by issuer	To be determined by issuer	No requirement for issue size, however if the securities are to be issued through shelf-filing the value shall not be less than N5billion	the minimum size of the issue shall be the local currency equivalent of USD \$850,000 Minimum lot size the local currency equivalent of USD \$2,000
<b>Listing requirement</b>	Listing is not mandatory for publicly offered securities. However, all publicly offered securities are listed.	Optional (But usually listed for purposes of liquidity	There is no requirement for corporate bond to be listed	Listing to be mandatory for publicly offered securities.  Offers to sophisticated or institutional investors to be eligible for trading on regulated OTC platforms
<b>Trading, clearing and settlement</b>		Issuers submit provisional approval certificate from the Ghana Stock Exchange which is in charge of trading, clearing and settlement.	Where listed the exchanges trading requirements shall apply	

	<b>WAMU</b>	<b>Ghana</b>	<b>Nigeria</b>	<b>ESRA</b>
<b>Professional parties (Intermediaries, Accountants, legal)</b>	<p>The issuer to appoint Arranger, Auditor, Rating agency.</p> <p>The Arranger apply as financial service provider (registrar, seller, eg)</p>	<p>Issuer; Lead Manager; Co-Manager(s); Registrar Underwriter(s); Receiving Broker-Dealer(s) and Receiving Bank(s); Auditor; Reporting Accountant; Legal Advisor; Trustee; Rating Agency;</p>	<p>The issuer to appoint the professional parties from amongst registered Capital Market Operators and Consultants (issuing houses, trustees, brokers to the issue, auditors, reporting accountants, solicitors, receiving bank and agents, registrars)</p>	<p>The issuer shall appoint a transaction adviser and sponsoring stockbroker that is licensed in at least one regional jurisdiction and that has affiliates in all regional jurisdictions where the security will be issued</p>
<b>Jurisdiction of fund raising and use of proceeds</b>	<p>The use of proceeds can be disclosed in the offer document</p>	<p>Disclosed in the offer document</p>	<p>The use of proceeds to be disclosed in the offer document</p>	<p>Issuer may raise funds in any jurisdiction or the region without restriction on the jurisdiction where proceeds to be used subject to disclosure of the same</p>
<b>Denomination of offer and application of funds outside jurisdiction where funds are raised</b>	<p>No specific requirement but usually in CFA franc</p>	<p>No specific requirement but Usually in Ghana Cedi or US dollar</p>	<p>No specific requirement but usually denominated in naira or US dollars</p>	<p>All regional offers to be denominated in US Dollars</p>
<b>Continuous disclosure obligations</b>	<p>Annual statement with audited account</p>	<p>Quarterly Financial statements and annual report containing audited financial statements</p>	<p>Quarterly accounts &amp; annual accounts. Quarterly returns on utilization of proceeds</p>	
	<b>WAMU</b>	<b>Ghana</b>	<b>Nigeria</b>	<b>ESRA</b>

<b>Penalties</b>	As provided in the Council of Minister of Finance decision	Penalty accrues daily as default persists. Contained in SEC Regulations 2003, L.I. 1728	As provided in the Investments and Securities Act 2007 and SEC Rules and Regulations	
<b>Shelf registration</b>		Available to all categories of issuers. Shelf programs expire in 3 years	Unless otherwise indicated by the Commission, all issuers of Securities are eligible to issues securities through shelf-registration. . However, public companies should have been listed on Securities Exchange for a minimum period of 12 months. A shelf prospectus shall be effective for a period of three (3) years for corporate subject to renewal	
<b>Additional issues (Documentation)</b>	Shareholders resolution to cover additional amount,	Company Regulations ; Shareholders' Resolution; Directors' Resolution Trust Deed Legal Due Diligence Report ; Agency agreements ; Underwriting Agreement (if any) Audited Financial Statements	Articles & memorandum of association, shareholders resolution Prospectus, Trust Deed, underwriting agreement (where applicable) etc	
	<b>WAMU</b>	<b>Ghana</b>	<b>Nigeria</b>	<b>ESRA</b>

<b>Governing law and Dispute resolution</b>	Règlement général, Instructions et circulaires	Securities Industry Act, 2016 (Act 929); SEC Regulations, 2003, (L.I. 1728); Bonds Issuance Guidelines	Securities & Investment Act, Companies and Allied Matters Act and the Rules & Regulations (Complaint Management Framework)	Law of the place of issue. The issuer shall explicitly state the law applicable in case of disputes.
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