GOVERNMENT NOTICE NO 24

SECURITIES ACT

(ACT NO 20 OF 2010)

SECURITIES (REGISTRATION REQUIREMENTS FOR SECURITIES) DIRECTIVE, 2015

ARRANGEMENT OF SECTIONS

SECTION

PART I—PRELIMINARY

1. Short title
2. Interpretation

PART II—OBJECTIVES

3. Objectives

PART III—APPLICATION FOR REGISTRATION

4. Registration
5. Supporting documents

PART IV—PROSPECTUS

6. Minimum contents of prospectus
7. False or misleading information

PART V—CONTINUING OBLIGATIONS OF ISSUERS OF REGISTERED SECURITIES

8. Disclosure requirements
9. Director's report and annual accounts
10. Interim report
11. Board decisions
12. Basis of allotment of securities
13. Other events to be reported
14. Consent of shareholders
15. Registrar's approval to be obtained
16. Registration of further securities
17. Equality of treatment
18. Registrar's queries
19. Additional requirements may be imposed

PART VI—REPORTING REQUIREMENTS

20. Reporting

PART VII—ENFORCEMENT

21. Monetary penalties
22. Administrative penalties

FIRST SCHEDULE

Information to be provided in Letter of Application for Registration of Securities

SECTION

SECOND SCHEDULE
Information to be contained in a Prospectus

THIRD SCHEDULE
Accountants Reports

IN EXERCISE of the powers conferred by section 67 (1) of the Securities Act 2010, I, CHARLES S. R. CHUKA, Registrar of Financial Institutions, issue the following Directive—

PART I—PRELIMINARY

Short title

1. This Directive may be cited as Securities (Registration Requirements for Securities) Directive, 2015.

Interpretation

2.—(1) In this Directive, unless the context otherwise requires—

"articles" means articles of association of a corporate body;

"convertible debt securities" means debt securities which are convertible into or exchangeable for equity securities;

"debt securities" means debenture or loan stock, debentures, bonds, notes and other securities or instruments acknowledging, evidencing or creating indebtedness, whether secured or unsecured, and options, warrants or similar rights to subscribe or purchase any of the foregoing, and convertible debt securities;

"equity securities" means shares, including preference shares and options, warrants or rights to subscribe for shares;

"initial public offer" means the first sale of shares of a corporate body to the public;

"issuer" means a company or other legal person whose equity or debt securities are the subject of an application for registration or some of whose equity or debt securities are already registered;

"new applicant" means—

(*a*) in the case of equity securities, an applicant for listing, none ofwhose equity securities is already registered and;

(*b*) in the case of debt securities, an applicant for listing, none of whose equity or debt security is already registered;

"profit forecast" means any numerical or verbal indication of the level of profit for a future accounting period, or for a past accounting periodfor which results have not been announced to the public, including forms of words which may be used in conjunction with published data to arriveat an approximate figure for future profit by an arithmetic process;

"prospectus" includes a prospectus, notice, circular, advertisement or other invitation to the public to acquire or apply for any securities;

"public offer" means an offer to the public; for sale of shares of a corporate body;

"reporting accountant" means a professional accountant who is responsible for the preparation of an accountants report required to be included in a prospectus; and

"controlling party" has the meaning ascribed to the term in the Financial Services Act. Act No.26 of 2010

PART II—OBJECTIVES

Objectives

3. The objectives of this Directive are to—

(*a*) promote transparency in the issuance of securities so as to enable an investor to make an informed investment decision; and

(*b*) protect the interests of investors and the public, in general.

PART III—APPLICATION FOR REGISTRATION

Registration of securities

4.—(1) An application for registration of securities shall be made by an issuer and consist of the following—

(*a*) a formal letter of application to the Registrar signed by duly authorised officer of the issuer whose securities are the subject of the application for registration, in the form set out in the First Schedule hereto; and

(*b*) in the case of a public offer, a prospectus that complies with the content requirements set out in the Second Schedule hereto.

(2) A letter of application shall include a declaration, stated to be to the best of the issuer's knowledge, information and belief that—

(*a*) in cases where a prospectus is required, all information required to be included in the prospectus in the form set out in the Second Schedule hereto, has been included; and

(*b*) there are no other facts bearing on the issuer's application for registration which, in the issuer's opinion, should be disclosed to the Registrar.

Supporting documents

5. An applicant shall, in addition to, and at the same time of submission of the letter of application under paragraph 4, lodge the following documents with the Registrar—

(*a*) a certified copy of its certificate of incorporation;

(*b*) a certified copy of its current memorandum of association and articles of association;

(*c*) the annual report and accounts for three completed financial years of the issuer and its subsidiaries, if any, immediately preceding the application or such shorter period as may be accepted by the Registrar;

(*d*) a certified copy of—

(i) the resolution of the issuer in general meeting authorizing the issue of all securities for which registration is sought; and

(ii) a resolution of the board of directors authorising the issue and allotment of such securities, the making of the application for registration, and approving and authorising the issue of the prospectus, where a prospectus is required;

(*e*) a certified copy of any resolution of the issuer in a general meeting, and of the board of directors, authorizing any alterations in the share capital of the company, or any mergers or amalgamations, within the period of five years preceding the date of the application for registration;

(*f*) in the case of debt securities, a copy of the trust deed or other document securing or constituting the debt securities; and

(*g*) such other documentation as may be required by the Registrar.

PART IV—PROSPECTUS

Minimum contents of prospectus

6. A prospectus shall contain the specific items of information specified in the Second Schedule hereto.

False or misleading information

7. A prospectus shall comply with the provisions of the Act and where a prospectus issued is false or misleading in a material particular, each of the directors of the issuer commits an offence under the Act.

PART V—CONTINUING OBLIGATIONS OF ISSUERS OF REGISTERED SECURITIES

Disclosure requirements

8.—(1) An issuer shall keep the Registrar, members of the issuer and other holders of its registered securities, informed, immediately upon becoming known, of any information relating to the issuer and its subsidiaries, that—

(*a*) is necessary to enable them and the public to appraise the financial position of the issuer and its subsidiaries, if any; or

(*b*) might reasonably be expected to materially affect market activity in the price of its securities.

(2) Notwithstanding paragraph (1), disclosures may be withheld in the following circumstances which constitute an infrequent exception—

(*a*) when immediate disclosure would prejudice the ability of the issuer to pursue its corporate objectives;

(*b*) when the facts are likely to change and a more appropriate moment for disclosure is imminent;

(*c*) when the issuer is holding negotiations and such negotiations have not reached a finality; and

(*d*) where there is a requirement for maintenance of strict confidentiality, material information for a temporary period.

(3) Where rumours concerning information in paragraphs (2) develop, then either an immediate public disclosure or in the case of a listed issuer, a request for suspension of trading, shall be made.

Director's report and annual accounts

9.—(1) An issuer shall send to every member of the issuer, the Registrar and the stock exchange on which its securities are listed, a copy of the directors' report and audited annual accounts within three months of the close of its financial year.

(2) The issuer shall include the following information in its directors' report or audited financial accounts—

(*a*) a description of the principal activities of the issuer and its subsidiaries, if any, and, where two or more such activities are so described, a statement giving the turnover in respect of each such activity;

(*b*) a geographical analysis of consolidated turnover and of its subsidiaries, if any, outside Malawi;

(*c*) a statement showing—

(i) the name of every subsidiary, its principal country of operation, its country of incorporation and its main business; and

(ii) particulars of the issued share capital and debt securities of every subsidiary:

Provided that where, in the opinion of the directors of the issuer, the number of the subsidiaries is such that compliance with this paragraph would result in particulars of excessive length being given, compliance with this paragraph shall not be required except in the case of subsidiaries carrying on a business the results of which, in the opinion of the directors, materially affect the amount of the profit or loss of the issuer and its subsidiaries, if any, or the amount of the assets of the issuer and its subsidiaries, if any;

(*d*) a statement as at the date of the relevant financial year showing—

(i) the interests of each director of the issuer in the equity or debt securities of the issuer or its subsidiary, if any; and

(ii) the details of any right to subscribe for equity or debt securities of the issuer granted to any director of the issuer and of the exercise of any such right;

(*e*) the statement required by paragraph (*d*) which shall—

(*i*) distinguish between beneficial and non-beneficial interests; and

(ii) specify the company in which securities are held, the class to which those securities belong and the number of such securities held;

(*f*) in the event of operating results shown by the accounts for the period under review differing materially from any published forecast made by the issuer, an explanation of the difference;

(*g*) a statement by the directors as to the reasons for any significant departure from applicable standard accounting practices in Malawi;

(*h*) a statement as at the end of the financial year showing as regards, bank loans and overdrafts and other borrowings of the issuer and its subsidiaries, if any, the aggregate amounts repayable—

(i) on demand, or within a period not exceeding one year;

(ii) within a period of more than one year but not exceeding two years;

(iii) within a period of more than two years but not exceeding five years; and

(iv) within a period of more than five years;

(i) a statement as to the unexpired period of any service contract, which is not determinable by the employer within one year without payment of compensation, other than any statutory compensation, of any director proposed for election at a forthcoming annual general meeting or, if there are no service contracts, a statement of that fact;

(*j*) summary particulars of any contract of significance for provision of services, subsisting during or at the end of a financial year in which a director of the issuer is, or was materially interested, either directly or indirectly, or, if there has been no such contract, a statement of that fact;

(*k*) summary particulars of any contract of significance for provision of services between the issuer, or one of its subsidiary companies and a controlling shareholder or any of its subsidiaries;

(*l*) summary particulars of any contact of significance for the provision of services to the issuer and its subsidiaries, if any, by a controlling shareholder or any of its subsidiaries; and

(*m*) summary particulars of any arrangement under which a director has waived or agreed to waive any emoluments.

(3) Where the relevant annual accounts do not give a true and fair view of the state of affairs and profit and loss of the issuer and its subsidiaries, if any, the Registrar shall demand that more detailed or additional information be provided.

Interim report

10.—(1) An issuer shall prepare, in respect of the first six months of each financial year of the issuer, and where less than six months are remaining before the end of the financial year, for that remaining period, an interim report and, not later than three months after the end of that period.

(2) The issuer shall publish the report in the newspaper, a day after approval of its board, the interim report and send to every member, the Registrar and the stock exchange in which its securities are listed a copy of the interim report.

(3) Each interim report referred to in subsection (1) shall contain at least the following financial information stated in respect of the issuer and its subsidiaries, if any—

(*a*) turnover;

(*b*) profit or loss before taxation and extraordinary items, including the share of the profit or loss) of the associated companies with separate disclosure of any items included therein which are exceptional because of size and incidence;

(*c*) taxation on profits in Malawi and overseas, in each case indicating basis of computation with separate disclosure of the taxation on share of associated companies' profits;

(*d*) profit or loss attributable to non-controlling interests;

(*e*) profit or loss attributable to shareholders before extraordinary items;

(*f*) profit or loss attributable to shareholders;

(*g*) amount of dividends paid or proposed on each class of share with particulars of each such class, and amounts absorbed thereby or an appropriate negative statement;

(*h*) transfers to and from reserves;

(*i*) earnings per share calculated on the basis of profits before extraordinary items; and

(*j*) comparative figures of the items specified in paragraphs (*a*) to (j) inclusive of the corresponding previous period.

(4) Where the accounting information given in an interim report has not been audited, that fact shall be stated.

(5) Where the accounting information contained in an interim report has been audited by the issuer's auditor, the auditor's report including any qualifications shall be set out in the interim report.

(6) Any preliminary announcement of financial information for the full year shall also contain the information required under subsection (2).

Board decisions

11.—(1) An issuer shall inform the Registrar immediately after approval by its board, of—

(*a*) any decision to declare, recommend or pay any dividend or to make any other distribution on its listed securities and the rate and amount thereof;

(*b*) any proposed change in the capital structure, including any redemption of its listed securities; and

(*c*) any decision to change the general character or nature of the business of the issuer, and subsidiaries, if any.

(2) The issuer shall also inform the Registrar immediately of any decisions of its Board made with regard to—

(*a*) any proposed alteration of memorandum and articles of association of the issuer;

(*b*) any change in the rights attaching to any class of listed securities and any change in the rights attaching to any shares into which any listed debt securities are convertible or exchangeable; and

(*c*) any changes in its secretariat, auditors or registered address.

Basis of allotment of securities

12.—(1) An issuer shall inform the Registrar of the basis of allotment of securities offered to the public for subscription or sale, or an open offer and of the results of any rights issue and if applicable, of the basis of any acceptance of excess application.

(2) The Board of the issuer shall ensure that the basis of allotment of securities is fair to all applicants or subscribers.

Other events to be reported

13.—(1) An issuer shall inform the Registrar of the occurrence of any of the following events as soon as they come to the attention of the issuer—

(*a*) the presentation of any winding-up petition, or equivalent application in the country of incorporation or other establishment;

(*b*) the making of any winding-up order or the appointment of a provisional liquidator in respect of the issuer, its holding company or any major subsidiary;

(*c*) the passing of any resolution by the issuer, its holding company or any major subsidiary that it be wound-up by way of members' or creditors' voluntary winding up;

(*d*) the entry into possession of, or the sale by any mortgagee, of a portion of the issuer's assets which, in aggregate value represents an amount in excess of fifteen percent (15%) of the consolidated net tangible assets of the issuer and its subsidiaries, if any; or

(*e*) the making of any judgement, declaration or order by any court or tribunal of competent jurisdiction whether on appeal or at first instance, which may adversely affect the issuer's enjoyment of any portion of its assets which in aggregate value, represents an amount in excess of fifteen percent (15%) of the consolidated net tangible assets of the issuer and its subsidiaries, if any.

(2) For the purpose of subparagraph (1), a "major subsidiary" means a subsidiary representing fifteen percent (15%) or more of the consolidated net tangible assets, or 15 percent or more of the pre tax trading profits of the issuer and its subsidiaries, if any.

Consent of shareholders

14.—(1) Directors of an issuer shall obtain the consent of shareholders in a general meeting prior to—

(*a*) allotting, issuing or granting—

(i) shares;

(ii) securities convertible into shares; and

(iii) options, warrants or similar rights to subscribe for shares;

(*b*) any major subsidiary of the issuer making any such allotment, issue or grant, so as to materially dilute the percentage equity interest of the issuer and its shareholders in such subsidiary; and

(*c*) prior to allotting any voting shares, if such allotment would effectively alter the control of the issuer.

(2) Notwithstanding subparagraph (1), no consent shall be required for the allotment, issue or grant of securities and, where appropriate, to holders of other equity securities of the issuer entitled to be so offered, *pro rata* apart from fractional entitlement to their existing holdings.

Registrar's approval to be obtained

15. In addition to the specific requirements set out in this Directive, an issuer shall submit to the Registrar, for approval copies of drafts before they are issued, if any—

(*a*) announcements or advertisements relating to the issue of new or further securities other than pursuant to a capitalisation issue or a scrip dividend scheme, or any announcements or advertisements the subject matter of which may involve a change in, or relate to, or affect arrangements regarding trading in its registered securities including a suspension of dealings;

(*b*) documents issued in connection with takeovers, mergers or offers; and

(*c*) proposed amendments to its articles.

Registration of further securities

16. An issuer shall apply for the registration of any further securities which are of the same class as securities already registered, prior to their issue.

Equality of treatment

17. An issuer shall ensure equal treatment for all holders of securities of the same class who are in the same holding position.

Registrar's queries

18. An issuer shall respond promptly to any queries made to the issuer by the Registrar, concerning unusual movements in the price or trading volume, of its registered securities or any other matters, by giving such relevant information as is available to the issuer or, if appropriate by issuing a statement.

Additional requirements may be imposed

19. The Registrar may require the publication of further information by, or impose additional requirements on, an issuer, where the issuer considers that circumstances so justify, but will allow representations by the issuer before imposing any additional requirements on it which are not imposed on registered issuers, generally.

PART VI—REPORTING REQUIREMENTS

Reporting

20.—(1) An issuer shall—

(*a*) file with the Registrar annual, quarterly or current reports as may be required by the Registrar in such a manner and containing such information as the Registrar may specify in guidelines;

(*b*) simultaneously file with any stock exchange on which such securities are traded, the reports specified in subparagraph (*a*); and

(*c*) disseminate to shareholders, within ten (10) business days after filing with the Registrar, the reports specified in paragraph (*a*).

(2) An issuer shall inform and keep the public informed, of all matters which affect the value of a security, immediately upon the matters becoming known to the directors of the issuer, by placing an advertisement in a newspaper of general circulation and by reporting to the Registrar and to any stock exchange on which the securities are listed.

(3) Where an issuer who is part of a group and that information in subparagraph (2) will also materially affect another issuer company in that group, then such disclosure should be simultaneously made by affected issuers.

PART VII—ENFORCEMENT

Monetary penalties

21.—(1) The Registrar shall impose the following monetary penalties for violations of this Directive—

(*a*) for issuers, up to fifty million Kwacha (K50,000,000.00); and

(*b*) for natural persons who are members of the board of directors or management of an issuer up to twenty million Kwacha (K20,000,000.00).

(2) An issuer or natural person shall pay the penalty in subparagraph (1) through a bank certified cheque payable to the Reserve Bank of Malawi within ten (10) working days after being notified of the violation.

Administrative penalties

Act No. 26 of 2011

22. In addition to the monetary penalty imposed in paragraph 23 (1), the Registrar may impose directions, administrative penalties and enforcement action as provided for under the Act and the Financial Services Act, 2010.

FIRST SCHEDULE (para 4(*a*))

INFORMATION TO BE PROVIDED IN LETTER OF APPLICATION FOR REGISTRATION OF SECURITIES

(1) Title page—

(*a*) the name of the applicant and the date of incorporation;

(*b*) the address of the principal registered office and the address of each office at which a securities register is kept;

(*c*) the date of application and a formal request for the registration of the securities in respect of which application is made, specifying the amount, class and par value and whether they are to be fully paid;

(2) Capitalisation

A list in tabular form, of—

(*a*) the designation or title of each class of security;

(*b*) the number of securities authorised;

(*c*) the number of securities issued;

(*d*) the par value of the securities issued;

(*e*) the amount paid up;

(*f*) the names, residential as well as postal address and business occupation of every director or proposed director and of secretary or proposed secretary of the company and officers of the issuer and their respective shareholdings where applicable; and

(*g*) so far as is known, or can be ascertained after reasonable inquiry, the names of controlling shareholders of the issuer and their respective shareholdings.

(3) History and Nature of Business

A short introductory paragraph describing the general nature of the business and products of the applicant. A brief history of the issuer from inception to the date of

application. A description of the business now carried on by the issuer and its subsidiaries, including principal goods and services, main markets and main sources of supply, and volume of output for the preceding three financial years and for the current financial year to the latest date available.

(4) Summary of earnings

A summary of earnings, on a consolidated basis if the applicant has subsidiaries, for the last three financial years, showing sales, earnings before charges for depreciation, interest and income tax, the amount of each of those charges, net income before extraordinary items, extraordinary items, net income and earnings per share.

(5) Tabulation of Financial Position

A tabulation of its balance sheet for each of the last three financial years, on a consolidated basis if the company has subsidiaries. The tabulation shall include a statement of the net tangible assets per share for each of the three financial years.

(6) Employees

A statement as to the total number of persons regularly employed and, if subject to seasonal fluctuations, the number of persons employed during the preceding twelve months.

(7) Subsidiaries

A tabular list of all subsidiaries showing, in respect of each such subsidiary company—

(*a*) the name of the company;

(*b*) a brief statement of the nature of its business and its relationship to the operations of the applicant; and

(*c*) capital share issues by classes, showing the par value, amount authorised, amount issued and the amount owned by the holding company.

(8) Dividend record

State the number of consecutive years in which dividends have been paid. State the amount of dividend, per share and in the aggregate, paid by the applicant or its subsidiaries for each of the three preceding years. Indicate whether dividends have been paid on a quarterly, semi-annual or annual basis. State the record date, payment date and the date of declaration with respect to each dividend paid during the past two years.

(9) Properties

Describe briefly the general character of the properties of the applicant and its subsidiaries, including—

(*a*) location;

(*b*) land area and land use;

(*c*) number and type of buildings;

(*d*) aggregate floor area of buildings;

(*e*) whether the property is owned or leased, and if leased, state total rental paid for each of the three preceding financial years and average term of years owned or leased.

(10) Litigation

Particulars of any litigation or claims of material importance pending or threatened against the applicant or any member of a group to which the applicant belongs.

(11) Management—

(*a*) the full name, residential or business address and description of area of qualification or area of expertise or responsibility, of every director or proposed director, or any such person who performs an important administrative, management or supervisory function, and particulars of the principal functions performed by each of them within the applicant and its subsidiaries, if any, if significant to the applicant and its subsidiaries, if any.

(*b*) the nature of any family relationship between the persons mentioned in (*a*);

(*c*) a brief account of the business experience of each of these persons during the last five years;

(*d*) indicate any other directorships held by each director or proposed director;

(*e*) state whether any director or proposed director has been convicted in any criminal proceeding or has had a bankruptcy petition filed against him or any partnership in which he was a partner or any body corporate of which he was a director.

(12) Bankers

Name and address of the applicant's bankers.

(13) Auditors

Name, address and professional qualifications of the applicant's auditors.

(14) Sponsoring Stockbroker

Name and address of sponsoring stockbroker.

(15) Legal Practitioners

Name and address of legal practitioners

SECOND SCHEDULE (para 4(*b*))

INFORMATION TO BE CONTAINED IN PROSPECTUS

SECTION A–EQUITY SECURITIES

GENERAL INFORMATION ABOUT THE ISSUER, ITS ADVISERS

1. (1) The full name, and address of the registered office, of the applicant or issuer.

(2) A statement as follows—

"The directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading."

(3) The names and addresses of the issuer's principal bankers and registrars.

(4) The name, address and professional qualifications of the issuer's auditors.

(5) The date of incorporation.

(6) The provisions or a sufficient summary of the provisions, of the articles with regard to—

(*a*) any power enabling a director to vote on a proposal, arrangement or contract in which he is materially interested;

(*b*) any power enabling the directors to vote to determine the remuneration including pension or other benefits, to themselves or any members of their body and any other provision as to the remuneration of the directors;

(*c*) borrowing powers exercisable by the directors and how such borrowing powers can be varied;

(*d*) retirement or non-retirement of directors;

(*e*) directors' qualification shares;

(*f*) changes in share capital; and

(*g*) arrangements for transfer of the securities and, where permitted, any restrictions on their free transferability.

(7) Where the prospectus includes a statement purporting to be made by an expert, a statement—

(*a*) specifying the qualifications of such expert and whether such expert has any shareholding in the applicant or issuer or any group to which the applicant issuer belongs or the right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in the issuer or any such member and, if so, a full description thereof;

(*b*) that the expert has given and has not withdrawn his written consent, prior to the issue of the prospectus, to the issue of the prospectus with the expert's statement included in the form and context in which it is in fact included; and

(*c*) of the date on which the expert's statement was made and whether or not it was made by the expert for incorporation in the prospectus.

STATEMENT THAT APPLICATION HAS BEEN MADE

2. A statement that application has been made to the Registrar for registration of the securities.

INFORMATION ABOUT THE SECURITIES FOR WHICH REGISTRATION IS SOUGHT

3. (1) The nature and amount of the issue including the number of securities which have been or will be created and issued, and a full description of, including a summary of the terms attaching to, the securities for which listing is sought.

(2) The following information, so far is appropriate, concerning the terms and conditions of the issue of the securities in respect of which the application for registration is made—

(*a*) the total amount of the issue and the number of securities offered, where applicable, by category;

(*b*) the issue price or offer price of each security, stating the nominal value of each security;

(*c*) the methods of payment of the issue or offer price, particularly as regards the paying-up of securities which are not fully paid;

(*d*) the procedure for the exercise of any right of pre-emption and the transfer-ability of subscription rights;

(*e*) the period during which the issue or offer of securities will remain open after issue of the prospectus, the date and time of opening of the subscription list, and the names of the receiving bankers;

(*f*) the methods of and the time limits for delivery of the securities;

(*g*) the names, addresses and description of the persons underwriting the issue for the issuer; and

(*h*) in the case of an offer for sale of securities, the names, addresses and descriptions of the vendor(s) of the securities or, if there are more than ten vendors, such details of the ten principal vendors and a statement of the number of other vendors and particulars of any beneficial interest possessed by any director of the issuer in any securities so offered for sale.

NET TANGIBLE ASSETS

4. A statement of the net tangible asset backing for each class of security for which registration is sought, after making allowance for any new securities to be issued.

INFORMATION ABOUT THE ISSUER'S CAPITAL

5. (1) The authorised share capital of the applicant or issuer, the amount issued or agreed to be issued, the amount paid up, the nominal value and a description of the shares.

(2) The amount of any outstanding convertible debt securities and particulars of the conditions governing, and the procedures for conversion, exchange or subscription of, such securities.

VOTING RIGHTS

6. (1) The voting rights of shareholders.

(2) If there is more than one class of share, the rights of each class of share as regards voting, dividend, capital, redemption, and the creation or issue of further shares ranking in priority to or in *pari passu* with each class other than the lowest ranking equity.

(3) A summary of the consent necessary for the variation of such rights.

ALTERATIONS IN CAPITAL

7. Particulars of any alterations in the capital of the applicant or issuer or any member of a group to which the applicant or issuer belongs within the two years immediately preceding the issue of the prospectus, including—

(*a*) where any such capital has been issued or is proposed to be issued as fully or partly paid up otherwise than in cash, particulars of the consideration for which

the same has been or is proposed to be issued and in the latter case, the extent to which they are so paid up; and

(*b*) where any such capital has been issued or is proposed to be issued for cash, particulars of the price and terms upon which the same has been or is proposed to be issued, details of any discounts or other special terms granted and if not already fully paid, the dates when any installments are payable with the amount of all calls or installments in arrears.

PARTICULARS OF ANY CAPITAL UNDER OPTION

8. Particulars of any capital of the issuer or any member of a group to which the issuer belongs which is under option, including the consideration for which the option was or will be granted, and the price and duration of the option, and the name and address of the grantee:

Provided that where options have been granted or agreed to be granted to all members or debenture holders or to any class thereof, or to employees under a share scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

GENERAL INFORMATION ABOUT ACTIVITIES OF THE ISSUER AND ITS SUBSIDIARIES, IF ANY

9. (*a*) A brief history and the general nature of the business of the issuer and its subsidiaries, if any, and, in cases where two or more activities are carried on which are material in terms of profits or losses, assets employed or any other factor, such figures and explanation as are necessary to demonstrate the relative importance of each such activity and details of the main categories of products sold or services performed and an indication of any significant new products or activities.

(*b*) Where the issuer and its subsidiaries, if any, trade outside Malawi a statement showing a geographical analysis of its trading operations, and where a material proportion of the assets of the issuer and its subsidiaries, if any, are situated outside Malawi, a statement giving the best practicable indication of the amount and situation of such assets and the amount of assets situated in Malawi.

(*c*) Where the issuer is a member of a group, a brief description of that group covering the issuer's position within that group and, if a subsidiary, the names of, and the number of shares held directly or indirectly, by each holding company of the issuer.

(*e*) Particulars of any licences, concessions, contracts, trademarks, patents or other intellectual or industrial property rights which are material in relation to the business of the issuer and its subsidiaries, if any, and, where such factors are of fundamental importance to the business or profitability of the issuer and its subsidiaries, if any, a statement regarding the extent to which the issuer and its subsidiaries, if any, are dependent on such factors.

(*f*) Information concerning the policy of the issuer and its subsidiaries, if any, on the research and development of new products and processes over the past five financial years, where significant.

(*g*) Particulars of any interruptions in the business of the issuer and its subsidiaries, if any, which may have or have had, a significant effect on the financial position in the last twelve months.

(*h*) The number of people employed by the issuer and its subsidiaries, if any, and changes therein in the last financial year, if such changes are material in the context of the group with, if possible, a breakdown of persons employed by main categories of activity.

(*i*) Particulars, including location, of the principal investments, if any, including such investments as new plant, factories and research and development, being made or planned by the issuer and its subsidiaries, if any.

(*j*) The restrictions, if any, upon the business of the applicant or issuer contained in the memorandum of association.

PARTICULARS OF SUBSIDIARIES, ETC.

10. (*a*) With regard to every subsidiary company the whole of, or more than 25 percent of the votes exercisable at a general meeting, whose capital is held or intended to be held, either directly or indirectly, by the issuer, or whose profits or assets make or will make a material contribution to the figures in the accountants' report or the next published accounts, particulars of the name, date and country of incorporation, general nature of business, issued capital and the proportion thereof held or intended to be held.

(*b*) With regard to the issuer and its subsidiaries, if any, particulars of the location of the principal establishments.

FINANCIAL INFORMATION ABOUT THE ISSUER AND ITS SUBSIDIARIES, IF ANY

11.—(*a*) A report by the reporting accountants prepared in accordance with the Third Schedule hereto.

(*b*) A statement of whether or not the accountants' report is qualified by the reporting accountants and if so, such qualifications must be produced in full and the reasons for such qualifications given.

DETAILS OF INDEBTEDNESS

12. A statement as at the most recent practicable date, which shall be stated, of the following, on a consolidated basis—

(*a*) the total amount of any debt securities of the issuer and its subsidiaries, if any, issued and outstanding, and authorised or otherwise created but unissued, and term loans, distinguishing between guaranteed, unguaranteed, secured, whether the security is provided by the issuer or by third parties, and unsecured;

(*b*) the total amount of all other borrowings or indebtedness in the nature of borrowing of the issuer and its subsidiaries, if any, including bank overdrafts and liabilities under acceptances ,other than normal trade bills, or acceptance credits or hire purchase commitments, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowings and debt;

(*c*) all mortgages and charges of the issuer and its subsidiaries, if any; and

(*d*) the total amount of any contingent liabilities or guarantees of the issuer and its subsidiaries, if any.

TURNOVER

13. A statement showing the sales turnover figures or gross trading income of the issuer and its subsidiaries, if any, during the three financial years immediately preceding the issue of the prospectus which should contain an explanation of the method used for computation of such turnover or income and a reasonable breakdown between the more important trading activities.

FINANCIAL AND TRADING PROSPECTS

14.—(*a*) General information on the trend of the business of the issuer and its subsidiaries, if any, since the date to which the latest audited accounts of the issuer were made up.

(*b*) A statement as to the financial and trading prospects of the issuer and its subsidiaries, if any for at least the current financial year, together with any material information which may be relevant thereto, including all special trade factors or risks, if any, which are not mentioned elsewhere in the prospectus and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits.

(*c*) Where a profit forecast appears in the prospectus, the principal assumptions, including commercial assumptions, upon which it is based, must be stated and the accounting policies and calculations for the forecast must be examined and reported on by the reporting accountants and their report must be set out.

SUFFICIENCY OF WORKING CAPITAL

15. A statement by the directors that in their opinion, the working capital available to the issuer and its subsidiaries, if any, is sufficient or, if not, how it is proposed to provide the additional working capital deemed by the directors to be necessary.

MATERIAL ADVERSE CHANGES

16. A statement by the directors of any material adverse change in the financial or trading position of the issuer and its subsidiaries, if any, since the end of the period reported on in the accountants' report

VALUATION REPORTS

17. In the case of a property investment or development company, or where property interests account for more than thirty (30) per cent of the net asset value of the issuer, a valuation report on the issuer's interests in land or buildings prepared in accordance with the Section C.

LITIGATION

18. Particulars of any litigation or claims of material importance pending or threatened against the issuer or any member of a group to which the issuer belongs.

INFORMATION ABOUT THE ISSUER'S MANAGEMENT

19. The full name, nationality, residential or business address and description of qualifications or area of expertise or responsibility, of every director or proposed director and all members of senior management.

SECRETARY

20. The full name and professional qualification, of the secretary of the issuer.

REGISTERED OFFICE

21. The address of the registered office and, if different, the head office.

DIRECTORS' INTERESTS

23.—(*a*) A statement showing the interests, distinguishing between beneficial and non-beneficial interests, of each director of the issuer in the equity or debt securities of the issuer or any associated corporation.

(*b*) A statement showing the name, so far as is known to any director of the issuer, of each person, other than a director of the issuer, who is, directly or indirectly, interested in ten (10) per cent or more of the nominal value of any class of share capital, carrying rights to vote in all circumstances at general meetings of the issuer or any member of a group to which the issuer belongs, and the amount of each person's interest in such securities, together with particulars of any options in respect of such capital, or, if there are no such interests, an appropriate negative statement.

DIRECTORS' CONTRACTS

24.—(*a*) Particulars of directors' existing or proposed service contracts with the issuer or any member of a group to which the issuer belongs ,excluding contracts expiring or determinable by the employer within one year without payment of compensation—

(*b*) The aggregate of the remuneration paid and benefits in kind, granted to the directors of the issuer by the issuer or any member of a group to which the issuer belongs in respect of the last completed financial year under any description whatsoever.

(*c*) An estimate of the aggregate remuneration payable to, and benefits in kind receivable by, the directors or any proposed directors of the issuer by the issuer or any member of a group to which the issuer belongs, in respect of the current financial year under the arrangements in force at the date of the prospectus.

DIRECTORS' INTERESTS IN CONTRACTS

25. Full particulars of any contract or arrangement subsisting at the date of the prospectus in which a director of the issuer is materially interested and which is significant in relation to the business of the issuer and its subsidiaries, if any.

USE OF PROCEEDS

26. In the case of issue of new shares, an estimate of the net proceeds of the issue and details of the intended use of such proceeds.

MATERIAL CONTRACTS

27. The dates of, and parties to all material contracts, not being contracts entered into in the ordinary course of business, entered into by the issuer or any member of a group to which the issuer belongs, within the two years immediately preceding the issue of the prospectus together with a summary of the principal contents of such contracts and particulars of any consideration passing to, or from, any member of a group to which the issuer belongs.

GENERAL DISCLOSURE

28. In addition to the specific disclosures required under this section, disclosures shall be made of all material information necessary for an investor to make an informed investment decision and all necessary information to keep the disclosures made from being misleading.

DOCUMENTS FOR INSPECTION

29. Details of a reasonable period of time, being not less than fourteen calendar days, during which, and a place in Malawi at which, the following documents, or copies thereof, where applicable, may be inspected—

(*a*) the articles of association of the issuer;

(*b*) each contract disclosed pursuant to paragraph 26 or, in the case of a contract not reduced into writing, a memorandum giving full particulars thereof;

(*c*) all reports, letters or other documents, financial position, valuations and statements by any expert any part of which is extracted or referred to in the prospectus;

(*d*) a written statement signed by the reporting accountants setting out the adjustment made by them in arriving at the figures shown in their report and giving the reasons therefor;

(*e*) the audited accounts of the issuer or, in the case of a group, the consolidated audited accounts of the issuer and its subsidiaries for each of the two financial years immediately preceding the issue of the prospectus.

SECTION B-DEBT SECURITIES

GENERAL INFORMATION ABOUT THE ISSUER AND ITS ADVISERS

30.—(1) The full name and nationality of the issuer.

(2) A statement as follows—

"The directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable inquiries, that, to the best of their knowledge and belief, there are no other facts the omission of which, would make any statement herein misleading."

(3) The names and addresses of the issuer's principal bankers and registrars to the issue.

(4) The name, address and professional qualifications of the issuer's auditors;

(5) The date of incorporation;

(6) Where the prospectus includes a statement purporting to be made by an expert, a statement—

(*a*) specifying the qualifications of such expert and whether such expert has any shareholding in the issuer or any member of a group to which the issuer belongs or the right, whether legally enforceable or not, to subscribe for, or to nominate persons to subscribe for securities in the issuer or any member of a group to which the issuer belongs and, if so, a full description thereof;

(*b*) that the expert has given and has not withdrawn his written consent, prior to the issue of the prospectus, to the issue of the prospectus with the expert's statement included in the form and context in which it is in fact included; and

(*c*) of the date on which the expert's statement was made and whether or not it was made by the expert for incorporation in the prospectus.

STATEMENT THAT APPLICATION HAS BEEN MADE

31. A statement that application has been made to the Registrar for the registration of the securities.

ESTIMATED EXPENSES OF ISSUE

32. The estimated amount of the expenses of the issue and of the application for listing and by whom the same are payable.

ESTIMATED NET PROCEEDS OF ISSUE

33. An estimate of the net proceeds of the issue and a statement as to how such proceeds are intended to be applied.

TERMS AND CONDITIONS OF ISSUE

34. A description of the terms and conditions of the issue containing—

(*a*) the nominal amount of the issue or if this amount is not fixed and a statement to that effect, the nature and number of the debt securities, and the denomination(s);

(*b*) a summary of the rights conferred upon holders and particulars of the security;

(*c*) except in the case of continuous issues, the issue price, or if different, offer price, and redemption prices and the nominal interests rate and if floating, how is it calculated; if several interest rates are provided for, an indication of the conditions for changes in the rate; if in any issue a discount is allowed or a premium is payable, a statement describing this; if any expenses of the issue are specifically charged to subscribers or purchasers, a statement describing this;

(*d*) details of the method of payment of the issue price, or if different, the offer price, including a description of any installment arrangement;

(*e*) details of the arrangements for the amortisation or early redemption of the issue, including procedures to be adopted;

(*f*) the names and addresses of the paying agent, and any registrar and transfer agent for the debt securities in Malawi;

(*g*) details of the arrangements for transfer of the securities, if not in bearer form;

(*h*) details of the following time limits—

(i) final repayment date and early repayment dates, specifying whether exercisable at the issuer's or the holder's option;

(ii) the date from which interest accrues and the date on which interest payment fall due;

(iii) prescription period for claims for payment of interest and repayment of the principal;

(iv) procedures and time limits for delivery of the debt securities; and

(i) except in the case of continuous issues, an indication of yield and the method whereby that yield is calculated should also be described in summary form.

LEGAL INFORMATION

35. The following legal information—

(*a*) an indication of the resolutions, authorisation and approvals by virtue of which debt securities have been, or will be created or issued and of the number of debt securities which have been, or will be created or issued, if predetermined;

(*b*) the nature and scope of the guarantees, sureties, and commitments, if any, intended to ensure that the issue will be duly serviced with regard to both the principal and the interest on the debt securities and an indication of the places where the public may have access to copies of such guarantees, sureties and commitments;

(*c*) details of the trustee or any other representative for the debt securities holders as a whole, the name and function or description and head office of such representative of the debt securities holders, the conditions under which the representative may be replaced together with an indication of where the public may inspect copies of the documents detailing how the representative is to act;

(*d*) a description of any subordination of the issue to other debts of the issuer already incurred or to be incurred;

(*e*) an indication of any legislation under which the debt securities have been created, the governing law and of the competent courts in the event of litigation;

(*f*) details of any restrictions on the free transferability of the debt securities including, provisions requiring transfers to be approved; and

(*g*) details of any material guarantees or covenants relating to borrowings.

ALTERATIONS IN CAPITAL

36. Particulars of any alterations in the capital of the issuer or any member of a group to which the issuer belongs, within the two years immediately preceding the issue of the prospectus, including—

(*a*) where any such capital has been issued or is proposed to be issued as fully or partly paid up otherwise than in cash, particulars of the consideration for which

the same has been, or is proposed to be issued and in the latter case, the extent to which they are so paid up; and

(*b*) where any such capital has been issued or is proposed to be issued for cash, particulars of the price and terms upon which the same has been ,or is proposed to be issued, details of any discounts or other special terms granted and, if not already fully paid, the dates when any installments are payable with the amount of all calls or installments in arrears.

PARTICULARS OF ANY CAPITAL UNDER OPTION

37. Particulars of any capital of the issuer or any member of a group to which the issuer belongs which is under option, including the consideration for which the option was, or will be granted, and the price and duration of the option, and the name and address of the grantee:

Provided that where options have been granted or agreed to be granted, to all the members or debenture holders or to any class thereof, or to employees under a share scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

GENERAL INFORMATION ABOUT ACTIVITIES OF THE ISSUER AND ITS SUBSIDIARIES, IF ANY

38.—(1) The general nature of the business of the issuer and its subsidiaries, if any, and, in cases where two or more activities are carried on which are material in terms of profits or losses, assets employed or any other factor, such figures and explanation as are necessary to demonstrate the relative importance of each such activity and details of the main categories of products sold or services performed, and an indication of any significant new products or activities. If the issuer and its subsidiaries, if any, trade outside Malawi, a statement showing a geographical analysis of its trading operations. Where a material proportion of the assets of the issuer and its subsidiaries, if any, are situated outside Malawi, a statement giving the best practicable indication of the amount and situation of such assets and the amount of the assets situated in Malawi.

(2) If the issuer is a member of a group, a brief description of that group covering the issuer's position within that group and, if a subsidiary, the names of, and the number of shares held, directly or indirectly, by each holding company of the issuer.

(3) Particulars of any licences, concessions, trademarks, patents or other intellectual or industrial property rights which are material in relation to the business of the issuer and its subsidiaries, if any, and, where such factors are of fundamental importance to the business or profitability of the issuer and its subsidiaries, if any, a statement regarding the extent to which the issuer and its subsidiaries, if any, are dependent on such factors.

(4) Information concerning the policy of the issuer and its subsidiaries, if any, on the research and development of new products and processes over the past three financial years where significant.

(5) Particulars of any interruptions in the business of the issuer and its subsidiaries, ifany, which may have, or had a significant effect on the financial position in the last twelve months.

(6) The number of people employed by the issuer and its subsidiaries, if any, and changes therein in the last financial year, if such changes are material in the context of the issuer and its subsidiaries, if any, with, if possible, a breakdown of persons employed by main categories of activity.

(7) Particulars, including location, of the principal investments, if any, including such investments as new plant, factories and research and development, being made or planned by the issuer and its subsidiaries, if any.

PARTICULARS OF MATERIAL SUBSIDIARIES

39.—(1) With regard to every material subsidiary, particulars of the name, date and country of incorporation, general nature of business, issued capital and the proportion held or intended to be held by the issuer.

(2) With regard to the issuer and every material subsidiary, particulars of the location of the principal establishments.

FINANCIAL INFORMATION ABOUT THE ISSUER AND ITS SUBSIDIARIES, IF ANY, AND PROSPECTS

40. A consolidated capitalisation statement and indebtedness statement for the issuer made up to a recent date acceptable to the registrar, normally not earlier than three months prior to the issue of the prospectus, giving information on short, medium and long-term debt, distinguishing between actual and contingent liabilities, and including details of any debt securities issued and, if appropriate, the terms and conditions of any conversion, exchange or subscription rights, and shareholders' equity, including an indication of authorised and issued share capital by class, if appropriate, and the amount paid-up, duly adjusted to reflect the issue of the debt securities for which registration is sought, accompanied by particulars of any material changes since that date.

41. A statement showing the sales turnover figures or gross trading income of the issuer and its subsidiaries, if any, during the three financial years immediately preceeding the issue of the prospectus and a reasonable breakdown between the more important trading activities.

FINANCIAL AND TRADING PROSPECTS

42.—(1) General information on the trend of the business of the issuer and its subsidiaries, if any, since the date to which the latest audited accounts of the issuer were made up.

(2) A statement as to the financial and trading prospects of the issuer and its subsidiaries,if any, for at least the current financial year, together with any material informationwhich may be relevant thereto, including all special trade factors or risks if any which are not mentioned elsewhere in the prospectus and which are unlikely to be known or anticipated by the general public and which could materially affect the profits.

(3) Where a forecast appears in the prospectus, the principal assumptions, including commercial assumptions, upon which it is based, must be stated, the accounting policies and calculations for the forecast, must be examined and reported on, by the reporting accountants and their report must be set out.

(4) Particulars of the profits cover for interest payments in respect of fixed income securities.

ACCOUNTANTS' REPORTS

43.—(1) A report by the reporting accountants prepared in accordance with the Third Schedule hereto. If more than nine months have elapsed since the date to which the latest published audited accounts of the issuer were made up, an interim financial statement covering at least the first six months, must be included in the prospectus or appended to it. If the interim financial statement is unaudited, this fact must be stated.

(2) A statement of whether or not the accountants' report is qualified by the reporting accountants and if so, such qualification must be produced in full and the reasons for such qualification given.

MATERIAL ADVERSE CHANGES

44. A statement by the directors of any material adverse change in the financial or trading position of the issuer and its subsidiaries, if any, since the end of the period reported on in the accountants' report.

VALUATION REPORTS

45. In the case of a property investment or development company, or where property interests account for more than thirty per cent of the net asset value of the issuer, a valuation report on the issuer's interests in land or buildings prepared in accordance with the Section C.

LITIGATION

46. Particulars of any litigation or claims of material importance pending or threatened against the issuer or any member of a group to which the issuer belongs.

INFORMATION ABOUT THE ISSUER'S MANAGEMENT

47. The full name, residential or business address and description of qualifications or area of expertise or responsibility of every director or proposed director.

SECRETARY

48. The full name and professional qualification, of the secretary of the issuer.

REGISTERED OFFICE

49. The address of the registered office and, if different, the head office.

DIRECTORS' INTERESTS

50. (1) A statement showing the interests distinguishing between beneficial and non-beneficial interests, of each director of the issuer in the equity or debt securities of the issuer or any associated corporation.

(2) A statement showing the name, so far as is known to any director of the issuer, of each person, other than a director of the issuer, who is, directly or indirectly,

interested in ten per cent or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the issuer or any member of a group to which the issuer belongs and the amount of each person's interest in such securities, together with particulars of any options in respect of such capital, or, if there are no such interests, an appropriate negative statement.

DIRECTORS' INTERESTS IN CONTRACTS

51. Full particulars of any contract or arrangement subsisting at the date of the prospectus in which a director of the issuer is materially interested and which is significant in relation to the business of the issuer and its subsidiaries, if any.

CONTRACTS PERTAINING TO THE ISSUE OF SECURITIES

52. The dates of, and parties to all documents pertaining to the issue entered into by the issuer or any member of a group to which the issue belongs, within the two years immediately preceding the issue of the prospectus, together with a summary of the principal contents of such contracts.

AVAILABILITY OF REPORTS

53. Details of where annual and any interim reports are available and how often interim reports are published.

GENERAL DISCLOSURE

54. In addition to the specific disclosures required under this paragraph, disclosures shall be made of all material information necessary for an investor to make an informed investment decision and all necessary information to keep the disclosures made from being misleading.

DOCUMENTS FOR INSPECTION

55. Details of a reasonable period of time, being not less than fourteen calendar days, during which, and a place in Malawi at which, the following documents, or copies thereof, where applicable may be inspected—

(*a*) the articles of association of the issuer;

(*b*) any trust deed, fiscal agency agreement or other document constituting the debt securities;

(*c*) all reports, letters or other documents, financial position, valuations and statements by any expert a part of which is extracted or referred to in the prospectus;

(*d*) a written statement signed by the reporting accountants setting out the adjustments made by them in arriving at the figures shown in their report and giving the reasons thereof; and

(*e*) the audited accounts of the issuer or, in the case of a group, the consolidated audited accounts of the issuer and its subsidiaries for each of the two financial years immediately preceding the issue of the prospectus.

SECTION C

PROPERTY VALUATION REPORTS

PRELIMINARY

1. Valuations of and information on, all the issuer's interests in land or buildings ("properties") are required to be included in a prospectus issued by a new applicant.

BASIC CONTENTS

2. Valuation reports shall contain all material details of the basis of valuation, which shall must be prepared in conformity with the standards and guidelines adopted or approved by a recognized body of valuers.

3. A valuation report shall contain the following information—

(1) a description of each property including—

(*a*) an address sufficient to identify the property, which shall generally include the postal address and such further designation as is registered with the appropriate government authorities in the jurisdiction in which the property is located;

(*b*) a brief description including land or building, approximate area, etc.;

(*c*) the existing use, for example shops, offices, factories, residential etc.);

(*d*) the ground rent;

(*e*) a summary of the terms of tenants' leases or underleases, including repairing obligations, where material;

(*f*) the approximate age of buildings;

(*g*) the terms of tenure;

(*h*) the terms of any intra-group lease granted by a holding company to a subsidiary on property occupied by the group which shall identify the property;

(*i*) the capital value in existing state at the effective date as at which the property was valued;

(*j*) the options or rights of pre-emption concerning or affecting the property; and

(*k*) any other matters which may materially affect the value of the property.

(2) Where the property is not in the process of being developed, details of rentals of the property including—

(*a*) the existing monthly rental if the property is wholly or partly let together with the amount and a description of any outgoings or disbursements from the rent, and, if materially different, the estimated current monthly market rental obtainable, on the basis that the property was available to let on the effective date as at which the property was valued;

(*b*) a summary of any rent review provisions, where material; and

(*c*) the amount of vacant space, where material.

(3) Where the property is in the process of being developed, the following additional details, where available—

(*a*) details of development potential and whether architectural plans have been approved, planning consent has been obtained and whether any conditions have been imposed in respect of such approval;

(*b*) any material restrictions on development including building covenants and time limits for completion of the development;

(*c*) existing stage of development;

(*d*) estimated completion date;

(*e*) estimated cost of carrying out the development or where part of the development has already been carried out, the estimated cost of completing the development;

(*f*) estimated capital value in existing state at the effective date as at which the property was valued;

(*g*) estimated capital value after completion;

(*h*) any material, special or general conditions affecting the development of the property;

(*i*) any conditions imposed as to construction of roadways, pathways, drainage, sewerage and other facilities or services for public use, where material;

(*j*) any sales arrangements or letting arrangements existing at the effective date as at which the property was valued; and

(*k*) any construction costs incurred up to the effective date as at which the property was valued.

(4) Where the property is held for future development purposes, the following additional details, where available—

(*a*) details of development potential and whether architectural plans have been approved, planning consent has been obtained and whether any conditions have been imposed in respect of such approval;

(*b*) any material special or general conditions affecting the development of the property including building covenants and time limits for completion or the development; and

(*c*) any conditions imposed as to construction of roadways, pathways, drainage, sewerage and other facilities or services for public use, where material.

(5) A classification of the property according to the purpose for which it is held.

The acceptable categories are—

(*a*) property held for development;

(*b*) property held for investment;

(*c*) property held for owner occupation; and

(*d*) property held for sale.

(6) details of any agreement or proposals as to any proposed transaction regarding the property between the issuer and any other member of a group to which the issuer belongs;

(7) the name of the valuer, his address and professional qualification;

(8) the effective date as at which the property was valued and the date of the valuation; and

(9) such other information, as the Registrar may require.

EFFECTIVE DATE

4. The effective date as at which the property was valued shall not be more than three months before the date on which the prospectus is issued and if such effective date is not the same as the end of the last period reported on by the reporting accountants, it will be necessary for the prospectus to include a statement reconciling the valuation figure included in the financial position as at the end of that period.

INDEPENDENCE OF VALUER

5. All valuations of properties shall be prepared by an independent qualified valuer.

THIRD SCHEDULE

ACCOUNTANTS' REPORTS

PRELIMINARY

1. This Schedule sets out the detailed requirements for accountants' reports on the profits and losses, assets and liabilities of, and other financial information on, an issuer which must be contained in a prospectus.

REPORTING ACCOUNTANTS

2. Accountants' reports must be prepared by professional accountants who are qualified for appointment as auditors of a company and who are independent of the issuer.

BASIC CONTENTS

3. An accountants' report shall include—

Three year history of financial results—

(*a*) the results of the issuer or, if the issuer is a holding company, the consolidated results of the issuer and its subsidiaries in respect of each of the three financial years immediately preceding the issue of the prospectus or such shorter period as may be acceptable to the Registrar;

(*b*) the results of any business or subsidiary acquired, agreed to be acquired, or proposed to be acquired since the date to which the latest audited accounts of the issuer have been made up, on the same basis, where the subsidiary is itself a holding company, as in (*a*), in respect of each of the three financial years immediately preceding the issue of the prospectus or in respect of each of the

financial years since commencement of such business or the incorporation of such subsidiary, as the case may be, if this occurred less than three years prior to such issue, or such shorter period as may be acceptable to the Registrar.

(*c*) The report on results under paragraph (*a*) and (*a*) shall disclose separately the following information—

(i) turnover;

(ii) profit or loss, before taxation and extraordinary items, including the share of the profit or loss, of associated companies, with separate disclosure of any items included therein, which are exceptional because of size or incidence;

(iii) taxation on profits both in Malawi and outside, in each case indicating the basis of computation, with separate disclosure of the taxation on its shares of associated companies' profits;

(iv) profit or loss, attributable to minority interests;

(v) profit or loss, attributable to shareholders before extraordinary items;

(vi) extraordinary items indicating net of taxation;

(vii) profit or loss attributable to shareholders; and

(viii) rates of dividend paid or proposed on each class of shares, with particulars of each such class, and amounts absorbed thereby and any waivers of dividend except that the accountants' report need not disclose this information where the accountants' report relates to an issue of debt securities.

ASSETS AND LIABILITIES

(4) The assets and liabilities, including contingent liabilities, of the issuer and, if the issuer is itself a holding company, the consolidated assets and liabilities of the issuer and its subsidiaries in each case, as at the date to which the latest audited accounts of the issuer have been made up.

(5) The assets and liabilities, including contingent liabilities, of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired, since the date to which the latest audited accounts of the issuer have been made up, on the same basis, where the subsidiary is itself a holding company, as in (4), in each case as at the date to which the latest audited accounts of such business or subsidiary, as the case may be, have been made up.

OTHER MATTERS

(6) The earnings per share and the basis of computation in respect of each of the financial years referred to in 3(*a*) and (*b*) except that the accountants' report need not include this information if, in the opinion of the reporting accountants, such information is not meaningful, having regard to the purpose of the accountants' report or, if the accountants' report relates to an issue of debt securities.

(7) Transfers to and from any reserves arising on—

(*a*) consolidation or acquisition including the write off of good will or establishment of a capital reserve);

(*b*) the revaluation of assets; or

(*c*) the translation of accounts denominated in foreign currencies, if those transfers are not reflected in the results of each of the financial years referred to in 3(*a*) and (*b*) above.

(8) A statement of the indebtedness as at the end of the period reported on showing, as regards bank loans and overdrafts and separately, as regards other borrowings of the issuer or of the issuer and its subsidiaries, including any company which will become a subsidiary by reason of any acquisition falling within paragraphs 3(*a*) and (*b*), the aggregate amounts repayable—

(*a*) on demand, or within a period not exceeding one year;

(*b*) within a period of more than one year, but not exceeding two years;

(*c*) within a period of more than two years but not exceeding five years; and

(*d*) within a period of more than five years.

(9) The details of the principal accounting policies which have been applied in respect of the period reported on.

(10) A statement of any significant subsequent events which have occurred to any business or company or within any group covered by the accountants' report since the end of the period reported on or, if there are not such events, a statement of that fact.

(11) Any capital commitments.

(12) Any other matters which appear to the reporting accountants to be relevant having regard to the purpose of the accountants' report.

(13) In all cases, the accountants' report shall—

(*a*) state whether or not the accounts for the period reported on have been audited and, if so, by whom;

(*b*) state whether or not any audited accounts have been made up since the end of the last financial period reported on;

(*c*) express an opinion as to whether or not the relevant information given, for the purposes of the accountants' report, is a true and fair view of the results for the period reported on and of the assets and liabilities at the end of that period;

(*d*) state that it has been prepared in accordance with international accounting standards;

(*e*) name the reporting accountants; and

(*f*) bear a date.

DISCLOSURE

5. The information to be disclosed shall conform to international accounting standards.

ACCOUNTING STANDARDS

6. The history of financial results and the statement of assets and liabilities included in the accountants' report shall be drawn up in conformity with international accounting standards.

7. Any significant departure from such accounting standards shall be disclosed and

explained and, if it is both relevant and practical, the financial effects of such departure quantified.

8. The relevant accounting standards will be those current in relation to the last financial year reported on and, wherever possible, appropriate adjustments shall be made to show profits for all periods in accordance with such standard.

STATEMENT OF ADJUSTMENTS

9.—(1) In preparing the accountants' report, the reporting accountants as are in their opinion appropriate, for the purposes of the accountants' report, state therein that all adjustments considered necessary have been made, or where appropriate, that no adjustments were considered necessary. Where adjustments are made, a written statement the statement of adjustments, must be made available for public inspection, and should be signed by the reporting accountants.

(2) The statement of adjustments shall set out, for each of the years reported on, each adjustment made, and be sufficiently detailed, so as to reconcile the figures in the accountants' report with the corresponding figures in the audited accounts and shall give the reasons therefor.

OTHER REPORTS

10. Where the reporting accountants refer to reports, confirmations or opinions of valuers, accountants or other experts, the names, addresses and professional qualifications of such other persons or firms shall be stated in the report. In any case, the prospectus will be required to include a statement that such other persons or firms have given and have not withdrawn their written consent to its issue with the inclusion of such references in the form and context in which they are included.

QUALIFIED REPORTS

11. Where the reporting accountants qualify their accountants' report, they shall refer to all material matters about which they have reservations. All reasons for the qualifications shall be given and its effect quantified if this is both relevant and practical. A qualified accountants' report in respect of a new applicant may be acceptable where the qualification does not relate to a matter of significance to investors but will not be acceptable where the qualification does relate to a matter of significance to investors.

Made this 4th day of May, 2015.

C. S. R. CHUKA
Registrar of Financial Institutions

(FILE NO.EA/FSPU/1/1)

GOVERNMENT NOTICE NO. 25

SECURITIES ACT, 2010

(No. 20 OF 2010)

SECURITIES (CLEARING AND SETTLEMENT) DIRECTIVE, 2015