

**CHAPTER 56:07**  
**STOCK, BONDS AND TREASURY BILLS**  
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Act 13, 2005.

**An Act to re-enact with amendments, the provisions relating to the issue of stock, bonds and treasury bills and matters incidental thereto and connected therewith.**

[Date of Commencement: 23rd September, 2005]

**PART I**  
***Preliminary (ss 1-2)***

- 1. Short title**  
This Act may be cited as the Stock, Bonds and Treasury Bills Act.
- 2. Interpretation**

In this Act, unless the context otherwise requires—

**"Bank"** means the Bank of Botswana established under the Bank of Botswana Act;

**"bonds"** means any fixed income instrument, debt security or loan, given by an investor to an issuer in return for the promise of being paid interest at given times, and the principal in full at the maturity of the bond;

**"debt service ratio"** means interest and principal payments due on public and publicly guaranteed debt during the year, which is expressed as a percentage of the total exports of goods and services for that year;

**"scripless format"** means a paperless system where ownership of securities is recorded in an electronic book-entry format;

**"stock"** means any equity investment that entitles the investor to co-ownership in the issuing organisations earnings and assets; and

**"Treasury bills"** means any short-term government debt security sold at a discount in return for the promise of being redeemed for the full face value within a period not exceeding 12 months.

## **PART II**

### **Stock and Bonds (ss 3-15)**

#### **3. Loans to be raised by stock or bonds**

Subject to the provisions of section 20 the Minister may, from time to time, raise moneys in and outside Botswana on the best and most favourable terms obtainable by the issue, whether public or otherwise, of stock or bonds.

#### **4. Payment into Development Fund or Consolidated Fund**

The proceeds of the issue of any stock or bonds shall be paid into the Development Fund or Consolidated Fund as may be prescribed in respect of that issue.

#### **5. Principal moneys, etc. charged on Consolidated Fund**

The principal moneys represented by any stock or bonds and interest thereon are hereby charged upon and shall be payable out of the Consolidated Fund.

#### **6. Expenses**

All expenses connected with and incidental to the raising of loans and the issue or management of any stock or bonds shall be a charge on the Consolidated Fund, or, if the Minister so directs, shall be payable out of the principal moneys raised.

#### **7. Terms and conditions**

(1) Stock and bonds shall be issued subject to such terms and conditions as may be prescribed in respect of each issue and specified in a prospectus relating to that issue.

(2) The prospectus referred to in subsection (1) may contain all or any of the following matters—

- (a) the name, title and amount of the issue;
- (b) the price of issue;
- (c) the denominations or units in which the security will be issued or transferred;
- (d) the maximum permissible holdings by any one person of any issue of stock or bonds;
- (e) restricting the transfer of any issue of stock or bonds;
- (f) the amount of collateral required for the payment of principal and interest;
- (g) the rate of interest;
- (h) the times and places of the payment of principal and payments of interest;
- (i) the exchange of bonds into those of another class;
- (j) the conversion of bonds into stock;
- (k) the exchange listing information, where applicable;
- (l) the prepaid options granted to the issuer or investor; and
- (m) any other conditions, not being inconsistent with the provisions of this Act.

(3) Without prejudice to the generality of subsection (2), a prospectus may contain a condition to the effect that any principal moneys represented by the issue of any stock or bonds,

together with any interest payable thereon, shall be exempt from liability for any or all taxes, duties, imposts or levies.

#### **8. Authority to issue stock or bonds exceeding P50 million**

(1) The Minister shall seek the authority of Parliament for the issue of any stock or bonds in excess of P50 million.

(2) As soon as may be after the issue of any stock or bonds, the Minister shall present a paper to Parliament containing a report on the issue, the amount of the issue, the terms and conditions as to interest and redemption, and any further information which he considers appropriate.

#### **9. Register of stock and bonds**

(1) Stock and bonds shall be issued in scripless format and record of their ownership shall be maintained in an electronic book entry system.

(2) A statement of holdings or an electronic register certified as current by a person nominated by the Minister for that purpose shall, until the contrary is proved, be evidence of the ownership by any person of a stock or bond.

#### **10. Certificates of title**

The Minister shall, within 30 days of receipt of a certified statement of final coupon or dividend payment due from any stock or bond, cause to be sent, to the owner, a statement showing that ownership of bonds or stock has been duly recorded in the statement of holdings.

#### **11. Interest**

Interest on stock and bonds shall be payable on such dates, at such intervals and at such places as shall be prescribed in respect of each issue or on the surrender and cancellation of any such stock or bonds.

#### **12. Redemption**

(1) Stock and bonds shall be redeemable on such dates and in such amounts as shall be prescribed at the time of their issue.

(2) No interest shall accrue on any principal moneys secured by any stock or bonds after the date of redemption, whether payment of the principal moneys has been demanded or not, unless the Minister otherwise has prescribed at the time of issue of any such stock or bonds.

(3) Without prejudice to the provisions of subsection (1)—

- (a) no redemption date shall, in the case of stock, be later than 30 years from the date of issue, and, in the case of bonds, be later than 25 years from the date of issue; and
- (b) the Minister may reserve the right to redeem any stock, in whole or in part, by drawings or otherwise, at any time prior to any such redemption, on such conditions as may be prescribed at the time of issue of such stock.

(4) Notwithstanding the provisions of this section, any bond may, if the holder so requests and the Minister so authorizes, be surrendered and cancelled at any time before the date of redemption subject to such conditions as the Minister shall determine and any such surrender and cancellation shall be entered in the register.

#### **13. Bank to be sole agent**

The Bank shall be the sole agent for the issue, management or redemption of any stock or bonds issued or to be issued, or to perform such other duties under this Act as the Minister may consider appropriate.

#### **14. No responsibility for trust**

Neither the Minister, the Bank nor any officer acting on behalf of the Bank, shall be under any obligation as regards the due fulfillment of any trust, whether expressed, implied or constructive, to which any security may be subject, notwithstanding any notice that the security is held subject to a trust.

#### **15. Indemnity**

No matter or thing done by any public officer or employee acting on behalf of the Bank, bona fide, for the purpose of executing any of the provisions of this Act shall render such public

officer or employee personally responsible for any action, liability, claim or demand whatsoever.

### **PART III**

#### ***Treasury Bills (ss 16-19)***

##### **16. Issue of Treasury bills**

(1) Subject to the provisions of section 20, the Minister may raise moneys by the public issue in Botswana of Treasury bills.

(2) The Minister may also raise from time to time by the issue of such Treasury bills such sums as may be required to pay off at maturity bills already lawfully issued and outstanding.

##### **17. Moneys to be paid into or charged upon Development Fund or Consolidated Fund**

(1) The proceeds of the issue of any Treasury bills shall be paid into the Development Fund or Consolidated Fund as may be prescribed in respect of that issue.

(2) The principal moneys represented by any Treasury bills and interest thereon are hereby charged upon and shall be payable out of the Consolidated Fund.

(3) All expenses connected with, and incidental to, the raising of loans and the issue or management of any Treasury bill shall be a charge upon the Consolidated Fund, or shall be payable out of the principal moneys raised.

##### **18. Value and tenor of Treasury bills**

Every Treasury bill shall be for the sum of P10,000 or a multiple of P10,000 and shall be repayable at par at such time or times as the Minister may, before the issue of such Treasury bills, fix and determine but not later than 370 days from the date of issue.

##### **19. Bank to keep records of payments**

The Bank shall cause to be kept, for a period of 10 years, records of payments of principal and interest represented by bonds, stock and Treasury bills.

### **PART IV**

#### ***Limitation on Borrowing (s 20)***

##### **20. Limitation on borrowing**

(1) The maximum amount to be raised by the issuer under this Act by the issue of stock, bonds and Treasury bills shall be determined by the total debt issuance, together with government guaranteed debt, expressed as a percentage of the annual gross domestic product.

(2) The total domestic debt and government guaranteed debt shall not exceed 20 per cent of the annual gross domestic product.

(3) The total foreign debt and government guaranteed debt shall not exceed 20 per cent of the annual gross domestic product.

### **PART V**

#### ***Regulations (ss 21-23)***

##### **21. Regulations**

The Minister may make regulations for the better carrying out of the provisions of this Act and such regulations may provide for all or any of the following matters—

- (a) prescribing the terms and conditions of the issue of any stock, bonds or Treasury bills;
- (b) prescribing the form of the certificate in respect of any stock, bonds or any Treasury bill, and whose signatures shall appear thereon;
- (c) providing for the issue of a prospectus in respect of any issue of stock or bonds;
- (d) the registration of stock or bonds;
- (e) the issue, transfer, conversion, replacement and redemption of stock or bonds;
- (f) prescribing the method of redemption of stock by drawing;
- (g) prescribing the persons who may be registered as stockholders and bondholders;
- (h) prescribing the method by which any payment in respect of any stock, bond or Treasury bill may be made;
- (i) providing for the registration, payment of interest, repayment of principal, and transfer of stock or bonds in the case of persons who are or may be under any legal disability;
- (j) providing for the replacement of certificates which have been lost or destroyed;

- (k) providing for registers of stockholders and bondholders on whose stock or bonds the interest has been unclaimed;
- (l) prescribing the fees and charges for any services rendered pursuant to the provisions of this Act; and
- (m) providing for the periodical closing of any register.

**22. Repeal of Cap. 56:07**

The Stock, Bonds and Treasury Bills Act is hereby repealed.

**23. Savings**

Notwithstanding the repeal effected under section 22, any stock, bonds or Treasury bills issued immediately before the coming into force of this Act, shall be deemed to have been issued under this Act.