

**THE CAPITAL MARKETS AND SECURITIES (ESTABLISHMENT OF STOCK
EXCHANGES) REGULATIONS
ARRANGEMENT OF REGULATIONS**

Regulation

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THE CAPITAL MARKETS AND SECURITIES
(ESTABLISHMENT OF STOCK EXCHANGES) REGULATIONS

G.N. No. 416 of 1996

PART I
PRELIMINARY PROVISIONS (regs 1-2)

1. Citation

These Regulations may be cited as the Capital Markets and Securities (Establishment of Stock Exchanges) Regulations.

2. Interpretation

In these Regulations, unless the context otherwise requires—

"**interim stock trading facility**" means the facility to be established in accordance with section 114 of the Act;

"**rules**" in relation to a stock exchange means the rules governing the conduct of a stock exchange or its members by whatever name they are called and includes rules contained in the regulations of the stock exchange.

PART II
APPROVAL OF STOCK EXCHANGE (regs 3-7)

3. Application for approval

An application for approval of a stock exchange shall be made by a body corporate to the Authority in triplicate in the form specified in the Schedule.

4. Application to be accompanied by memorandum of association and articles

An application for approval of the establishment of a stock exchange shall be accompanied by the applicant's memorandum of association which shall be in a form and satisfactory to the Authority and shall—

- (a) not permit the distribution of profits to members; and
- (b) restrict the membership of the stock exchange, dealers and such other persons as may be decided by the Authority.

5. Application fee

An application to establish a stock exchange, shall be accompanied by an application fee of the sum of five hundred thousand shillings which shall be payable in a manner determined by the Authority.

6. Approval subject to conditions

Approval for the establishment of stock exchange shall be granted subject to compliance with the provisions of Part IV of these Regulations.

7. Publication of notice of approval

Notice of approval of the establishment of stock exchange shall be published by the Authority in the *Gazette* and shall take effect on the date of publication of the said notice in the *Gazette*.

PART III
PERMIT FOR INTERIM STOCK TRADING FACILITY (regs 8-11)

8. Application for permit to establish an Interim Stock Trading Facility

(1) Any person who holds a dealer's licence may apply to the Authority for a permit to establish and maintain an interim stock trading facility.

(2) An application for a permit to establish an interim stock trading facility shall be made in triplicate in the form prescribed in the Schedule.

9. Application fee

An application for a permit to establish an interim stock trading facility shall be

accompanied by an application fee of the sum of five hundred thousand shillings payable in a manner to be determined by the Authority.

10. Publication of notice of permit

Notice of a permit for the establishment of an interim stock trading facility shall be published by the Authority in the *Gazette* and shall take effect on the date of publication of the notice in the *Gazette*.

11. Transition of Interim Stock Trading Facility to Stock Exchange

An interim stock trading facility granted a permit in accordance with section 114 of the Act and these Regulations shall operate as an interim facility for a maximum period of five years after which the provisions of Part 1 of these Regulations will have to be complied with:

Provided that the Authority may extend the period of five years upon application being made by an interim stock trading facility within three months prior to expiration of the period of five years.

PART IV

CONDITIONS FOR GRANT OF APPROVAL AND PERMIT (regs 12-20)

12. Requirements as to Stock Exchange

- An interim stock trading facility approved by the Stock Exchange Authority shall—
- (a) engage solely in the business of operating a securities exchange;
 - (b) maintain a governing body which consists of dealers and persons providing a fair representation for listed companies, investors and the general public who are acceptable to the Authority;
 - (c) employ a Chief Executive and an administration of sufficient capacity to administer the stock exchange including any contractual arrangements with specialised organisations for the settlement, deposit or efficient clearing of business;
 - (d) establish a physical location and mode of operation which contributes to a more orderly and efficient market for securities in Tanzania;
 - (e) establish a physical trading facility at which all bids to purchase and offers to sell can be exposed to each other and at which members of the public are granted an opportunity to witness trading; and
 - (f) maintain a system to be approved by the Authority for granting compensation to investors who suffer pecuniary loss resulting from the failure of a dealer to meet his contractual obligations.

13. Certain conditions attached to approval or permit

It shall be a condition for every grant of approval to establish a stock exchange or permit to establish an interim stock trading facility that the authority shall be furnished with—

- (a) a list of members of the stock exchange or interim stock trading facility and any amendments thereto;
- (b) names of members of the council of a stock exchange or governing body of an interim stock trading facility and any change thereto;
- (c) notice of any disciplinary action taken against a member of a stock exchange or interim stock trading facility;
- (d) changes in the appointment or the terms and conditions of the chief executive officer;
- (e) a list of securities traded in the stock exchange or interim stock trading facility and any amendments thereto;
- (f) in the case of a stock exchange, proposed amendments to be made to the

- (g) conditions under which securities may be listed for trading;
- (g) proposed amendments to be made to the conditions governing dealing in securities by members of a stock exchange;
- (h) monthly returns of the volume of securities traded in the stock exchange or interim stock trading facility in a manner prescribed by the Authority;
- (i) amendments proposed to be made to the rules governing the conduct of the stock exchange, or its members;
- (j) the days and hours of business of a stock exchange or interim stock trading of the stock exchange;
- (k) such other information as may be required by the Authority.

14. Conditions for trading, settlement and delivery

A stock exchange shall regulate its, members and ensure the day to day management of trading, settlement, delivery and other activities on dealing in securities in accordance with the memorandum and articles, rules, by-laws and regulations of the stock exchange which have been approved by the Authority.

15. Accounting records

A stock exchange shall maintain and reserve such books of account and documents, or acceptable alternative accounting records in their place as may be determined by the Authority for a period of seven years.

16. Annual reports

A stock exchange shall before the 30th June in each year or such extended period as the Authority may from time to time allow, furnish the Authority with a report of activities during the preceding calendar year in the form as may be required by the Authority.

17. Amendment of memorandum and articles

The Memorandum and Articles of Association and by laws of a stock exchange in so far as they have been approved by the Authority, shall not be amended, varied or rescinded without the approval of the Authority.

18. Compliance with listing requirements

A stock exchange shall comply with the rules formulated by the Authority to regulate the listing of securities.

19. Powers of Chief Executive

The Chief Executive of a stock exchange shall have the power to enforce the rules, by-laws and regulations of the stock exchange and to administer the prescribed penalties including suspension from trading.

20. Transparency of transactions

A stock exchange shall make public its transactions in such a manner as may be required by the Authority.

SCHEDULE
APPLICATION FOR APPROVAL TO ESTABLISH A STOCK EXCHANGE OR PERMIT TO ESTABLISH AN INTERIM STOCK TRADING FACILITY

1. Name of Company Limited.
 Address:
 Date of Incorporation:
 Number of Company:

We hereby apply for approval to establish stock exchange/permit to establish an interim stock trading facility ⁱ1 and submit the following information for your consideration:

- (a) Location of principal office
- (b) Details of capital structure:
 - (i) Nominal capital T.Shs.
 - (ii) Paid up capital T.Shs.
- (c) Names and addresses of Directors.
 - 1.
 - 2.
 - 3.
 - 4.
 - 5.
 - 6.
 - 7.
- (d) Name and address of the Chief Executive:

2. We enclose two copies each of the following documentation required to accompany the application.

For official use only
Status:
Received/Not received

- (a) The Memorandum and Articles of Association, and the rules and by-laws of the Stock Exchange _____
- (b) The listing requirements for the Stock Exchange _____
- (c) The list of names and addresses of the members of the Stock Exchange _____
- (d) The list of companies listed with the Stock Exchange _____
- (e) The audited annual accounts for the last three years of operation, or the period since inception, if shorter, of the securities exchange. If the company has taken over existing operations of a securities exchange, please provide those relevant accounts _____

3. We also enclose application renewal fee of T.Shs.

4. Declaration of compliance in the case of application of a permit to establish an interim stock trading facility:

I/We

do hereby state that I/we have read the Rules designed to regulate the interim stock trading facility issued by the Authority and further that I/we ⁱⁱ2 shall abide by those Rules.

Date:

Signed:) Director
) Director/
) Secretary ⁱⁱⁱ3
