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THE CAPITAL MARKETS AND SECURITIES ACT,
(CAP 79)

CAPITAL MARKETS AND SECURITIES (CORPORATE AND
SUBNATIONAL
SUKUK BONDS) GUIDELINES, 2023

ARRANGMENT OF CLAUSES

Clause Title

CHAPTER I
PRELIMINARY MATTERS

1. Citation.
2. Application.
3. Objectives.
4. Interpretation.

CHAPTER II

RESPONSIBLE PARTIES, ISSUERS AND RATING REQUIREMENTS

5. Duty of responsible party.
6. Eligibility of issuer to issue sukuk.
7. Types of eligible issuers.
8. Rescheduling or restructuring of issue.
9. Sukuk rating.

CHAPTER III

RESPONSIBLE PARTIES SPECIFIC TO SUKUK ISSUANCE

(a) Shariah Board and Shariah Advisor

10. Shariah Board.
11. Shariah advisor.
12. Duties of Shariah Advisor.
13. Contents of Shariah pronouncement.

(b) Lead advisor

14. Lead advisor or arranger.

(c) Special Service Vehicle (SPV)

15. Special purpose vehicle.
16. Functions of SPV.
17. Modification of terms of sukuk.
18. Exemption from formation of SPV.

CHAPTER III
SUKUK DOCUMENTATION AND APPROVAL

19. Documentation of sukuk issuance.
20. Approval of prospectus.
21. Implementation timeframe.
22. Variation of terms and conditions.
23. Approval of variation.
24. Green shoe option.
25. Post-issuance green shoe.
26. Other regulatory approvals and compliance.
27. Post-issuance requirements.
28. Subscription for sukuk.
29. Allotment of sukuk.
30. Sukuk proceeds.
31. Sukuk depository operations.
32. Utilisation of sukuk proceeds.
33. Periodic distributions.
34. Derivative considerations.

CHAPTER V
SUKUK SECONDARY MARKET

35. Listing of sukuk on DSE.
36. Accounting standards and reporting.
37. Reporting requirements.
38. Continuous disclosure obligation.
39. Default procedures.
40. Early redemption of sukuk.

**CHAPTER VI
REDEMPTION**

- 41. Redemption at maturity date.
- 42. Early redemption.

**CHAPTER VII
GENERAL SHARIAH RULINGS APPLICABLE TO SUKUK**

- 43. Forms and characteristics of sukuk.
- 44. Characteristics.
- 45. Sukuk structure to comply with international structures.
- 46. Naming of sukuk.
- 47. Sukuk pricing.
- 48. Sukuk issuance.

**CHAPTER VIII
TREATMENT OF SUKUK ASSETS AND PRIVATE PLACEMENT
SUKUK**

- 49. Identification of assets to back sukuk.
- 50. Sukuk assets of originator.
- 51. Issuance of private placement sukuk.

**CHAPTER IX
COMPLIANCE WITH LEGAL AND REGULATORY REQUIREMENTS**

- 52. Compliance with conventional regulatory requirements.
- 53. Compliance with Shariah rulings, principles and standards.
- 54. Requirements for issuance of sukuk.

*Capital Markets and Securities (Corporate and Subnational
Sukuk Bonds) Guidelines,*

GN. NO. 731 (Contd)

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SCHEDULE
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CAPITAL MARKETS (CORPORATE AND SUBNATIONAL SUKUK
BONDS) GUIDELINES, 2023

(Made under section 10(2)(v))

PART I
PRELIMINARY MATTERS

- | | |
|-------------|---|
| Citation | 1. These Guidelines may be cited as “The Capital Markets and Securities (Corporate and Subnational Sukuk Bonds) Guidelines, 2023. |
| Application | 2. These Guidelines shall apply to all crowdfunding activities operating in the United Republic of Tanzania;- |
| Objectives | 3.-(1) The Guidelines aim at-
(a) providing guidance for the issuance and operation of sukuk business undertakings in the United Republic of Tanzania;
(b) establishing a mechanism for supervising sukuk issuance;
(c) setting requirements and minimum standards for operation and disclosure that aims to protect the interests of sukuk holders and issuers; and
(d) widening the scope of alternative financing through diversification of alternative financing products and enhancement of market liquidity. |

*Capital Markets and Securities (Corporate and Subnational
Sukuk Bonds) Guidelines,*

GN. NO. 731 (Contd)

(2) Without prejudice to sub clause (1), sukuk instruments issued by subnational institutions shall also be governed by the-

- Cap. 134 (a) Government Loans, Guarantee and Grants Act;
- Cap. 290 (b) Local Government Finance Act;
- Cap. 410 (c) Public Procurement Act;
- Cap. 417 (d) Financial Leasing Act;
- Cap. 103 (e) Public Private Partnership Act;
- (f) Guidelines for Project Planning and Negotiations for Raising Loans, Issuing Guarantees and Receiving Grants of 2020; and
- (g) National Guideline for Developing and Financing Income-Generating Infrastructure Investments 2021.

Interpretation

4. In these Guidelines, unless the context requires otherwise-

Cap.79

“Act” means the Capital Markets and Securities Act,
“approval” means an approval or authorization granted under the Act ;

“asset-backed-sukuk” means raising finance where the principal is covered by the capital value of the asset but the returns and re-payments to sukuk holders are directly financed by these assets thus making investors to have recourse to these assets in case of default;

“asset-based sukuk” means raising finance where the principal is covered by the capital value of the asset but the returns and re-payments to sukuk holders are not directly financed by these assets hence making investors to have no recourse to the assets in case of default.

*Capital Markets and Securities (Corporate and Subnational
Sukuk Bonds) Guidelines,*

GN. NO. 731 (Contd)

- “Authority” means the Capital Markets and Securities Authority established under the Act;
- “Board” means the governing body of directors of a sukuk issuer and operator or originator;
- “business day” means any working day excluding weekends and public holidays;
- “collective investment scheme” is an investment fund used for collective investment by investors;
- “collecting agents” means an entity, capital market intermediary or financial institution, contracted to receive applications of sukuk;
- “convertible sukuk” means a type of sukuk structure in which sukuk certificates have an embedded option giving the sukuk holders the right, without the obligation, to convert the sukuk into real assets;
- “independent valuer” means a person with no material current or prior business or personal relationship with an advisor or the directors and who is engaged to a substantial extent in the business of rendering opinion regarding the value of investments of the type held by the Company;
- “issuance refers to–
- (a) making available;
 - (b) offering for subscription or purchase of; or
 - (c) issuing of an invitation to subscribe for or purchase a sukuk;
- “issuer” means any entity which makes available, offer for subscription, purchase, or issue an invitation to subscribe for or purchase a sukuk;
- “lead arranger or lead advisor” means the licensed financial advisory service provider that manages issuance of financial securities, including book running and

- organising all other advisors for an issue;
- Cap. 342 “licensed bank” means an entity that is engaged in the banking business and licensed under the Banking and Financial Institutions Act;
- “light asset -backed sukuk” is the type of sukuk comprising of more intangible assets than tangible assets, each of them within a specified percentage;
- “non-convertible sukuk” means the type of sukuk structure in which sukuk certificates have no option giving the sukuk holders the right, without the obligation, to convert sukuk into real assets;
- “obligor” means an entity that is contractually obliged to honour the financial obligations of an issuer;
- “offeror” means a part in a *Shari’ah* compliant contract, such as *Ijara*, that offers to the other part the duty to fulfil a certain obligation under the contract;
- “originator” means any entity that is seeking to transfer, dispose or assign assets or risks to a SPV in a securitization transaction;
- “registrar” means an entity that is responsible with maintenance of sukuk holders’ records;
- “responsible party” means any person who is accountable or responsible, whether solely or jointly with other persons in the life cycle of a sukuk and includes the following:
- (a) an issuer;
 - (b) an intermediary licensed by, or registered with the Authority;
 - (c) any person whose profession gives them authority to a statement made by him, or is responsible or accountable for having prepared or certified any opinion statement or report for

use in connection with the sukuk; or
(d) any other person identified by the issuer as having-

(i) authority over, makes or has substantial influence in making decisions that affect the whole or a part of the lifecycle of the sukuk; or

(ii) a significant role, function, accountability or responsibility in relation to a sukuk;

“*Shariah* advisor” means a credible *Shariah*-compliant institution which is a member of AAOIFI or IFSB with at least two individual Islamic scholars with a minimum of degree qualification in *Shariah* or Islamic Finance from a recognized institution;

“*Shariah* Board” means the Board of *Shariah* scholars formed within a *Shariah*-compliant financial institution to provide *Shariah* opinions on the transactions, conducts of the institution and its conformity with the *Shariah* rules and principles;

“sophisticated investor” means an investor who has sufficient capital, experience and net worth to engage in more advanced types of investment opportunities;

“sukuk certificates” means certificates of equal value representing undivided shares in ownership of tangible assets, usufruct and services or (in the ownership of) the assets of particular projects or special investment activity, in which case the investment certificate represents ownership of tangible or intangible assets or a combination of the two, which back the issuance of the instrument;

- “sukuk programme” means a facility which allows multiple issues, offers or invitations to subscribe or purchase sukuk medium-term note, within a specified period of time;
- “sukuk holder” means a person in whose name a sukuk is registered in the sukuk register;
- “sukuk trustee” means an entity that is charged with the role of protecting the interests of sukuk holders, supervising the performance of issuance and safe custody of documents and guarantees for consideration as stipulated in the prospectus on the basis of agency contract;
- “sukuk delegates” means majority sukuk holders elected from amongst sukuk holders to represent the interests of the sukuk holders;
- “supranational” means an international organization that is empowered to directly exercise some of the powers and functions otherwise reserved to states;
- “socially responsible investment sukuk” means an investment sukuk where the sukuk proceeds will be applied exclusively for funding of any activities or transactions relating to the eligible projects;
- “Special Purpose Vehicle (SPV)” means an independent legal entity created by the sukuk originator typically in the form of a trust or a limited liability company registered in the jurisdiction to facilitate a sukuk issuance;
- “sovereign and subnational interest-free sukuk bonds” means a sovereign sukuk issued by the Government of the United Republic of Tanzania, the Revolutionary Government of Zanzibar, local Government authorities, and subnational institutions

local or foreign currencies denominated; and
“sukuk proceeds” means the issue proceeds provided by the
subscriber of each series of the sukuk *wakalah* upon
their subscription of the relevant sukuk *wakalah*;

PART II
RESPONSIBLE PARTIES, ISSUERS AND RATING
REQUIREMENTS

Duty of
responsible
party

5.-(1) A responsible party shall—

- (a) carry out its roles and responsibilities in relation to the sukuk;
- (b) discharge its functions with integrity, due care, knowledge, skill and diligence; and
- (c) declare any conflict of interest, actual or potential, and effectively manage them in the best interest of the sukuk holder.

(2) A Responsible party who is aware of any change or likelihood of any change that may render any information or document submitted to the Authority or provided to sukuk holders to be false, misleading or contain any material omission, shall immediately inform the principal adviser to enable the principal adviser or lead arranger to make the necessary revision.

(3) A person shall not frustrate or impede the performance of the roles and responsibilities of a responsible party.

(4) The principal adviser shall identify all other responsible parties accountable or responsible in the lifecycle of a corporate bond or sukuk.

(5) Where a responsible party ceases to be accountable or responsible for any of the roles or

*Capital Markets and Securities (Corporate and Subnational
Sukuk Bonds) Guidelines,*

GN. NO. 731 (Contd)

responsibilities relating to a sukuk, the principal adviser shall identify a new responsible party to undertake such a role and responsibility.

(6) All responsible parties shall set out their respective roles and responsibilities in relation to the sukuk.

Eligibility of issuer to issue sukuk

6. An issuer whose businesses are *Shariah* compliant, in accordance with internationally recognized *Shariah* screening criteria, is eligible to issue sukuk under these Guidelines.

Types of eligible issuers

7. The types of issuers eligible to issue sukuk under these Guidelines include-

- (a) a public company whose shares are listed on a stock exchange;
- (b) a licensed bank, financial institution or investment bank; and
- (c) a public company whose shares are not listed on a stock exchange, provided that –
 - (i) the sukuk are irrevocably and unconditionally guaranteed in full by any of the entities referred to in paragraphs (a), (b), or a credit guarantee scheme; or
 - (ii) the sukuk are issued by a public company established by any of the entities referred to in paragraphs (a) or (b), with full recourse to the establishing entity in its capacity as obligor.

Rescheduling or restructuring of issue

8. An issuer shall, where there is a rescheduling or restructuring of an issue, obtain a *Shariah* pronouncement on the rescheduling from a *Shariah* advisor.

Sukuk rating 9.-(1) Sukuk rating assigned by the rating agencies shall indicate compliance with *Shariah* rating criteria specified by internationally recognized standard setting bodies on matters relating to sukuk assets, return to investment, redemption payment, parties to the issuance, use of proceeds, risk management, disclosure and investor protection.

(2) Sukuk issuance shall, where applicable, obtain a *Shariah* rating for enhancing public confidence.

(3) The rating shall consider qualitative and quantitative *Shariah* screening criteria that consider among others, levels of Sharia compliance in terms of cash, debt, receivables and impermissible income.

PART III RESPONSIBLE PARTIES SPECIFIC TO SUKUK ISSUANCE

(a) *Shariah Board and Shariah Advisor*

Shariah
Board

10.-(1) An issuer shall constitute a *Shariah* be comprised of *Shariah* scholars who shall provide opinions on matters related to compliance of the transaction and the Institution, with the *Shariah* rules and principles, pre-and post-issuance.

(2) The *Shariah* Board shall remain engaged throughout the tenure of the sukuk.

Shariah
advisor

11. A *Shariah* advisor shall be a *Shariah* compliant corporate entity, member of AAOIFI or IFSB with at least two individual Islamic scholars with a minimum of degree qualification in *Shariah* or Islamic finance from a recognized institution.

Duties of
Shariah
advisor

12. (1) The *Shariah* advisor shall-
- (a) be independent from the SPV and shall not hold office as member of the investment committee of funds managed and administered by the SPV; and
 - (b) carry out roles and responsibilities including-
 - (i) advise on all aspects of the issuance of sukuk in accordance with sukuk principles;
 - (ii) providing sukuk expertise and guidance on all matters, particularly in documentation, structuring and investment instruments; and
 - (iii) ensure that the applicable sukuk rulings, principles and concepts comply with the best-known International standards and practices;
 - (c) issue a duly signed certificate of *Shariah* compliance certifying compliance of the sukuk as regards to *Shariah* rulings, principles and standard; and
 - (d) issue *Shariah* pronouncement regarding various issues pertaining to the sukuk to rule on specific issues as may arise.
- (2) For the purpose of paragraph (12)(d), *Shariah* pronouncements may be made by the *Shariah* Board and endorsed by the *Shariah* advisor.

Contents of
Shariah
pronouncement

- 13.-(1) The *Shariah* pronouncement in clause 12 shall, among others, specify the following:
- (a) the structure of the *Shariah* compliance;

- (b) whether or not and to what extent the return to sukuk holders is attributable to the underlying assets;
- (c) sukuk contracts and documentation;
- (d) a description of sukuk assets and continuous compliance requirement;
- (e) exclusive application of sukuk proceeds for Shariah compliant uses;
- (f) payment conditions of sukuk in case of the originator bankruptcy (subordinated or pari pasu with other claimants)
- (g) sukuk profit distribution mechanism;
- (h) ownership of sukuk underlying assets or beneficial ownership of sukuk assets;
- (i) whether and to what extent the related agreements and contracts, separately and collectively, are consistent with the concerned *Shariah* principles;
- (j) exceptions, reservations, and qualifications regarding *Shariah* compliance, if any, and details thereof; and
- (k) any other issue as determined by *Shariah* advisors.

(b) lead advisor

Lead advisor
or arranger

- 14.-(1) The lead advisor or arranger shall-
- (a) be appointed by the SPV or issuer depending on the type of the sukuk, to identify and coordinate all other parties in the lifecycle of a sukuk;
 - (b) also coordinate preparation of sukuk documentations; and

(c) have in place policies and processes to identify, monitor, manage and mitigate conflict of interest.

(2) A lead advisor or arranger shall, where a responsible party ceases to be accountable or responsible for any of the roles or responsibilities relating to a sukuk, identify a new responsible party to undertake such a roles and responsibilities.

(c) Special Purpose Vehicle

Special
purpose
vehicle

15.-(1) The Special Purpose Vehicle shall-

(a) ensure that the sukuk is enforced, ring-fenced, and the rights of the issuers, sukuk holders and related parties are protected, especially in the event of default; and

(b) be liable for any act or omission of any party with whom any investments forming part of the property of the sukuk, as if it was an act or omission of any nominee in relation to any investment forming part of the property of the sukuk.

(2) The originator of the sukuk shall not have control on the day to day operations of the Special Purpose Vehicle.

Functions of
SPV

16. Notwithstanding clause 15, the special purpose vehicle shall perform the following functions:

(a) collect sukuk proceeds from investors on behalf of the originator and monitor collection of revenues from the project for periodic distributions and redemption payments to sukuk

- holders;
- (b) take reasonable care to ensure that sukuk certificates are not issued until sukuk proceeds have been paid in full;
 - (c) take control of all the property of the Sukuk and hold it in trust for the sukuk holders in accordance with the provisions of the constitutive documents and assets shall be registered in the name of or to the order of the SPV;
 - (d) take reasonable care to ensure that the sale, issuance, repurchase, redemption and cancellation of sukuk are carried out in accordance with the provisions of the constitutive documents;
 - (e) carry out the instructions of the sukuk holders through delegates in respect of investments unless they are in conflict with the provisions of the offering or constitutive documents;
 - (f) take reasonable care to ensure that the investment and borrowing limitations set out in the constitutive documents(defined) and the conditions under which the sukuk was authorised are complied with;
 - (g) keep proper accounts of the assets;
 - (h) inform sukuk holders of any change in the asset valuation on yearly basis; and
 - (i) shall establish adequate operational systems and resources to administer the Sukuk assets and proceeds, profit generation from the assets, periodic and dissolution payments and, any other requirements as may be specified by the

Authority.

(2) The registry with maintenance of sukuk holders' records shall be maintained by Special Purpose Vehicle or Issuer depending on the structure of the sukuk.

Modification
of terms of
sukuk

17.-(1) Where there is a request from the originator to modify any terms and conditions of the Sukuk and the provisions of the trust deed, the SPV may concur with the originator in making the variation or modification provided that the SPV:

- (a) obtains approval from the Authority;
- (b) is satisfied that it is not materially prejudicial to the sukuk holders' interests and it has informed the registered sukuk holders of the request in writing at least 14 days prior to the concurrence;
- (c) is satisfied that the modification is necessary for the originator to comply with mandatory provisions of law or requirements imposed by the regulatory authorities and it has informed the registered sukuk holders of the request in writing at least 14 days prior to the concurrence; or
- (d) is authorized to do so by resolution of a stipulated majority of sukuk holders

(2) Where consent from sukuk holders is required for any proposed revision to the principal terms and conditions, the lead advisor shall ensure that:

- (a) the revised terms and conditions are reviewed and endorsed by the *Shariah* Advisor;
- (b) due process is observed in obtaining sukuk holders' consent, including the requirement that the issuer and any interested persons of the issuer abstain from voting at the meeting

- convened to obtain the sukuk holders' consent;
- (c) all material information pertinent to the revision is disclosed to sukuk holders; and
- (d) an announcement is made on the proposed revision prior to and immediately after obtaining decision in respect of sukuk holders' consent on the revision.

(3) The SPV may call for and rely upon a certificate signed by any authorized person of the issuer as to any fact or matter prima facie within the knowledge of the issuer as sufficient evidence of it.

(4) The sukuk holders shall not have the rights to direct the SPV as to how to exercise its rights and powers except by express provision in the trust deed and no loss or damage may be recoverable against the SPV except in the case of default or negligence on the part of the SPV.

Exemption
from
formation of
SPV

18.-(1) Where formation of SPV would result in breach of legal or regulatory requirements, a sukuk may be issued without formation of an SPV.

(2) Entities which may issue sukuk without SPV include commercial banks and financial institutions that have to meet prescribed prudential requirements on asset and capital.

(3) Where sukuk is issued without formation of SPV, the roles attributed to the SPV shall be performed by sukuk delegates duly constituted through a trust deed and approved by the Authority.

PART IV

SUKUK DOCUMENTATION AND APPROVAL

Documentati
on of sukuk
issuance

19.-(1) An SPV and lead advisor shall make complete and accurate disclosure of all material information in a timely manner as to enable investors make informed assessment of the sukuk.

(2) Documentation for sukuk issuance shall, at minimum, include:-

- (a) sukuk prospectus;
- (b) asset transfer or sale document;
- (c) trust deed;
- (d) *Shariah*-compliance certificate; and
- (e) a rating certificate, where applicable,.

(3) The prospectus shall contain all the key information as prescribed in the First Schedule to these Guidelines and, at minimum include-

- (a) issuers' declaration;
- (b) a risk management analysis;
- (c) legal opinion;
- (d) economic and financial information;
- (e) sukuk structure or term sheet; and
- (f) statement of use of proceeds.

(4) The issuers' declaration shall at minimum contain statements as specified under the Second Schedule to these Guidelines.

(5) The risk management section shall articulate risks related to the project, instrument, *Shariah* compliance and measures for mitigation of identified risks.

(6) All important documents for the issuance of Sukuk shall be submitted to the Authority for approval and the Dar es Salaam Stock Exchange for admission, and shall at minimum include the prospectus and trust deed.

(7) The minimum information required for application to invest in sukuk shall be as prescribed in the Fourth Schedule to these Guidelines.

Approval of
prospectus

20. The Authority may grant its approval for a sukuk programme, and, where applicable, register the prospectus for a proposed issue of sukuk, subject to receipt of complete set of documents and full compliance with relevant requirements as provided in these Guidelines.

Implementat
ion
timeframe

21.-(1) Except in the case of a sukuk programme, any approval given by the Authority under these Guidelines shall be implemented within twelve months from the date of the approval of the Authority.

(2) In the case of a sukuk programme, the initial issuance shall be made twelve months from the date of the approval of the Authority.

PART V

VARIATION OF TERMS AND CONDITIONS

Variation of
terms and
conditions

22. A revision to the principal terms and conditions of a sukuk issuance shall not result in non-compliance with any requirements provided in these Guidelines. Provided that, approval of the Authority shall be obtained prior to making any revision.

Approval of
variation

23.-(1) A request for approval of the Authority shall be made by submitting the relevant information and documents as set out in these Guidelines.

(2) Prior to the revision, the lead advisor shall ensure that the issuer has obtained consent from the relevant

parties for the proposed revision to principal terms and conditions, if such consent is required.

(3) Where consent from sukuk holders is required for any proposed revision to the principal terms and conditions, the lead advisor shall ensure that:

(a) any exercise to upsize a sukuk programme does not unfairly discriminate or is otherwise prejudicial to existing sukuk holders of the sukuk programme; or

(b) if the revision to the principal terms and conditions has any *Shariah* implications, the issuer through the lead advisor shall first refer such matters to the *Shariah* for endorsement prior to seeking approval from the Authority.

(4) For the purpose of the endorsement, the lead advisor shall submit to the Authority information and documents as specified under these Guidelines.

Green shoe
option

24.-(1) An issuer may revise the principal terms and conditions to increase the size of a sukuk programme, either pre-issuance or post-issuance, subject to the following conditions:

(a) post issuance green shoe option to require voting by sukuk holders;

(b) the voting for the sukuk programme is carried out on a “per tranche” basis and not on a collective basis; and

(c) the application of a green shoe option shall have been clearly provided for in the initial application submitted to the Authority in relation to the sukuk programme.

(2) Prior to application of the green shoe option, a

*Capital Markets and Securities (Corporate and Subnational
Sukuk Bonds) Guidelines,*

GN. NO. 731 (Contd)

lead advisor shall ensure that the issuer has obtained consent from the relevant responsible parties, if such consent is required.

Post-
issuance
green shoe

25. In case of post-issuance green shoe option, the lead advisor shall ensure-

- (a) that any exercise to upsize a sukuk programme does not unfairly discriminate or is otherwise prejudicial to existing Sukuk holders of the sukuk programme; and
- (b) where the revision to the principal terms and conditions has any *Shariah* implications, the issuer, through the lead advisor shall first refer such matters to the *Shariah* advisor for endorsement prior to seeking approval from the Authority.

Other
regulatory
approvals
and
compliance

26.-(1) Where applicable, an issuer shall ensure that-

- (a) it has complied with all relevant regulatory requirements from other regulatory authorities prior to its submission for approval to the Authority; and
- (b) it continues to comply with any conditions imposed by such regulatory authorities throughout the tenure of the corporate bonds and Sukuk.

(2) For the purpose of sub-clause (1)(a), where an approval from any other regulatory authority is required, such approval shall be valid and subsisting at the point of submission to the Authority.

(3) An issuer and its principal adviser must ensure

that the issuance has complied with all the relevant laws.

Post-
issuance
requirements

27.-(1) An issuer of sukuk shall, within fourteen days following closure of the offer, submit a post-issuance report to the Authority detailing the results of the offer.

(2) In the case of a sukuk programme, submission of the post-issuance report will apply to each issuance under the programme.

Subscription
for sukuk

28.-(1) Applicants shall subscribe for sukuk by submitting duly completed applications and evidence of payment of the subscription fee to the SPV and collecting agents.

(2) The applications for sukuk shall bear applicant's identification details as per relevant minimum customer due diligence or "know your customer" requirements.

(3) The application shall at minimum contain information as per requirements under the Third Schedule to these Guidelines.

(4) Each sukuk issuance shall specify a minimum subscription amount and multiples thereof.

(5) Subscription for sukuk shall be done either electronically or manually.

Allotment of
sukuk

29.-(1) Allotment of sukuk to subscribers shall be in accordance to the criteria stipulated in the prospectus.

(2) In case of-

(a) over-subscription, the prospectus shall state the allotment procedure; and

(b) under-subscription, the SPV shall seek approval of the Authority to pursue an alternative plan of action which may include extension of time,

(c) utilization of the received proceeds or return of monies to subscribers

Sukuk
proceeds

30.-(1) The SPV shall collect proceeds from sukuk investors and transfer them to the originator or obligor.

(2) Except for premature termination, expenses incurred by the SPV in connection to sukuk issuance shall be met from the sukuk proceeds.

(3) The SPV shall ensure that proceeds from the issuance of sukuk are utilized in accordance with the purposes reflected in the prospectus.

Sukuk
depository
operations

31.-(1) The SPV shall ensure that it has adequate and secured data or information processing system to support issuance, collection of proceeds, periodic distributions, information sharing to relevant parties including the Originator and DSE, and transfers between investors.

(2) The SPV shall register sukuk to the successful allottees in book entry form.

(3) A sukuk depository for subnational sukuk shall be the Central Securities Depository System of the DSE.

Utilization
of sukuk
proceeds

32.-(1) An issuer shall ensure that proceeds from the issuance of sukuk are utilised in accordance with the purposes reflected in the prospectus.

(2) The issuer shall ensure that-

(a) proceeds of the issue are utilized for *Shariah* compliant purposes and in the form and manner as disclosed in the prospectus;

(b) the transaction documents relating to the sukuk include the relevant parameters, conditions,

supporting documents and certificates to enable it to manage the release of the proceeds to the originator;

- (c) the reports regarding use of proceeds are submitted quarterly to the Authority within a month following the end of the quarter.

Periodic
distributions

33.-(1) Sukuk-holders shall be paid periodic distributions of profit that is computed based on the rate and frequency as stipulated in the prospectus.

(2) The payments in respect of periodic distribution shall be credited to the bank account specified by the sukuk holders in the application forms.

Derivative
considerations

34.-(1) The issue shall not embed any swaps, options or other derivatives except in the case of convertible or exchangeable sukuk.

(2) Where sukuk are convertible or exchangeable into ordinary shares of the issuer, the option of conversion or exchange, as the case may be, shall be by the agreement between the originator and the investors.

PART VII SUKUK SECONDARY MARKET

Listing of
sukuk on
DSE

35.-(1) Sukuk shall be listed at the DSE secondary trading as per the DSE rules covering listing, trading and depository operations.

(2) The SPV shall ensure compliance with DSE continuous listing obligations.

(3) Investors shall purchase or sell sukuk through licensed market intermediaries or designated electronic

trading platforms.

(4) Subject to the approval of the *Shariah* board, sukuk certificates may be collateralized for securing *Shariah*-compliant financing.

Accounting
standards
and
reporting

36.-(1) In addition to applicable international financial reporting standards, the issuer of sukuk shall ensure compliance with *Shariah* accounting and auditing standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI).

(2) For a Sukuk issued under Environmental, Social and Governance (ESG) or Socially Responsible Investments (SRI) Framework, the issuer of sukuk shall comply with International principles for sustainable reporting.

Reporting
requirements

37. An issuer shall-

- (a) prepare a report on the use of sukuk proceeds for submission to sukuk holders through sukuk delegates; and
- (b) publish reports on the performance of the project for access by sukuk holders at a frequency that will be specified in the prospectus.

Continuous
disclosure
obligation

38.-(1) An issuer shall:-

- (a) disclose any information which may have a material effect on the price or value of the sukuk;
- (b) immediately disclose information in respect of:
 - (i) any issuance of a new tranche or programme by the issuer;
 - (ii) any change in the terms and conditions of the sukuk;

- (iii) any redemption or cancellation of the sukuk
- (iv) any amendment to the trust deed;
- (v) any replacement of the *Shariah* advisor appointed by the issuer;
- (vi) any occurrence of an event under the trust deed which may have a material effect on the sukuk;
- (vii) any event which requires an immediate notification to the SPV under the trust deed;
- (viii) any meeting of sukuk holders (other than a meeting convened to pass a special resolution), at least 14 days before such meeting is held, and in the case of a meeting convened to pass a special resolution, at least 21 days before such meeting is held. The announcement shall include the date of the record of depositors which determines whether a depositor shall be regarded as a sukuk holder, hence entitled to attend, speak and vote at the meeting of the sukuk holder;
- (ix) make available the latest annual audited financial statements to its sukuk holders via sukuk delegates throughout the tenure of the sukuk;
- (x) risk factors associated with the sukuk;
- (xi) corporate profiles of all parties involved;
- (xii) detailed descriptions of the sukuk

structure securitizations transaction
and relevant contracts to the structure

- (xiii) detailed descriptions of the securitized sukuk assets including cash flow profiles, ageing of cash flows, historical levels of arrears (if any) and stress levels of cash flows; and
- (xiv) and any other disclosure requirements as may be specified by the Authority.

(2) Where the sukuk is listed on the stock exchange, the issuer shall also comply with the continuous disclosure obligations set out in the DSE rules.

(3) The issuer shall announce the maturity date of each issuance of the sukuk at least one month before the maturity date.

(4) In the case of-

- (a) an early redemption, sukuk holders shall within 14 days after consent from sukuk holders, be informed of the relevant details of a proposed resolution for an early redemption; and
- (b) a sukuk programme, the issuer shall ensure that a pricing supplement is made available to its sukuk holders prior to each issuance under the programme.

(5) The pricing supplement shall, at minimum, include the-

- (a) the date, size and tenure of issue;
- (b) the profit rate of the issuance; and
- (c) utilisation of proceeds raised from the issuance.

(6) All the information disclosed and announcements shall not contain any false or misleading statement or any material omission.

Default
procedures

- 39.-(1) Where the originator is in default in respect of contractual payment or return obligations to the SPV under the terms stipulated in the prospectus, the SPV shall-
- (a) at its discretion or as directed by a special resolution or as part of enforcement of the provisions of the trust deed, be entitled or obliged, within 14 days from the occurrence of an event of default, to declare the sukuk payments (both periodic and redemption) due and payable; and
 - (b) within 7 days from the occurrence of an event of default, notify the Authority, originator and the sukuk holders (through the sukuk delegates) of the event.

Early
redemption
of sukuk

Cap. 212

- 40.-(1) Default and events that may lead to early redemption of sukuk include:
- (a) any default in payment of any periodic payments, principal or profit under the sukuk;
 - (b) a winding up order has been made or resolution passed against the originator;
 - (c) where a receiver has been appointed over the whole or a substantial part of the sukuk assets under the originator;
 - (d) where there is a breach by the originator of any term or condition in the sukuk or provision of the trust deed or of any other document relating to the issue, offer or invitation in respect of the sukuk;
 - (e) where any other indebtedness of the originator

becomes due and payable prior to its stated maturity or where the security created for any other indebtedness becomes enforceable;

- (f) where there is a revocation, withholding, invalidation or modification of a licence, authorisation or approval that impairs or prejudices the originator's ability to comply with the terms and conditions of the Sukuk or the provisions of the trust deed or any other document relating to the issue, offer or invitation in respect of the sukuk; and
- (g) in case of corporate sukuk, the arrangement under section 240 (1) of the Companies Act has been instituted against the originator.

(2) The SPV shall convene a meeting of the sukuk holders to vote on whether to direct the SPV by a special resolution of the sukuk holders to take such action as the sukuk holders may specify through a special resolution.

(3) As a consequence of the default, the control over sukuk asset shall be transferred in full to the SPV, which if deemed appropriate, shall start the process of liquidation or any other reasonable steps.

(4) The SPV shall, within 7 days from the date of the decision, inform the Authority about such liquidation process or any other reasonable steps adopted.

PART VIII REDEMPTION

Redemption
at maturity
date

41. The sukuk shall be redeemed at the market value of underlying assets at maturity in whole and not in part.

GN. NO. 731 (Contd)

Early
redemption

42.-(1) The sukuk may be redeemed earlier than its maturity date provided that the prospectus stipulates such an option;

Provided that, such redemption shall be at market value.

(2) Notwithstanding sub clause (1), early redemption of sukuk may be done voluntarily at the option of the issuer or compulsory upon occurrence of trigger events specified in the prospectus,

Provided that the sukuk shall be redeemed in whole or in part.

CHAPTER VII
GENERAL SHARIAH RULINGS APPLICABLE TO
SUKUK

Forms and
characteristics
of sukuk

43. The following sukuk forms may be issued:

- (a) asset-based sukuk;
- (b) asset-backed sukuk;
- (c) convertible sukuk;
- (d) non-convertible sukuk; or
- (e) perpetual sukuk.

Characteristics

44. Sukuk shall have the following characteristics:

- (a) fixed term with principal and any accrued capital returns or profit payable at expiry;
- (b) fixed or variable rate of return or profit; and
- (c) returns or profits to be paid periodically on certain specified intervals from the issue date, except for sukuk without periodic distribution.

Sukuk
structure to

45.-(1) The structure of sukuk shall be in compliance with internationally acceptable structures and

GN. NO. 731 (Contd)

comply with international structures declared by *Shariah* advisor to the sukuk.

(2) Where-

- (a) the structure of sukuk departs from or does not comply with the internationally acceptable structures, the sukuk structure shall not be acceptable; and
- (b) a sukuk is structured using a single *Shariah* concept, the sukuk shall preferably be named according to that concept.

Naming of sukuk

46.-(1) The name of sukuk shall not be misleading and be based on the following:

- (a) where the sukuk are structured using a single *Shariah* contract, the sukuk shall be named according to that *Shariah* contract. For example, sukuk that are structured under the *Musharakah* contracts shall be named sukuk *Musharakah*; or
- (b) where the sukuk are structured using multiple *Shariah* contracts, the sukuk may be named according to the –
 - (i) constituent contracts, for example *Ijara-Istisna*; or
 - (ii) name of the issuer or obligor (where applicable).

(2) The application of the multiple *Shariah* contracts shall be disclosed in the principal terms and conditions of the sukuk.

Sukuk pricing

47.-(1) The pricing of sukuk shall-

- (a) be benchmarked at market lending rates prevailing in the country or around the world (in

- case of foreign-currency sukuk); and
- (b) largely consider inflation rate of the country and risk premium.

(2) Sukuk pricing and yield to maturity is calculated using predetermined formulas which differ from one sukuk structure to another and whether the periodic return rate is fixed or variable;

Provided that, the specific price and the basis for its computation for each issuance shall depend on a sukuk structure and shall be disclosed in the prospectus.

Sukuk
issuance

48. Sukuk may be issued in local or international currency appropriate for the issuance or in a single tranche or a series of tranches known as “sukuk programme”.

PART IX TREATMENT OF SUKUK ASSETS

Identificatio
n of assets to
back sukuk

49.-(1) Sukuk assets acquired or developed using sukuk proceeds shall be *Shariah* compliant and be clearly identified in the prospectus or offer document of the sukuk.

(2) In case of asset backed sukuk, the originator shall arrange for an appropriate asset to back the issuance.

(3) Sukuk assets shall generate cash flow or flow of economic benefits for the sukuk holders and for payment of profit or principal on maturity or early redemption and to meet investment return obligations.

(4) For:

- (a) existing business undertakings that require financing through sukuk, the issuance of sukuk shall consider whether the underlying assets to back up the sukuk are business assets or assets

other than the assets of the particular business;
and

- (b) new undertakings, its shall consider the economic viability of the undertaking to generate income; provided that where the undertaking is incapable of generating income, depending on the type of sukuk contract, other sources of income for meeting sukuk holders' rights to periodic distribution and redemption payment shall be identified.

(5) Sukuk assets which are to be acquired or developed using sukuk proceeds shall be clearly identified in the prospectus or offer document of the Sukuk.

(6) Any disposal or change in the Sukuk assets shall require approval from the Authority and in any case, shall be justified to be in the best interest of the sukuk holders.

(7) Relocation of the sukuk assets shall require prior written consent of the SPV and subsequent notification to the Authority and the sukuk holders within 7 days after the consent of the SPV.

(8) Any damage or material changes that happen to the sukuk assets during the sukuk issuance lifecycle shall be reported to the sukuk holders and other relevant stakeholders.

(9) Sukuk assets shall be registered in the name of SPV, identifying sukuk holders as their legal owners or beneficiaries, as applicable.

Sukuk assets
of originator

50.-(1) Sukuk assets shall be transferred from the originator to the SPV to facilitate assignment of ownership rights to sukuk holders.

- (2) The asset ownership rights shall be assigned to

the sukuk holders at market value of the assets.

(3) In case of-

(a) asset-backed form-

(i) assets of the originator, shall be legally transferred to the SPV so as to create absolute legal impediment for the originator, or its creditors to have any legal rights over such assets, including in the event of bankruptcy of the originator;

(ii) the rights and obligations relating to the sukuk assets shall be beneficially transferred to the SPV in line with the *Shariah* principles and rules;

(b) lease sukuk, the assets shall be leased back to the originator who will be the servicing agent of the assets on behalf of sukuk holders at a fee, provided that the originator shall pay periodic rentals which shall form source of periodic distribution payments;

(c) asset backed sukuk, the SPV shall undertake annual independent valuation of the asset to ensure that depreciation of the asset is kept at minimal. If the value falls significantly below the initial market value, the SPV shall request the originator to top up the decreased asset value.

(4) For types other than lease sukuk, the use of the assets of the originator, shall depend on the structure of the sukuk issuance.

(5) Where the originator is a sukuk assets servicer providing management services as per the agreement, such relationships shall be kept on an arm's length, and shall not

result in transfer of control of sukuk assets, which in all cases shall rest with SPV, under the contractual terms and instructions of the sukuk holders.

(6) The SPV shall not have recourse to the originator for compensation of losses generated from the sukuk assets, unless there is a *Shariah* compliant arrangement for credit enhancement in the structure of sukuk transaction

(7) In undertaking valuation of assets, the valuer shall consider among others, the prevailing secondary market conditions of the sukuk.

(8) The SPV shall ensure that the assets are insured by *Shariah* compliant insurance company.

PART X PRIVATE PLACEMENT SUKUK

Issuance of
private
placement
sukuk

51.-(1) The issuance of a private placement sukuk shall require a written approval from the Authority, with less rigorous disclosure standards and distinguishes between qualifications of the parties undertaking the issuance, in particular with regard to experience in information disclosure.

- (2) Under private placement, the offerors may be:
- (a) private or a public company
 - (b) a legal entity that is not a private or a public company
 - (c) supranational institutions,
 - (d) certain collective investment scheme; or
 - (e) offerors without current public disclosure obligations are subjected to additional requirements and scrutiny.
- (3) An entity intending to issue private placements

to shall:

- (a) register their private placements with the Authority and submit the register to the Authority for approval: and
- (b) adhere to prescribed requirements, specific eligibility for concessions, or the appointment of intermediaries or service providers.
- (4) Advertising, public communications (print, TV, and online ads), general marketing may not be undertaken for private placement.
- (5) Private issuers shall produce disclosure information in their annual reports, information distribution channels and to Authority on semiannual basis.

PART XI
COMPLIANCE WITH LEGAL AND REGULATORY
REQUIREMENTS

Compliance
with
regulatory
requirements

52.-(1) An issuer of a sukuk shall ensure compliance with all legal and regulatory requirements related to issuance of bonds in Tanzania including these Guidelines.

(2) Any issuance of sukuk by a public company that is capable of being converted or exchanged into new equity of a public listed company (convertible sukuk) or issued together with warrants, shall also be subjected to the additional requirements stipulated in the listing requirements of DSE.

*Capital Markets and Securities (Corporate and Subnational
Sukuk Bonds) Guidelines,*

GN. NO. 731 (Contd)

Compliance
with *Shariah*
rulings,
principles
and
standards

53. Besides compliance with conventional legal and regulatory requirements, an issuer of sukuk shall ensure compliance with relevant internationally recognized *Shariah* rulings, principles and standards including those published by the AAOIFI, AAB) or the FSB.

Requirement
s for
issuance of
sukuk

54. The issuers whose businesses are *Shariah* compliant in accordance with internationally recognized *Shariah* screening criteria are eligible to issue sukuk under these Guidelines as follows:

- (a) a public company whose shares are listed on a stock exchange;
- (b) a licensed bank, financial institution or investment bank;
- (c) a public company whose shares are not listed on a stock exchange, provided that –
 - (i) the sukuk are irrevocably and unconditionally guaranteed in full by any of the entities referred to in the above paragraphs (a), (b), or the Credit Guarantee and Investment Facility; or
 - (ii) the sukuk are issued by a public company established by any of the entities referred to in the above paragraphs (a) or (b), with full recourse to the establishing entity in its capacity as obligor.

*Capital Markets and Securities (Corporate and Subnational
Sukuk Bonds) Guidelines,*

GN. NO. 731 (Contd)

FIRST SCHEDULE

(Made under clause 19(3))

INFORMATION TO BE DISCLOSED IN A PROSPECTUS/ INFORMATION MEMORANDUM

1.0 IMPORTANT NOTICE/DISCLAIMER

- Restrictions
- Representations

2.0 KEY INFORMATION OF THE SUKUK ISSUANCE

- Originator name and logo/emblem
- SPV (Issuer) name and logo
- Advisor's names and logos
- Auditor's name and logo
- Banker's name and logo
- Important information about the Sukuk
- Sukuk size, due date, issuer capacity (SPV), declaration of trust date/issue date and parties thereto (originator and SPV),
- Rights of sukuk holders:
what does the certificate confer to sukuk holders, declaration for periodic and redemption amounts and right of claims by certificate holders, periodic distribution amounts and mode of payment (face values of certificates) and profit rate, date of redemption, depository bank, investment considerations for the certificates, minimum face value amount, mode of application and whether the certificates are admitted for listing at a stock exchange and any other important disclosures.

3.0 Reference to:

- Structuring Adviser name
- Lead Manager/Arranger name
- Custodian Bank(s) name
- Date of circular/IM/Prospectus

4.0 Responsibility Statement

Example

This Prospectus has been reviewed and approved by the directors of and they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, they confirm to the best of their knowledge and belief, that there are no false or misleading statements, or omission of other facts which would make any statement in the Prospectus false or misleading.

*Capital Markets and Securities (Corporate and Subnational
Sukuk Bonds) Guidelines,*

GN. NO. 731 (Contd)

5.0 Statement on legal status and affairs of issuer

6.0 Valuation Report

A valuation report with respect to the estimated value of the land and property and equipment shall be provided if required to the Authority.

7.0 Material Contracts

The dates of and parties to all material contracts (not being contracts entered into in the ordinary course of business) entered into within two years immediately preceding the publication of the prospectus together with a summary of the principal contents of each contract including particulars of any consideration passing to or from the issue or any subsidiary shall be indicated in every prospectus.

8.0 Risk Factors

In relation to the business of the issuer information should be presented on; any new venture risks, construction risks, licensing risks, potential increased competition, regulation, dependence on key personality, taxation, level of indebtedness, dilution unexpectedness of dividend.

9.0 Use of Proceeds

A statement on the intended use of the net proceeds of the issue including transient use of the proceeds shall be provided.

10.0 Disclaimer Statement

Example:

This prospectus does not constitute an offer of, or an invitation by or on behalf of the SPV (name), the issuer (name), or the Lead Manager (joint lead managers); to subscribe or purchase, any of the certificates. None of the SPV (name), the Issuer (name), or the lead manager (joint lead managers) makes any representation to any investor in the certificates regarding the legality of its investment under any applicable laws. Any investor in the certificates should be able to bear the economic risk of an investment in the certificates until full redemption of the sukuk or for the lifetime of the sukuk, whichever comes later.

*Any other necessary information as regards the issuance in details to make the investors understand the nature of the issue, its complexities, stabilization if any, advices given to investors about the issue on such important matters like risks, legal issues, taxation issues etc.

11.0 Additional Statement

- Investors should note that they may seek recourse under the *Capital Markets and Securities Act 1994* for breaches of securities laws including any statement in the prospectus that is false, misleading, or from which there is a material omission; or for any misleading or deceptive act in relation to the Prospectus or the conduct of any other person in relation to this sukuk issue.

*Capital Markets and Securities (Corporate and Subnational
Sukuk Bonds) Guidelines,*

GN. NO. 731 (Contd)

- This prospectus is not intended (is intended) to and will not (will) be issued and distributed in any country or jurisdiction other than in Tanzania (“Foreign Jurisdiction”). Consequently, no representation (representation) has been and will be made as to its compliance with the laws of any foreign jurisdiction. Accordingly, no issue or sale (issue or sale) of units to which this prospectus relates may be made in any foreign jurisdiction or under any circumstances where such action is unauthorized.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE
MERITS AND RISKS OF THE INVESTMENT. IF INVESTORS ARE UNABLE TO
MAKE THEIR OWN EVALUATION, THEY ARE ADVISED TO CONSULT
PROFESSIONAL ADVISERS.

NOTICES TO VARIOUS RESIDENTS

- Tanzanians (local residents)
- Foreigners (if international Sukuk)
- Each individual country

—————
SECOND SCHEDULE
—————

(Made under clause 19(4))

DOCUMENTS TO BE SUBMITTED TO CMSA IN RELATION TO ISSUANCE OF
SUBNATIONAL SUKUK BONDS

- 1.0 All submissions to CMSA shall be made by an issuer through a lead advisor/sponsoring broker.
- 2.0 The application for approval of Sukuk, shall be accompanied with the following:
 - (a) a prospectus;
 - (b) the preliminary rating report (when applicable);
 - (c) a copy of the entity’s constitutive documents such as the Memorandum and Articles of Association of the SPV, certificate of incorporation of the SPC;
 - (d) trust deed and other agreement between responsible parties;
 - (e) a valuation report by independent, registered valuers in the event that the assets which are the subject matter of a sukuk securitization transaction include tangible property;
 - (f) a legal opinion as to whether the true sale of asset criteria has been met;
 - (g) a copy of all other required regulatory approvals;

*Capital Markets and Securities (Corporate and Subnational
Sukuk Bonds) Guidelines,*

GN. NO. 731 (Contd)

- (h) *Shariah* compliance certificate; and
- (i) A checklist/matrix of compliance with laws and regulations.

—————
THIRD SCHEDULE
—————

(Made under clause 28(3))

TEMPLATE FOR ISSUER'S DECLARATION

DECLARATION BY ISSUER

I, on behalf of ... (name of the issuer) ... (the company) duly authorized by its board of directors hereby undertake that:

- (a) the issuer shall provide forward to the following information/documents:
 - (i) copy of the latest audited annual accounts and half yearly accounts as and when finalized;
 - (ii) copy of the notice, resolution and circular relating to new issue of sukuk, or any other instrument of redeemable capital at the same time as it is sent to the Authority, the Stock Exchange, the shareholders and the sukuk holders;
 - (iii) copy of the notice, letter, circular, etc. issued to the sukuk holders or published in the print media relating to the issue of sukuk;
 - (iv) Certificate of *Shariah* compliance from the *Shariah* advisor and if applicable from the Issuer's Sharia Advisory or supervisory Board;
 - (v) certificate from the auditors of the issuer on maintenance of security in the form and manner required in respect of secured sukuk on annual basis within one month of the finalization of the annual financial report;
 - (vi) report of redemption status of the sukuk on semi-annual basis till it is fully redeemed;

*Capital Markets and Securities (Corporate and Subnational
Sukuk Bonds) Guidelines,*

GN. NO. 731 (Contd)

(vii) report of status of redemption reserve fund, if any; and

(viii) any other information/document related to the Issue as and when required.

(b) the issuer shall provide access to the Investment Agent to the books of accounts and record relating to the Sukuk.

(c) the issuer shall submit to the Authority such documents and information as to be required by the Authority.

(d) the issuer shall maintain security in the form and manner as required under the Investment Agency Agreement, in case of secured sukuk, at all times till complete redemption of such sukuk.

(e) the issuer shall notify the Authority the expected default in timely payment of profit or principal amount as soon as the same becomes apparent.

(f) the issuer shall not forfeit unclaimed profit. The unclaimed profit, if any, shall be kept under a separate head of account namely, "unclaimed profit on sukuk".

(g) the issuer shall not redeem the Sukuk by any manner otherwise than that as disclosed in the prospectus or the Investment Agency Agreement or any other contract, as the case may be, without prior approval of their holders by way of special resolution passed in general meeting of the Sukuk holders with two third majority of the sukuk holders present in such meeting.

(h) The sukuk shall not be restructured or rescheduled unless approval of two third of the sukuk holders in value for the time being outstanding is obtained;

(i) The issuer, upon request, shall send copy of its annual audited accounts and half-yearly accounts to the sukuk holders.

(j) The issuer shall not make any material modification in the structure of the Sukuk, profit payment, conversion, redemption etc. without prior written approval of the *Shariah* advisor, the investment agent and the holders of sukuk with two third majority.

(k) The issuer shall designate the company secretary or chief financial officer or any other person having the minimum qualification notified for the position of the company secretary, as compliance officer who:

(i) shall be responsible for ensuring compliance with the regulatory provisions applicable to the Issue and report the same at the meeting of the board of directors of the issuer held subsequently; and

*Capital Markets and Securities (Corporate and Subnational
Sukuk Bonds) Guidelines,*

GN. NO. 731 (Contd)

(ii) shall directly report to the Authority and the Investment Agent, implementation of various clauses of these Regulations and other directives of the Authority, if any.

(l) The issuer shall not invest in its own sukuk.

(m) The issuer shall comply with all the laws applicable to the issue of sukuk.

Dated: _____

Name and signature of the chief executive officer of the Issuer duly authorized by its board of director.

Place: _____

Name and signature of the company secretary or chief financial officer of the Issuer duly authorized by its board of director.

Common Seal of the Issuer

FOURTH SCHEDULE

(Made under clause 19(7))

MINIMUM INFORMATION REQUIRED FOR APPLICATION TO INVEST IN SUKUK

Minimum information required in for application to invest in sukuk shall be as follows:

1. CDS Account Number.
2. Applicants' details (bio data/NIDA/passport details and address):

For individual and joint applicants, the primary identification document shall be the national identity card (NIDA).

3. In the absence of NIDA, due to exceptional circumstances such as where:
 - (i) customer is not a citizen or resident of the United Republic and there is no possibility for them to get the national identity card;

*Capital Markets and Securities (Corporate and Subnational
Sukuk Bonds) Guidelines,*

GN. NO. 731 (Contd)

- (ii) existing laws do not permit the customer to acquire a national identity card, including the customer having not attained the permissible age to get a national identity card;
 - (iii) the national identity card is lost and the customer has presented to the reporting person a Police loss report; and
 - (iv) the customer is categorized as low risk in money laundering, terrorist financing and proliferation financing risk assessment,
4. The following documents shall be used instead:
- (i) passport or an equivalent travel document;
 - (ii) driving license;
 - (iii) voter's registration card;
 - (iv) employee identity document; and
 - (v) student identity document;

Table no 1 below indicates information of involved natural persons:

Table No 1: Information of Involved Natural Person

1.	Title	
2.	Gender	
3.	First name	
4.	Middle name	
5.	Last name	
6.	Prefix name	
7.	Alias name	
8.	Mother's name	
9.	Date of birth	
10.	Place of birth	
11.	National Identification Number	
12.	An introductory letter from relevant public authority in the absence of National Identification	
13.	An introductory letter from employer in the case of employees	
14.	In the case of a student, student's identity card and an introductory letter from the student's institution	
15.	Passport number	
16.	Passport country of issue	
17.	Resident permit	
18.	Tax Identification Number	
19.	VAT Number	
20.	Other identification type and Number	
21.	Nationality	

*Capital Markets and Securities (Corporate and Subnational
Sukuk Bonds) Guidelines,*

GN. NO. 731 (Contd)

22.	Citizenship 1	
23.	Citizenship 2	
24.	Residence	
25.	Residential address	
26.	Telephone Number	
27.	Source of wealth/income	
28.	Deceased?	
29.	Date of deceased	
30.	Occupation	
31.	Employer name	
32.	Employer address	
33.	Employer phone number	
34.	Full details of the conductor of transaction	

Table no. 2 below indicates information of involved Entity:

Table No.2: Information of Involved Entity

S/N	Registered Name	
1.	Business Type	
2.	Commercial Name	
3.	Incorporation number	
4.	Incorporation date	
5.	Incorporation person	
6.	Legal form	
7.	Authority where the entity is registered	
8.	Tax Identification Number	
9.	VAT registration number	
10.	Registered address	
11.	Address from which the entity operates	
12.	Full details of shareholders	
13.	Full details of directors as per natural person	
14.	Full details of senior management as per natural person	
15.	Full details of the individual, partnership or trust holding 5% or more of voting rights at a general meeting of an entity involved	
16.	In additional to the above, in case of partnership, full details as of natural person of: (a) every partner; (b) the person who exercises executive control over partnership (c) each individual who purports to be authorized to establish a business relationship or to enter into a transaction on behalf of the partnership	

*Capital Markets and Securities (Corporate and Subnational
Sukuk Bonds) Guidelines,*

GN. NO. 731 (Contd)

17.	In addition to the above, in case of trust, full details as of natural person of: <ul style="list-style-type: none"> (a) an individual acting or purporting to act on behalf of a trust; (b) each trustee of the trust; (c) each individual who purports to be authorized to establish a business relationship or to enter into a transaction; (d) each beneficiary of the trust referred to, by name in the trust deed or other founding instrument in terms of which the trust was created; and (e) the founder of the trust. 	
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5. Payment details:

Payment details shall indicate account information and proof of payments for Sukuk subscriptions as follows:

- (a) Account information shall be as indicated in Table.3 below:

Table No.3: Accounts information

1.	Account number	
2.	Institution name	
3.	Branch Name	
4.	Funds transfer code	
5.	Account type	
6.	Account currency	
7.	Account open date	
8.	Account close date	
9.	Account status	
10.	Account balance	
11.	Balance date	
12.	Account holder; (a) If an individual, as per natural person details; (b) If an entity, as per entity details	
13.	Account signatory as per natural person details	
14.	Account operator as per natural person details	

In addition to account information indicated in table no.3 above, an applicant shall indicate the following:

*Capital Markets and Securities (Corporate and Subnational
Sukuk Bonds) Guidelines,*

GN. NO. 731 (Contd)

(b) Details for refund:

Details to be used in case there will be refund for over or under subscription.

(c) Details for future payments

Bank details to be used during payments of coupons.

6. Regulatory Requirements on Revision to Principal Terms and Conditions and Revision to Terms and Conditions of Sukuk

	Regulatory Requirements On Revision To Principal Terms And Conditions And Revision To Terms And Conditions Of Sukuk
Revision of Sukuk to comply with Guidelines	4.1. Any revision to the principal terms and conditions of a sukuk issuance shall not result in non-compliance with any requirements provided in these Guidelines.
Approval of revision	4.2(a) Any revision to previously approved principal terms and conditions of a sukuk that has not yet been issued, shall require CMSA approval. In the case of a sukuk programme, the first issuance under the Sukuk programme shall not have taken place.
	4.2(b) Request for approval to CMSA is made by submitting the relevant information and documents as set out in these Guidelines.
	4.2(c) Prior to the revision, the lead Advisor shall ensure that the issuer has obtained consent from the relevant responsible parties for the proposed revision to principal terms and conditions, if such consent is required.
	4.2(d) Where consent from sukuk holders is required for any proposed revision to the principal terms and conditions, the Lead Advisor shall ensure the following:
	(a) due process has been observed in obtaining sukuk holders' consent. This includes the requirement that the issuer and any interested persons of the issuer abstain from voting in the meeting convened to obtain sukuk holders' consent;
	(b) all material information pertinent to the revision has been disclosed to sukuk holders;
	(c) two separate announcements shall be made-
	(d) on the proposed revision, which shall be announced prior to obtaining or sukuk holders' consent; and
	(e) on the outcome of the sukuk holders' decision, which shall be made immediately after the sukuk holders' decision;
	(f) the announcements as per sub-paragraphs 114. (c) shall comply with the requirements set out in the Capital Markets and Securities

*Capital Markets and Securities (Corporate and Subnational
Sukuk Bonds) Guidelines,*

GN. NO. 731 (Contd)

(Advertisements) Regulations.	
Revision of shoe option of Sukuk programme	4.3(a) An issuer may revise the principal terms and conditions to increase the size of a Sukuk programme, either pre-issuance or post-issuance, subject to the following conditions:
	(i) the voting for the sukuk programme is carried out on a “per tranche” basis and not on a collective basis; and
	(ii) the application of a green shoe option shall have been clearly provided for in the initial application submitted to the CMSA in relation to the sukuk programme.
	4.3(b) Such a green shoe option, either pre-issuance or post-issuance under paragraph 11.5 above, would require CMSA’s approval and shall comply with the requirements under these Guidelines.
	4.3(c) A green shoe option of a sukuk programme, either pre-issuance or post-issuance, would require an issuer to submit all information and documents as directed by CMSA.
	4.3(d) Prior to application of the green shoe option, the lead advisor shall ensure that the issuer has obtained consent from the relevant responsible parties, if such a consent is required.
	4.3(e) Where consent from sukuk holders is required for any proposed green shoe option, the Lead Advisor shall ensure the following:
	(i) that any exercise to upsize a sukuk programme does not unfairly discriminate or is otherwise prejudicial to existing sukuk holders of the sukuk programme; or
	(ii) where the revision to the principal terms and conditions has any <i>Shariah</i> implications, the issuer through the lead advisor shall first refer such matters to the <i>Shariah</i> advisor for endorsement prior to seeking approval from CMSA.
	4.3(f) For the purpose of the endorsement the lead advisor shall submit to the CMSA the information and documents as specified under these Guidelines.

7. Supporting documents:

Application for investment in Sukuk shall be supported by supporting documents including those indicated under table no.4 below:

Table No. 4: Supporting documents

1.	Copy of identification documents	
2.	Copy of account opening documents and mandate	

*Capital Markets and Securities (Corporate and Subnational
Sukuk Bonds) Guidelines,*

GN. NO. 731 (Contd)

	files	
3.	Copy of transaction documents such as electronic funds transfer instructions and receipts, account statement and withdrawal/deposit slips	

Glossary of Terms

bay istijrar	means purchasing goods time to time in different quantities
bay urbun	means a down payment that is made at the time of the execution of a contract.
Gharar	means speculation
Kafalah	means guarantee for a sukuk
ijarah mawsufah fi dhimmah (Forward Lease)	means Lease of an asset that is not yet available or owned by the lessor at the time of the agreement
Maqasid Shari'ah	The Objectives of <i>Shari'ah</i>
Maysir/Qimar	means gambling
Musawamah	Is a <i>Shariah</i> sale contract in which the seller does not disclose the cost of commodities to the buyer
Musharrik	Is a partner in an active joint venture
Muwakkel	Is a person or an entity which/who assigns an agency contract to another person/entity
Sukuk	means investment certificate in which a party in need of funds or financing issues Sukuk and potential investors subscribe under specific financial contracts. The investment certificate represents ownership of a tangible or intangible assets or a combination of the two, which back the issuance of the instrument.
Sukuk Bai' Bithaman Ajil (BBA)	means a contract on a sale of an asset to the investors with a promise by the issuer to buy the asset back in the future at a pre-determined price which includes a margin of profit.
Sukuk Ijarah (Lease-Based Sukuk)	means certificate of equal value evidencing the certificate holder's undivided ownership of the leased asset and/or services and rights to the rental receivables from the said leased asset and/or services.
Sukuk Istisna (Manufacturing Sukuk)	Means certificate of equal value issued with the aim of mobilizing funds to be employed for the production of goods so that the goods produced come to be owned by the certificate holders;
Sukuk Murabahahcost plus profit)	Means certificate of equal value issued for the purpose of financing the purchase of goods through cost plus profit sale so that the certificate holders became the owners of Murabahah commodity in a sukuk;

*Capital Markets and Securities (Corporate and Subnational
Sukuk Bonds) Guidelines,*

GN. NO. 731 (Contd)

Sukuk Wakalah Bi Istithmar (Agency)	Means certificate that represent project or activities managed on the basis of an investment agency by appointing the sukuk issuer as an agent to manage the investment on behalf of the sukuk holders;
Salam Sukuk (Forward Sale)	Means certificate of equal value issued for the purpose of mobilizing capital for production of goods to be delivered under Salam contract in which the certificate holders become owners of the goods;
Istithmar Sukuk (Investment Sukuk)	Means certificate of equal value representing undivided shares in the ownership of tangible assets and services of particular project or special investment activity;
Musaaqat Sukuk (Irrigation Certificates)	Means certificate of equal value issued for the purpose of mobilizing funds for irrigation of crops or trees, spending on them and caring for them on the basis of Musaaqat contract so that the certificate holders become entitled to a share in the crop or in the production as per the terms of the contract;
Mughaarah Sukuk (Tree Planting Sukuk)	Means certificate of equal value issued on the basis of Mughaarah (tree planting) contract for the purpose of employing the funds for agricultural purposes in which the certificate holders become entitled to a share in the crop as per the terms of the contract;
Man'faa Sukuk (Utility Sukuk)	means certificate of ownership of the underlying asset, tangible or intangible in which certificate holders become the owners of the benefits accruing from these assets managed by the sukuk issuer;
SRI Sukuk (SRI Sukuk)	Means socially responsible investment Sukuk where the Sukuk proceeds will be applied exclusively for funding of any activities or transactions relating to the eligible SRI projects;
Tanaazul	An act to waive certain right of claim in favor of other part in a Contract
Taawidh	A compensation on the actual loss suffered by financier or a bank due to late payment by a debtor
Wa'd	Means promise which connotes an expression of willingness of a person or a group of persons on a particular subject matter either to buy or purchase the subject matter.
Wadi'ah Wad Dhamaanah	Means safekeeping, deposits and custody of assets under trust contract.
Wakeel	entrusted with the management of the funds.
Hybrid Sukuk	A type of Sukuk structure in which the underlying pool of assets consists of two or more Sukuk structures;
ijarah Ibra'	means release of sukuk rights on accrued rental
ijarah mawsufah fi dhimmah (Forward Lease)	means Lease of an asset that is not yet available or owned by the lessor at the time of the agreement

*Capital Markets and Securities (Corporate and Subnational
Sukuk Bonds) Guidelines,*

GN. NO. 731 (Contd)

Man'faa Sukuk (Utility Sukuk)	means certificate of ownership of the underlying asset, tangible or intangible in which certificate holders become the owners of the benefits accruing from these assets managed by the sukuk issuer;
Musaaqat Sukuk (Irrigation Certificates)	Means certificate of equal value issued for the purpose of mobilizing funds for irrigation of crops or trees, spending on them and caring for them on the basis of Musaaqat contract so that the certificate holders become entitled to a share in the crop or in the production as per the terms of the contract;
Mughaarasah Sukuk (Tree Planting Sukuk)	Means certificate of equal value issued on the basis of Mughaarasah (tree planting) contract for the purpose of employing the funds for agricultural purposes in which the certificate holders become entitled to a share in the crop as per the terms of the contract;
Maqasid Shari'ah	The Objectives of Shari'ah
Maysir/Qimar	Gambling
Musawamah	Is a sale contract in which the seller does not disclose the cost of commodities to the buyer
Musharrik	Is a partner in an active joint venture
Muwakkel	Is a person or an entity which/who assigns an agency contract to another person/entity
Muzaarah (seasonal crops)	means certificates of equal value issued on the basis of Muzaarah contract for the purpose of employing the funds for agricultural purposes of seasonal crops in which the certificate holders become entitled to a share in the crop harvest as per terms of the contract.
Sukuk Bai' Bithaman Ajil (BBA)	means a contract on a sale of an asset to the investors with a promise by the issuer to buy the asset back in the future at a pre-determined price which includes a margin of profit.
Sukuk Ijarah (Lease-Based Sukuk)	means certificate of equal value evidencing the certificate holder's undivided ownership of the leased asset and/or services and rights to the rental receivables from the said leased asset and/or services.
Sukuk Istisna(Manufacturing Sukuk)	Means certificate of equal value issued with the aim of mobilizing funds to be employed for the production of goods so that the goods produced come to be owned by the certificate holders;
Sukuk Mudharabah (Passive Joint Venture Partnership)	Means certificate of equal value which represents projects or activities managed on the basis of Mudharabah partnership by appointing one of the partners as fund manager (Mudharib) for the management of the sukuk;
Sukuk Murabahah (cost plus profit)	Means certificate of equal value issued for the purpose of financing the purchase of goods through cost plus profit sale so that the certificate holders became the owners of Murabahah commodity in a sukuk;

*Capital Markets and Securities (Corporate and Subnational
Sukuk Bonds) Guidelines,*

GN. NO. 731 (Contd)

Sukuk Musharakah (Active Joint venture Partnership)	means certificate of equal value evidencing a partnership between two or more parties to mobilize funds for establishing a new project, developing an existing one or financing a business activity on the basis of a partnership contract in which the sukuk holders become the owners of the project or its assets as per their respective shares whereby the issuer of sukuk manages the project;
Sukuk Wakalah Bi Istithmar (Agency)	Means certificate that represent project or activities managed on the basis of an investment agency by appointing the sukuk issuer as an agent to manage the investment on behalf of the Sukuk holders;
Salam Sukuk (Forward Sale)	Means certificate of equal value issued for the purpose of mobilizing capital for production of goods to be delivered under Salam contract in which the certificate holders become owners of the goods;
Tanaazul	An act to waive certain right of claim in favor of other part in a contract

*Capital Markets and Securities (Corporate and Subnational
Sukuk Bonds) Guidelines,*

GN. No. 731 (Contd)

Taawidh	A compensation on the actual loss suffered by financier or a bank due to late payment by a debtor
Wa'd	Means promise which connotes an expression of willingness of a person or a group of persons on a particular subject matter either to buy or purchase the subject matter.
Wadi'ah Wad Dhamaanah	Means safekeeping, deposits and custody of assets under trust contract.
Wakeel	entrusted with the management of the funds.

Dodoma,
22nd Septemer, 2023

CHAIRMAN
Capital Markets and Securities Authority