



Guide to listing on the Victoria Falls Stock Exchange

1. Introduction to VFEX

The Victoria Falls Stock Exchange (VFEX), is a subsidiary of the ZSE operating from the Victoria Falls CBD currently and earmarked to migrate into the special economic zone of Victoria Falls with time; Currently it is 100% owned by ZSE and in the long run there are plans to bring a technical partner in the form of an international exchange or international fund manager.

2. Why list on the VFEX?

There are a number of benefits that may flow from listing on the VFEX.

2.1 Funding

Companies listing on VFEX will be able to raise capital in hard currency. In addition, potential issuers can use different securities to raise capital, that is debt, equity, Depository Receipts, ETF and REIT units. Listing on VFEX will also enable the company to obtain other forms of finance, such as bank loans at better terms. A listing will enhance the status of the company and providers of the finance will be comforted by the fact that its financial information and actions will be subject to the VFEX and public scrutiny.

2.2 Incremental export incentive scheme

There is an advantage for exporting companies that list on VFEX as they can retain 100% of their incremental export receipts. The Exchange Control circular number 4 of 2021 outlines the framework for incremental export incentive as follows;

Export retention levels	All exporters	Exporters listed on VFEX
Current FCA retention levels	60%	60%
FCA retention on incremental FCA receipts	80%	100%

2.3 Exit Route for shareholders

Listing enables the existing shareholders of the company to realise all or part of their shareholdings, thus making it a more attractive investment. Listing will also give the company a wider shareholder base and broaden its exposure.

2.4 Incentives for shareholders

There is no capital gains tax on VFEX for investors and dividend withholding tax for foreign investors is only 5%.

2.5 Friendly exchange controls

Companies listed on VFEX have no surrender requirements for capital raised and can keep capital raised in local Investments FCAs or Offshore accounts.

2.6 Employee attraction

Listing will enhance the status of the company and this enables it to attract and maintain good employees. Listing will also make a company's share incentive scheme more attractive to employees, as their shares will be more marketable.

2.7 Improved business relations

The enhanced status of being listed should improve the company's dealings with banks, suppliers, distributors and customers, which could have a positive effect on the company's overall performance.

3. The listing process

3.1 Discussions with the VFEX

When an entity is considering to get listed, it is advisable to engage the VFEX at an early stage. This engagement will be to get VFEX comments on the prospects for listing for the entity.

3.2 Internal Approvals

Once the engagements with the VFEX indicate that listing is possible, the next step is to secure internal approvals. Ultimately a board resolution will be required and depending on the memorandum and articles of the company, shareholder approval may also be required.

3.3 Appointment of professional advisors

After internal approvals, the entity seeking a listing is advised to engage professional advisors as follows:

a) Sponsors

An issuer must appoint a sponsor who will be responsible for

- (i) All communication with the VFEX;
- (ii) The lodging with the VFEX of all documents supporting the application; and
- (iii) Seeking the VFEX's approval of listing

particulars A list of eligible sponsors will be provided by the VFEX.

b) Financial advisor

It is advisable for the company to also appoint a corporate advisor licensed by the Securities and Exchange Commission of Zimbabwe. (Corporate advisors are usually the corporate finance divisions of stockbrokers, merchant banks or auditing firms). The corporate advisor's main responsibilities include:

- a) advising on the method of listing, the marketing, the size and terms of the offer, the timing and pricing of the offer;
- b) advising on market conditions and the potential demand for the company's securities;
- c) co-ordinating the listing process;
- d) drafting the listings documentation, with the assistance of the company and the company's legal advisor, accountant and sponsor;
- e) approaching the investment community with a view to generating a demand for the company's securities;
- f) if the method of listing to be adopted is a placing, arranging the placing; and
- g) if the method of listing to be adopted is a public offer and the offer is to be underwritten, recommending suitable underwriters

c) Legal advisor

Issuers are also advised to appoint a competent legal advisor. The legal advisor's main responsibilities include:

- a) assisting with the drafting of the listing documentation to ensure that all legal requirements are complied with;
- b) if there is an underwriting or a placing, drafting the necessary agreements; and
- c) Preparing share option schemes for the company.

d) Accountant

The VFEX requires an accredited independent accountant (a registered accountant and auditor) to report in the prospectus or pre-listing statement, inter alia, on the profits of the company and the financial position of the

company over the previous three years.

e) Transfer secretary

Transfer secretaries are responsible for setting up the company's register of members, the issuing of share certificates, the registration of transfers and the mailing of company circulars.

3.4 Preparation and submission of the listing documents

The documents to be submitted must be in the format specified in the VFEX rules and they depend on the listing method.

a) Listing by introduction

With an Introduction, no new securities are issued and shareholder spread is in line with minimum required. The applicant must satisfy the VFEX that it has no knowledge of a pre-existing intention by holders to dispose a material number of securities within 18 months of listing and the documents required are:

- Formal application (First Schedule);
- Prelisting statement;
- Constitutive documents of the applicant;
- General undertaking in the form of a Board resolution; and
- Copies of expert's consents

b) Placing

Placing or private placement is when securities are marketed to a closed subscriber base and not the public. The documents required are:

- Formal application (First Schedule);
- Prelisting statement;
- Statement on how the shareholder spread will be achieved;
- Constitutive documents of the applicant;
- Draft placing document;
- General undertaking in the form of a Board resolution; and
- Copies of expert's consents

c) Initial Public Offering (IPO)

In an IPO securities are marketed to the general public. An IPO must be underwritten and the issuer must include a declaration by its directors that they have carried out due and careful enquiry to confirm that the underwriter and the sub-underwriter (where applicable) can meet its commitments in terms of the offer. The following documents are required:

- Formal application (First Schedule);
- Prospectus;
- Constitutive documents of the applicant;
- General undertaking in the form of a Board resolution;
- An original copy of the signed accountant's report and relevant consent letters;
- Underwriting agreement; and
- Details concerning any planned price stabilization exercise.

4. The prospectus /pre-listing statement

When a company applies for a listing, it must produce a pre-listing statement or prospectus containing certain prescribed information concerning the company, its business and its prospects.

While the pre-listing statement may promote investment in the company's shares, it is not an invitation to the public to subscribe for shares, but rather aimed at enabling potential investors to make an informed investment decision regarding the company's shares. If the pre-listing statement contains a public offer, it will also have to comply with the prospectus provisions contained in the Companies Act.

Although the pre-listing statement will largely be drafted by the corporate advisor, the directors of the company accept full responsibility for the accuracy of its contents.

The main categories of information in the pre-listing statement are the following:

- General information regarding the company and its capital.
- Information regarding the directors and management of the company and the company's advisers.
- Information regarding the securities to be listed.
- Information on the company's / group's activities.
- Information on the company's financial position and profits and losses

5. VFEX listings requirements

All listing applications to be submitted through a sponsor and comply with the following;

5.1 Equity Issuers

- Applicants to be duly incorporated or validly established;
- Minimum subscribed capital of USD3 million (not less than 10m shares);
- Satisfactory profit history for the preceding 3 years;
- At least 30% of the shares to be held by the public;
- Minimum number of shareholders
 - a) 50 in respect of equity shares;
 - b) 25 in respect of preference shares;
 - c) 10 in respect of debentures;

An issuer who is currently listed on the ZSE may list at most 20% of its current market capitalization on the VFEX as a different class of shares from those listed on the ZSE.

5.2 Debt issuer

- Must be duly authorised to issue Debt Securities in terms of its memorandum and articles of association;
- Have the intention to list debt securities with minimum tenor of one (1)year worth at least USD1million

5.3 Exchange Traded Fund

The legal structure for ETFs in Zimbabwe is that of a Collective Investment Scheme. This means an ETF Trust has to be registered with the Registrar of Collective Investment Schemes (the Securities and Exchange Commission of Zimbabwe).

The requirements to list an ETF are as follows:

- The management company of the ETF must prove to the VFEX that it has the relevant expertise to issue securities or has the access to such expertise;
- The underlying asset or security tracked by the ETF must be sufficiently liquid to satisfy the VFEX that there will be proper price formation in the ETF;
- The ETF must be open ended in nature unless otherwise determined bythe VFEX; and
- Have a NAV that is calculated in a transparent manner and published on the issuer's website.

5.4 REITs

An Issuer has to provide evidence of registration as a REIT with the Registrar of Collective Investment Schemes in terms of the Collective Investment Schemes Act, Chapter 24:19. The REIT issuer must have:

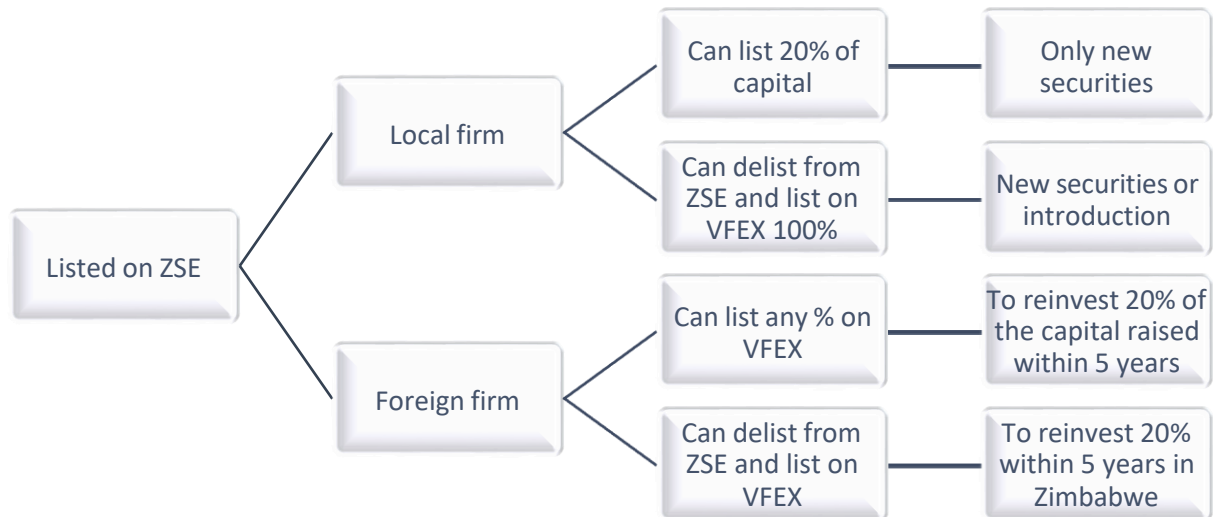
- Minimum subscribed capital of USD3 million (not less than 10m units);
- Satisfactory profit history for the preceding 3 years, where applicable;
- At least 30% of the units to be held by the public;
- Minimum number of 100 unit holders

5.5 Depository Receipts

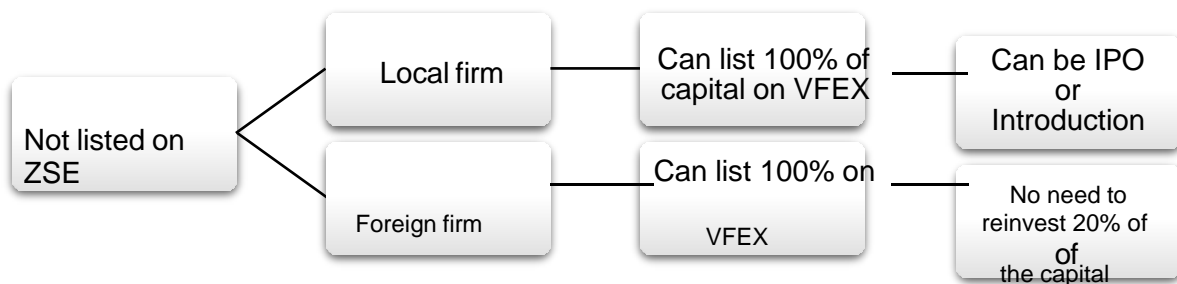
- The DRs must be sponsored.
- The DRs must be issued by a depository that is independent of the issuer;
- The securities of the issuer must be held by a trust administered by independent trustees representing the interests of the holders of the DRs;
- The depository must hold in trust, for the sole benefit of the holders of DRs, the securities to which the DRs relate, all rights relating to the securities and all the money and benefits that it may receive in respect of them.
- The DRs must be fully covered at all times.
- The DRs must be fully paid up and freely transferable;
- The securities which the DRs represent must be free from all liens and any restrictions on the right of transfer to the depository;
- There must be a duly signed deposit agreement in place between the issuer, the depository and the custodian, if applicable; and
- 20 per centum of the DRs must be held by the public and the DR holders must be at least 50

6. Listing Scenarios

6.1 Issuers listed on ZSE



6.2 Issuers not listed on ZSE



7. Listing fees

An Issuer is required to pay document review and initial listing fees. In addition, after listing, the company will also have to pay an annual listing fee.

7.1 Professional advisors' and other fees:

An issuer would also have to pay for professional advisors' fees as follows:

- *Sponsor* - Negotiable, depending on the size and complexity of the listing;
- *Financial advisor* - Negotiable, depending on the size and complexity of the listing and the amount of work required;

- *Legal Advisor* - fees based on hourly rates as prescribed by the Law Society of Zimbabwe;
- *Accountant* - Fees based on hourly rates but also negotiable.
- *Transfer secretary* – based on association guidelines but also negotiable.

7.2 VFEX Equity Listing Fees (Excluding VAT)

The following are inspection and listing fees. Fees are stated exclusive of Value Added Tax.

a) Initial Listing Fees (USD)

The initial listing fee shall be 0.05% of the value of securities to be listed subject to a minimum fee of USD4,000 and a maximum fee of USD30,000.

a) Annual Listing Fees

Tier	Market Capitalization - USD		Fee
	From	To	USD
1	-	10,000,000	4,000
2	10,000,001	15,000,000	6,900
3	15,000,001	25,000,000	9,800
4	25,000,001	50,000,000	12,700
5	50,000,001	130,000,000	15,600
6	130,000,001	250,000,000	18,500
7	250,000,001	500,000,000	21,400
8	500,000,001	700,000,000	24,300
9	700,000,001	1,000,000,000	27,200
10	1,000,000,001		30,000

* Notes

The monetary value of securities for which application for listing is made will be determined as follows:

- the number of securities for which application for listing is made multiplied by the price per security;
- in respect of capitalisation issue, where no market related price is attributable to the securities to be listed, they will be deemed to have a value calculated by multiplying the number of securities listed by the closing price on the declaration date; and
- in respect of introductions, where no price is attributable to the securities, they will be deemed to have a value calculated by multiplying the number of securities listed by the closing price on the first day of trading.
- In respect of each class of security listed, an annual listing fee shall be payable (except during the calendar year in which the first listing of securities is granted)

based on the market capitalization value as at 30 November of the preceding year.

2.0 VFEX Debt Listing Fees (Excluding VAT)

a) Initial Listing Fees

The initial listing fees shall be 0.0175% of the total nominal value of the program subject to a minimum of USD 2,500 and maximum of USD5,000.

b) Annual Debt Listing Fees

Tier	Nominal Value of Debt Securities - USD		
	From	To	USD
1	-	5,000,000	2,500
2	5,000,001	10,000,000	4,000
3	10,000,001	20,000,000	5,500
4	20,000,001	50,000,000	7,000
5	50,000,001	100,000,000	8,500
6	100,000,001		10,000

* If the legal entity issuing a bond is already listed either on the ZSE Main Board or on VFEX then the issuer will pay 50% of the Applicable Annual Debt Listing Fees.

3.0 Exchange Traded Product (ETP) Fees

The initial listing fees for ETPs shall be 0.0125% of the fund's market value subject to a minimum of USD2,000 and maximum of USD10,000

Annual Fees

ETF	0.0125% of the fund value subject to a minimum of USD2,000 and maximum of USD 20,000
ETN	0.0125% of the value subject to minimum of USD2,000 and maximum of USD10,000

Notes

- i. In respect of each class of security listed, the annual listing fee shall be payable (except during the calendar year in which the first listing of securities is granted) based on the market capitalization value as at 30 November of each year.

4.0 Document Review Fees

Description	Fee (USD)
Memorandum and Articles or Equivalent	
If submitted separately	250
Company	250
Re-examination fee	100
Per amendment	100
Review of M&A/Constitution	500
Per amendment	100
Review of listing particulars	600
Debenture Trust Deed	
Per trust deed in a new listing	1,000
If submitted separately	250
Re-examination per deed	500
Per amendment	100
Debt-Notice to holders	200
Employee Share Option	
With a new listing (if part of the prospectus)	1,000
Salient Circular	100
Re-examination per scheme per amendment	500
Depository receipts-Unsponsored	1,000
Share Capital	
Amendment/other	100
Cancellation/withdrawal of securities	100
Increase	150
Par Value Amendment	400
ETF	
New listing	1,000

Review fee	300
Rights Offer	1,500
Clawback Offer	1,500
Mergers Acquisitions & Disposals	2,000
Amalgamation	1,500
Capital Structure	
Issue for Cash Circular	1,500
Specific Issue of Shares for Cash	1,500
Odd lot offer	1,000
Consolidation/Subdivision Circular	1,000
Change of Name	100
Scrip Dividends	200
Category 1 transactions	2,000
Category 2 transactions	1,500
Increase in Authorised Share Capital	1,500
New Issue pre-listings statement, prospectus, constitution, debenture trust deed, employee share option schemes, related party transactions excluding charges for subsidiaries	3,000
Warrants issue	1,500
Pre-Issue Advise	1,500
Price stabilization	1,500
Redemption of bonds, preference shares	1,500
Related Party transactions	5,000
Small related party transactions	2,000
Renounceable Offers	2,000
Revised Listing Particulars	2,000
Ruling	500
Scheme of Arrangements & regulated offers	2500
Specific Share Repurchase by the issuer	1,500

Termination of Listing	1,500
Unbundling	2,500

Contact details

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