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

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SCHEDULE
THE CAPITAL MARKETS AND SECURITIES
(ESTABLISHMENT OF STOCK EXCHANGES) REGULATIONS
G.N. No. 416 of 1996

PART I
PRELIMINARY PROVISIONS (regs 1-2)

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

2. Interpretation
In these Regulations, unless the context otherwise requires–
"interim stock trading facility" means the facility to be established in
accordance with section 114 of the Act;
"rules" in relation to a stock exchange means the rules governing the conduct of
a stock exchange or its members by whatever name they are called and includes rules
contained in the regulations of the stock exchange.

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

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

4. Application to be accompanied by memorandum of association and articles
An application for approval of the establishment of a stock exchange shall be
accompanied by the applicant's memorandum of association which shall be in a form
and satisfactory to the Authority and shall–
(a) not permit the distribution of profits to members; and
(b) restrict the membership of the stock exchange, dealers and such other persons
as may be decided by the Authority.

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

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

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

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

8. Application for permit to establish an Interim Stock Trading Facility
(1) Any person who holds a dealer's licence may apply to the Authority for a
permit to establish and maintain an interim stock trading facility.
(2) An application for a permit to establish an interim stock trading facility shall be
made in triplicate in the form prescribed in the Schedule.

9. Application fee
An application for a permit to establish an interim stock trading facility shall be
accompanied by an application fee of the sum of five hundred thousand shillings payable in a manner to be determined by the Authority.

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

11. Transition of Interim Stock Trading Facility to Stock Exchange
   An interim stock trading facility granted a permit in accordance with section 114 of the Act and these Regulations shall operate as an interim facility for a maximum period of five years after which the provisions of Part 1 of these Regulations will have to be complied with:
   Provided that the Authority may extend the period of five years upon application being made by an interim stock trading facility within three months prior to expiration of the period of five years.

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

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

13. Certain conditions attached to approval or permit
   It shall be a condition for every grant of approval to establish a stock exchange or permit to establish an interim stock trading facility that the authority shall be furnished with—
   (a) a list of members of the stock exchange or interim stock trading facility and any amendments thereto;
   (b) names of members of the council of a stock exchange or governing body of an interim stock trading facility and any change thereto;
   (c) notice of any disciplinary action taken against a member of a stock exchange or interim stock trading facility;
   (d) changes in the appointment or the terms and conditions of the chief executive officer;
   (e) a list of securities traded in the stock exchange or interim stock trading facility and any amendments thereto;
   (f) in the case of a stock exchange, proposed amendments to be made to the
conditions under which securities may be listed for trading;
(g) proposed amendments to be made to the conditions governing dealing in
securities by members of a stock exchange;
(h) monthly returns of the volume of securities traded in the stock exchange or
interim stock trading facility in a manner prescribed by the Authority;
(i) amendments proposed to be made to the rules governing the conduct of the
stock exchange, or its members;
(j) the days and hours of business of a stock exchange or interim stock trading of
the stock exchange;
(k) such other information as may be required by the Authority.
14. Conditions for trading, settlement and delivery
A stock exchange shall regulate its, members and ensure the day to day
management of trading, settlement, delivery and other activities on dealing in securities
in accordance with the memorandum and articles, rules, by-laws and regulations of the
stock exchange which have been approved by the Authority.
15. Accounting records
A stock exchange shall maintain and reserve such books of account and
documents, or acceptable alternative accounting records in their place as may be
determined by the Authority for a period of seven years.
16. Annual reports
A stock exchange shall before the 30th June in each year or such extended
period as the Authority may from time to time allow, furnish the Authority with a report of
activities during the preceding calendar year in the form as may be required by the
Authority.
17. Amendment of memorandum and articles
The Memorandum and Articles of Association and by laws of a stock exchange in
so far as they have been approved by the Authority, shall not be amended, varied or
rescinded without the approval of the Authority.
18. Compliance with listing requirements
A stock exchange shall comply with the rules formulated by the Authority to
regulate the listing of securities.
19. Powers of Chief Executive
The Chief Executive of a stock exchange shall have the power to enforce the
rules, by-laws and regulations of the stock exchange and to administer the prescribed
penalties including suspension from trading.
20. Transparency of transactions
A stock exchange shall make public its transactions in such a manner as may be
required by the Authority.
SCHEDULE
APPLICATION FOR APPROVAL TO ESTABLISH A STOCK EXCHANGE OR PERMIT TO ESTABLISH AN INTERIM STOCK TRADING FACILITY

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

We hereby apply for approval to establish stock exchange/permit to establish an interim stock trading facility *1 and submit the following information for your consideration:

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

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

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

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

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

   I/We ..................................................................................................................................
   do hereby state that I/we have read the Rules designed to regulate the interim stock trading facility issued by the Authority and further that I/we *2 shall abide by those Rules.

   Date: ........................................

   Signed: ......................................) Director
   ..........................................................) Director/
   .......................................................) Secretary *3

For official use only
Status: 
Received/Not received

*1
*2
*3