

Rules for AFEXtree

INTRODUCTION AND SCOPE

AFRINEX (“Exchange”) has introduced an electronic platform called AFEXtree (hereinafter referred to and used interchangeably as “AFEXtree” or “Platform”) with the objective to facilitate fund raising and reporting of funds raised through private placement of securities. Issuers availing of the Platform’s bidding feature will benefit from better price discovery and transparency in the overall process of fund raising. AFEXtree will enable Issuers to connect with other market participants to ease private placement of securities and reporting the same on the Platform.

Arrangers, Investors and Issuers of securities (hereinafter be, wherever the context so requires, collectively referred to as the “Participants”) will be allowed to access AFEXtree. For accessing the Platform, the said Participants will need to register with the Exchange by executing required documentation and paying necessary fees.

All Participants who use/access the Platform shall abide by the Roles and Responsibilities and Operating Guidelines pursuant to these rules and any other circulars issued from time to time with regards to AFEXtree by the Exchange.

These Rules are applicable for accessing AFEXtree for purposes of raising funds on private placement basis. The Exchange determines each Participant’s credentials and assesses application for Issuers, Arrangers and Investors unrelated to Arrangers to provide access to the Platform. Each Participant who accesses and use the Platform is responsible for verification of suitability of other Participants it is dealing with and ensure adequacy of their own internal systems and have sufficient controls to combat laundering of criminal proceeds, the financing of terrorism and the financing of proliferation of weapons of mass destruction.

Allowing an Issuer to access the AFEXtree is not an approval or verification by the Exchange of the Information Notice, or any other disclosure document or of the suitability of the issuer to raise funds or issue securities.

These Rules shall come in force from July 06, 2023.

DEFINITIONS

Unless the context otherwise requires, the terms capitalized and used in these Rules and the defined terms set forth below, together with their respective grammatical variations and cognate expressions, shall have the meanings specified hereinbelow:

AML/KYC

Anti-Money Laundering and Terrorist Financing and Know-Your-Customer.

AML Laws

All legislations and the provisions, guidelines, rules and regulations framed thereunder, or prescribed by the FSC or the Exchange, to fight against money laundering and terrorist financing, including but not limited to, the Financial Intelligence and Anti-Money Laundering Act, 2002 and the regulations framed thereunder, the Prevention of Terrorism Act, 2002 and the Financial Services Act, 2007.

Arranger

Anyone of the following:

- (1) Anyone who holds Investment Banking license or is working in similar capacity in its home country jurisdiction.
- (2) An entity having Investment Dealer license as specified by Financial Services Commission, who on behalf of the investors can bid on AFEXtree.
- (3) Anyone who holds Investment Adviser license or is working in similar capacity in its home country jurisdiction.
- (4) Foreign Investment Dealer authorized by Financial Services Commission.
- (5) Anyone who has a broker/dealer license or is working in similar capacity in its home country jurisdiction.
- (6) An individual or entity authorized by any competent authority and working in any competent jurisdiction to do business or activity of arranging capital or facilitating raising funds.

Bidder	Arranger and/or investors bidding on AFEXtree.
Cut off yield	The final yield so determined in an issue. In other words, it is the highest yield at which a bid is accepted.
Competent Authority	Anyone of the following: <ol style="list-style-type: none">(1) An authority exercising functions corresponding to the responsibility of the Minister under the Securities Act, 2005.(2) Any public body responsible to regulate the securities market and matters connected therewith or incidental thereto; and includes any exchange in a foreign jurisdiction that is regulated by such public body.
Estimated cut off yield	Yield so estimated by the issuer, prior to opening of issue.
FSC	Financial Services Commission, Mauritius
Investor	Anyone of the following: <ol style="list-style-type: none">(1) "Sophisticated Investor" as defined in section 2 of the Securities Act 2005.(2) "Expert Investor" as defined in regulation 78(a) of the Securities (Collective Investment Schemes and Closed-end Funds) Regulations 2008 (CIS Regulations 2008).(3) Institutional Investors registered or authorized or regulated with competent authority of Financial Action Task Force ("FATF") member jurisdictions.(4) Multilateral and bilateral development financial institution(5) Supranationals(6) Mutual Funds(7) Investment Banks(8) Commercial trusts(9) Endowment funds

- (10) Pension funds
- (11) Hedge funds
- (12) Private Equity funds
- (13) Body Corporate
- (14) Asset Management Companies
- (15) Financial Institutions

Information notice

Any document, prospectus, listing particulars or offering memorandum containing the relevant information concerning the Issuer and the Securities.

Issuer

Any entity that issues, has issued or is going to issue securities, provided such entity is permitted to issue securities as per the laws and regulations of its country of incorporation, jurisdiction or its constitution.

Pricing Supplement

The final terms of each issue of securities.

Securities

Shall have the same meaning as in the Securities Act, 2005.

Term Sheet

Summary of important terms and conditions related to an issue.

A. ISSUERS ELIGIBLE FOR AFEXtree

Any Issuer whose securities comply with the following conditions can access AFEXtree:

1. If it is a private placement of securities of,
 - i. a single issue of at least USD 1,000,000 (one million) or its equivalent value in any other currency; or
 - ii. a shelf issue, consisting of multiple tranches, which cumulatively amounts to USD 3,000,000 (three million) or its equivalent value in any other currency or more, in a financial year; or
 - iii. a subsequent issue, where aggregate of all previous issues by an Issuer in a financial year equal or exceeds USD 2,000,000 (2 million) or its equivalent value in any other currency.
2. If at least the securities are either listed or are subject of an application for admission to be listed on the Exchange or ISINs have been issued by AFRINEX Clearing House Ltd ("ACHL").
3. The Exchange may authorize the omission of eligibility condition A.2 above on a case-to-case basis.

B. OBLIGATIONS OF ISSUER

1. The Issuer, to the extent applicable, shall ensure compliance with all requisite laws, rules, regulations, etc. with respect to private placement of securities including ensuring compliance to its home jurisdiction or any other jurisdiction and other relevant statutes, where it is operating or intend to raise fund.

Provided that, Issuer shall consider the Investors, on whose behalf Arranger is making bid in a particular issue, for the purposes of compliance and other relevant statutes.

2. The Issuer shall comply with all the necessary AML/KYC measures and procedures as specified by FSC or any other Competent Authority. The Exchange shall consider any Issuer's failure to

comply with the AML/KYC obligations as a breach to the provisions of the Rules.

3. The Exchange reserves the right to inform the FSC and/or such other relevant governmental or regulatory body, when it has reasonable evidence that the Issuer is involved or attempts to participate in acts or complicities of money laundering or terrorist financing.
4. The Issuer shall provide the Information Notice or Pricing Supplement and Term Sheet to the Exchange prior to the start of issue opening date.
5. The Issuer shall ensure that the Information Notice or Pricing Supplement and the Term Sheet, inter-alia, discloses the following: -
 - a. Details of size of issue
 - b. Bid opening and closing date
 - c. Minimum bid lot
 - d. Bank details of the Issuer
6. The Issuer may choose to disclose estimated cut off yield to the Platform, however the same has to be disclosed prior to opening of the bidding for the issue.
7. The Issuer shall issue securities to the Bidders for the fund received failing which Issuer shall be debarred from accessing AFEXtree for a period as specified by the Exchange from the date of such default and a penalty as per schedule shall be levied.

C. WITHDRAWAL BY AN ISSUER

1. The Issuer, at its discretion, may withdraw from the issue process at any time, however subsequent to such withdrawal, the Issuer shall not be allowed to access AFEXtree for a period of 30 days from the date of such withdrawal or for such other period as the Exchange may determine from time to time.
2. If an Issuer withdraws from the issue because of any of the reasons as outlined below, provisions of clause 1 above shall not be applicable:
 - i. Issuer is unable to receive the bids up to base issue size; or

- ii. Bidder has defaulted on payment towards the allotment, within stipulated timeframe, due to which the Issuer is unable to fulfill the base issue size; or
 - iii. Cutoff yield in the issue is higher than the Estimated cut off yield disclosed to the Platform, where the base issue size is fully subscribed.
3. Notwithstanding (2) above, if an Issuer withdraws an issue to opt out of bidding but opts to report in accordance with section (F) on Reporting, then provisions of clause 1 of this section shall not be applicable.
4. Disclosure of Estimated cut off yield by AFEXtree to all the Participants, pursuant to closure of issue, shall be at the discretion of the Issuer.
5. For Issuers who have withdrawn the issue in terms of provisions of clause 2.iii. above, AFEXtree shall mandatorily disclose the Estimated cut off yield to the Bidder.

D. BIDDERS

1. Bidders, prior to entering the bidding process shall be required to enroll with AFEXtree. Such enrollment of a Bidder on AFEXtree will be one time exercise and shall be valid till the time such enrolment is annulled or rescinded.
2. The know your client (KYC) verification and enrolment of the Bidders on AFEXtree shall be done in the following manner:
 - i. KYCs shall be done by the Exchange for Investor(s) bidding on its own behalf; or
 - ii. KYCs shall be done by the Arranger for Investor(s) bidding through Arranger.
3. All eligible Participants shall have access to Information Notice, Term Sheet and other issue specific information available on AFEXtree.
4. Arranger(s) except for Licensed entity or authorized investment bank, investment adviser, investment dealers or foreign investment dealers bidding on proprietary basis, for an amount equal to or more than 5 % of the base issue size, whichever is lower, shall bid directly i.e., shall enter the bids directly on AFEXtree.

5. For bids made by an Arranger for any particular issue, an Arranger shall disclose following to AFEXtree at the time of bidding:
 - i. Specify that whether the bid is proprietary bid or is being entered on behalf of an Investor or is a consolidated bid i.e., an aggregate bid consisting of proprietary bid and bid(s) on behalf of Investors.
 - ii. For consolidated bid, Arranger shall disclose breakup between proprietary bid and bid(s) made on behalf of Investor(s).
 - iii. Further, for bids entered on behalf of Investor(s), following shall be disclosed:
 - a. Names of such Investors.
 - b. Category of Investor; and
 - c. Quantum of bid of each Investor.
6. Pay-in towards the allotment of securities shall be done from the account of the Bidder to whom allocation is to be made.

Provided that for the bids made by the Arranger on behalf of Investors, pay-in towards allotment of securities shall be made from the account of such Investors.
7. In case of non-fulfillment of bidding obligations by Bidders, such Bidders shall be debarred from accessing AFEXtree for a period as determined by the Exchange from the date of such default and relevant penalty as per schedule shall be levied.
8. Pay in shall be done to Issuer's account as mentioned by Issuer.

E. BIDDING PROCESS

1. Bidding timings & period
 - i. Bidding on the AFEXtree shall take place for such time window as specified by the Exchange from time to time.
 - ii. The bidding window shall be open for the period as specified by the Issuer in the

bidding announcement.

2. Bidding Announcement

- i. Issuer shall make the bidding announcement on AFEXtree before initiating the bidding process.
- ii. Bidding announcement shall be accompanied with details of bid opening and closing time, and any other details as required by AFEXtree from time to time.
- iii. Any change in bidding time and/ or date by the Issuer shall be intimated to AFEXtree ensuring that such announcement is made within the operating hours of the Exchange.

Provided that such changes in bidding date or time shall be allowed for maximum of two times on payment of fees as prescribed by the Exchange.

3. Post Bidding Process

- i. All bids received within the bidding time window shall be provided by AFEXtree to the Issuer after the bidding process is over.
- ii. The bidding process on AFEXtree shall be on an anonymous order driven system.
- iii. Issuer shall have the option to accept or reject bids received, if the Issuer agrees to the yield so discovered.
- iv. Bid shall be made by way of entering bid amount in currency as specified in Information Notice or Pricing Supplement.
- v. Modification or cancellation of the bids shall be allowed i.e., Bidder can cancel or modify the bids made in an issue only during the bidding period.
- vi. The bid placed in the system shall have an audit trail which includes Bidder's identification details, time stamp and unique order number. Further against such bids,

AFEXtree shall provide an acknowledgement number.

F. REPORTING

1. The Issuer who has made private placement of securities by accessing the Platform shall submit details of such private placement as per format prescribed by the Exchange.
2. The know your client (KYC) verification of such Investors and/or Arrangers who have not enrolled on the platform shall be done by the Issuers for the purpose of reporting on the Platform.