

Center for Economic Growth



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UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

**Uganda Capital Markets Development
Amendments to Prospectus Requirements Regulations
November, 1997**

**USAID/Barents Group LLC
Financial Sector Development Project II
Contract No. PCE-0025-Q-00-307-00, Delivery Order #37**

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Opinions herein are those of the author and so not necessarily reflect the policies or views of the Government of Uganda, USAID, Barents Group LLC or KPMG Peat Marwick

Amendments to Prospectus Requirements Regulations, 1997.

*(Under section 102 of the Capital Markets Authority Statute 1996
Statute No 1 of 1996)*

In exercise of the powers conferred on the Capital Markets Authority by sections 6 and 102 of the Capital Markets Authority Statute, 1996 (the "Statute"), these Amendments to the Prospectus Requirements Regulations are made this ____ day of _____, 1997

PART I - SCOPE OF REGULATIONS

1 Enforcement Powers Except as provided in paragraphs 2 and 3 below, these Regulations apply to all transactions, public or private, in which securities are offered, purchased or sold. These Regulations shall be administered by the Capital Markets Authority (the "Authority"), which has all the powers of enforcement granted to it by the Statute, including civil and criminal authority. The Authority, in the proper exercise of its duties under these Regulations, shall not make any official approval or disapproval of disclosures contained in any prospectus, and shall not pass upon the merits of any investment.

2 Government Securities With the exception of paragraph 2(c) of Part VI, these Regulations do not apply to public offerings of securities issued or guaranteed by the Government of Uganda.

3 Private Offerings With the exception of paragraph 2(c) of Part VI, these Regulations do not apply to securities transactions that do not involve and are not involved in any way with a public offering.

PART II - DEFINITIONS

1 Definitions

(a) Authority The term "Authority" means the Capital Markets Authority.

(b) Issuer The term "issuer" means any person or company that creates and distributes, or proposes to create and distribute, any security.

(c) Material The term "material" refers to information that a reasonable investor, whether average or sophisticated, would find useful or important in making an investment decision, whether to buy, hold or sell, regarding a security.

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(d) Offer The term “offer” includes any attempt to sell or dispose of for value any security or interest in a security that has been issued or is to be issued. The term also includes issuing a form of application for shares as described in the Companies Act §40(3)

(e) Other Trading Facility The term “other trading facility” means any location or electronic system other than a stock exchange where securities are traded

(f) Prospectus The term “prospectus” includes any means by which an offer for sale of a security is made to the public, including any writing, publication or electronic media. The term also includes the definition set forth in the Companies Act §47(1)

(g) Public offer The term “public offer” refers to any attempt to publicly offer or sell a security to one or more investors. An offer to 30 or more persons will be assumed to be a public offering

(h) Security The term “security” includes all securities as defined in the Statute §2

(i) Statute The term “Statute” refers to the Capital Markets Authority Statute, 1996

(j) Stock Exchange The term “stock exchange” means a market, exchange or other place at which securities are offered for sale, purchase or exchange, as defined in the Statute §2

(k) Underwriter The term “underwriter” means any person or entity that has purchased securities from an issuer with the intent of selling these securities to the public. The term also includes a person or entity that is acting on behalf of or as agent for an issuer in connection with the offer or sale of any securities of that issuer

PART III - REQUIREMENTS REGARDING CONDUCT OF A PUBLIC OFFERING

1 Requirement of a Prospectus No public offer or sale of securities shall be made without publication or delivery, either before or contemporaneous with the offer or sale, of a prospectus that fulfills all the requirements of these Regulations. This publication requirement may be satisfied by placing the prospectus meeting the requirements of these Regulations in a newspaper of general circulation in Uganda

2 Acceptable Communications That Are Deemed Not to Be a Public Offering

(a) Certain communications that meet the requirements of this paragraph are allowed to be published or otherwise widely disseminated without being deemed to be a public offering. Such communications may be published without meeting the requirements of these Regulations regarding content of a prospectus. Publication or other dissemination of these communications is allowed because no offer or sale is being made thereby. Paragraph 1 of Part III, which prohibits

any offer or sale without a prospectus, does not apply to communications meeting the requirements of this paragraph because such communications are deemed not to include any public offering

(b) Communications meeting the requirements of this paragraph *may* include any of the following information

- (1) the name of the issuer of the security,
- (2) a brief description of the security being offered or to be offered,
- (3) a brief description of the type of business being or to be conducted by the issuer,
- (4) the price at which the securities are being or will be offered,
- (5) the date of commencement of the offering,
- (6) the identity of the underwriters or primary distributors of the securities, and
- (7) relevant dates of the offering

(c) Communications meeting the requirements of this paragraph *shall* include the following information

- (1) a statement at the beginning of the communication, in bold print, that no securities are being offered thereby, and stating that a prospectus will be (or has been) published and made available to investors prior to any offer or sale of any securities mentioned in the communication, and
- (2) a description of the means by which an investor can receive a copy of the prospectus for the offering of securities mentioned in the communication, or describing the location in which the prospectus will be published

3 Waiver of Provisions of the Regulations All elements of disclosure required by these Regulations shall be included in the prospectus. No provisions of these Regulations may be modified or reduced by agreement, waiver or any other stipulation by any party to a transaction covered by these Regulations. This provision is intended, *inter alia*, to protect secondary market purchasers from a lack of adequate information, even if the parties to the primary transaction may have access other than a prospectus to information that might be excluded by agreement

PART IV - REGISTRATION AND REVIEW REQUIREMENTS

1 Registration and Review Requirement Every prospectus that is proposed to be used in connection with a public offering of securities must, prior to publication or other use thereof, be submitted for registration, listing or quotation, as necessary, to the following prescribed authorities in the order set forth

(a) Capital Markets Authority Prior to publication of a prospectus, it must be submitted to the Authority for review. The Authority shall review the prospectus according to the procedures set forth in paragraph 2 of Part IV. Submission of a prospectus to the Authority for review should be made within a reasonable time, to allow the Authority sufficient time to review and comment, and to allow adequate time for the issuer to respond to any comments received.

(b) Stock Exchange or Other Trading Facility Prior to publication of a prospectus for securities that are to be listed on a stock exchange or quoted on another trading facility, it must be submitted to the stock exchange or other trading facility on which it will be listed or quoted. The exchange or trading facility should review the prospectus to ensure that it complies with the requirements of that entity and any other relevant laws and regulations, and should notify the issuer of any deficiencies. The issuer should submit the prospectus to the exchange or trading facility sufficiently prior to publication to allow review thereof, so that any potential violations of the rules of that entity can be avoided.

(c) Registrar Pursuant to Companies Act §43, prior to publication of a prospectus, it must be submitted to the registrar for registration. No substantive review of the contents of the prospectus must be made by the Registrar prior to issuance of a certificate of registration. However, the Registrar shall not register the prospectus until notification is received from the Authority that it has received and reviewed the prospectus, and that it has no objection to the registration of the prospectus by the Registrar. Additionally, in the case of a security that is to be listed on a stock exchange or quoted on another trading facility, the Registrar shall not register the prospectus until it has received a certificate from that stock exchange or trading facility regarding its approval of the prospectus.

2 Role of the Authority

(a) Initial Review of the Prospectus Upon receipt of a prospectus that has been submitted for approval, the Authority shall vet the prospectus to determine its sufficiency under the Companies Act, the Statute and these Regulations. It shall make an independent, confidential determination as to

- (1) compliance with legal requirements, and
- (2) logical and substantive consistency and clarity

This initial review by the Authority shall be completed in no less than 30 days from the date received

(b) Notification of Deficiencies Upon completion of the review, a notification will be sent to the issuer that the prospectus has been reviewed. This correspondence will state either

(1) that the review has been completed and that the prospectus may be published at the discretion of the issuer. The Authority will not, however, give an opinion as to the legal sufficiency of the prospectus that may be relied on in a court of law, or

(2) that after a review of the proposed prospectus, the prospectus should not be published until certain amendments are made. In this case, the letter shall specifically identify legal deficiencies, textual inconsistencies and other inadequacies that have been found

(c) Response of the Issuer to Notification of Deficiencies Prior to any publication of the prospectus, the issuer shall respond to all points raised by the Authority in a manner sufficient to satisfy its concerns. Responses may be in the form of written correspondence that contains either

(1) an amendment to the proposed prospectus, or

(2) an explanation by the issuer as to why an amendment is not necessary. The Authority shall notify the issuer within five business days of receipt of such correspondence as to whether the issuer's responses, amendments or explanations are sufficient. Such notification shall conform to the requirements of paragraph (b)(1), above

PART V - REQUIRED CONTENT OF PROSPECTUSES

1 Date of the Prospectus The prospectus shall be dated as of the date on which it is first used or published. Such date shall be printed on the prospectus. No prospectus shall be used that is more than nine months old

2 Date of Information in the Prospectus Information within the prospectus shall be of the latest practicable date. Without limiting the foregoing statement, financial information within a prospectus shall be no more than 9 months old

3 Presentation of the Prospectus It is not necessary for the information in a prospectus to be presented in the same order as the requirements set forth in these Regulations. However, important items should not be obscured, and every required item of disclosure must be included. As well, the presentation of information in a prospectus should be clear and easily understandable. Finally, those matters required to be on the cover page of the prospectus, or in

the forefront of the prospectus, must be in that location

4 Information Required in the Prospectus The information stipulated in the Schedule to these Regulations shall be set forth in the prospectus

5 Forward Looking Statements Prospectuses are intended to include factual information regarding a business, its ownership, management, properties and securities. Forward looking statements or projections may be included in a prospectus only in the following circumstances, and only if they have a reasonable basis in fact and are made in good faith

(a) Reasonable projections may be made regarding expected revenues, earnings and other financial items so long as they are based on relevant facts, and

(b) Statements may be made as to management's plans and objectives for future operations, financings or acquisitions of the company

6 Opinions of Experts

(a) *Disclosure in the Prospectus*

(1) *Summary* If any expert, such as an engineer, valuer, accountant or other person whose profession gives authority to a statement made by him, gives a report that is mentioned in the prospectus, a fair summary of the substance of the report must be included in the prospectus

(2) *Identification of Expert* The name of the expert must be given, and a brief statement as to the expert's qualifications regarding giving the report should be stated. Describe any agreement or preexisting relationship between the expert and the issuer or any director or executive officer of the issuer

(3) *Consent* A statement must be included in the prospectus confirming that consent has been obtained from the expert mentioned therein to use the opinion rendered for the purposes for which it is being used in the prospectus

(b) *Material to be Submitted to the Authority*

(1) Opinions of experts that are mentioned and summarised in a prospectus must be filed at the Authority with the prospectus, and will be made available for public inspection and photocopying

(2) Any consent given by an expert to use statements by that expert in a prospectus must be filed at the Authority with the prospectus, and will be made available for public inspection and photocopying

PART VI - CIVIL AND CRIMINAL LIABILITIES

1 Civil Liability

(a) *False or Misleading Statements* Any person who shall make, cause to be made, or authorise the making of any statement in a prospectus that is published according to this regulation, that at the time it was made was false or misleading with respect to any material fact, shall be liable for any damages caused thereby. Liability for such statements shall extend to purchasers or sellers of securities that consummated transactions based upon such statements, or that consummated transactions at a price that was affected by such statements, for any damages caused thereby.

(b) *Material Omissions* Any person who shall omit, or cause to be omitted, or authorise the omission of any material information from a prospectus published under these Regulations, or that fails to file a prospectus that is required to be filed by the Companies Act, the Statute or these Regulations prior to publication thereof, shall be liable for any damages caused thereby. Liability for such omissions or failure to file shall extend to purchasers or sellers of securities that consummated transactions based upon such omissions or failures, or that consummated transactions at a price that was affected by such omissions or failures, for any damages caused thereby.

2 Criminal Liability

(a) It shall be unlawful for any person, directly or indirectly, to publicly offer or sell a security without compliance with paragraph 1 of Part III of these Regulations.

(b) It shall be unlawful for any person, directly or indirectly, to make any untrue statement of material fact within a prospectus, or to omit any material fact from a prospectus that is necessary to cause the prospectus to not be misleading.

(c) It shall be unlawful for any person, directly or indirectly, in connection with the offer or sale of any securities, to engage in any device, scheme, transaction, practice or course of business which is designed to operate as a fraud or deceit upon the purchaser thereof. It shall also be unlawful for any person to obtain money in connection with the offer or sale of securities by use of any untrue statement, or by failing to disclose a material fact to the purchaser that was necessary to have been made to prevent the statements that were made from being misleading.

(d) Violations of paragraph (a), (b) or (c) of this paragraph 2 of Part VI shall be punishable upon conviction by a fine not exceeding _____, or a term of imprisonment not to exceed _____, or both. When the Authority discovers the existence or likelihood of a violation subject to this paragraph, it shall so advise the appropriate criminal enforcement agency. Such agency shall then have the responsibility for prosecution of any

alleged violations, and shall at all times maintain contact with and consult the Authority regarding the substance of the alleged violations and the advancement of the proceedings

PART VII - PROCEDURAL MATTERS

1 Offering of Additional Securities Once a prospectus has been published and a public offering has commenced, an offering by the same issuer of new or additional securities can be accomplished only by doing all of the following

(a) Completion of the previous offering,

(b) After such completion, waiting until no sooner than thirty days following the later of either

(1) the date that the last securities have been delivered, or

(2) the date that the last funds have been paid to the company for the securities, and

(c) Compliance with these Regulations regarding submission and publication of a prospectus for a public offering of securities

2 Modification of Terms of an Ongoing Offering

(a) Amendment of the Prospectus If an issuer has commenced, but not yet closed, a public offering, and wishes to change any material terms of the offer, including but not limited to such terms as the number of securities offered, the price therefor or the closing date for the offering, it must amend the prospectus according to the following procedures

(1) publish a notice that the offering in its current form is canceled,

(2) together with the cancellation notice, publish an offer to rescind all transactions that have been completed involving the securities that have already been sold pursuant to the offering, at the option of the purchaser by a particular date,

(3) publish an amendment to the prospectus that explains all changes being made to the offering, including the reasons therefor, and

(4) give an adequate time for purchasers to respond to this rescission offer prior to initiation of the modified offering

(b) Filing of Proposed Amendment With the Authority In cases described in paragraph a), above, the amendment mentioned in subparagraph 3) should be filed with the Authority no less than 30 days prior to publication thereof. The procedures outlined in paragraph 2 of Part IV, shall be complied with regarding Authority review of this amendment.

3 Information available to the public Except for specified portions of documents that are designated as confidential by the Authority, all prospectuses and supporting documents shall be made available to the public at the offices of the Registrar of Companies for inspection and, where necessary, copying.

SCHEDULE

Part 1 - Matters to be Stated at the Beginning of the Prospectus

Instructions The information required by this Part 1 shall appear at the beginning of the prospectus. The “beginning of the prospectus” shall mean

(a) in the case of a prospectus that is published in a newspaper, in the first section of the prospectus, and

(b) in the case of a prospectus that is published as a stand-alone document, on the first page thereof

1. Cautionary Statements.

In conspicuous print, the following statement

“CAUTION”

“This prospectus is published pursuant to the Prospectus Requirements Regulations. The Capital Markets Authority makes no statement regarding either 1) the approval or disapproval of the disclosure contained herein, or 2) the merits of any investment referred to herein.

Prospective investors should carefully read the entire prospectus, and should carefully consider the matters set forth under the caption “Risk Factors” prior to making an investment in any securities offered hereby.”

2. Statement of Risk Factors.

The primary risk factors that make the offering speculative or involve a high risk to the investment should be summarised in the beginning of the prospectus. Such factors may include such matters as a lack of profitable operating history for the issuer, geographic or political uncertainties, lack of financial resources for the issuer, the nature of the business that the issuer will be engaging in or the lack of experience of the management

3. Table Describing the Offering.

The following information should be set forth in a table such as the one below

	Selling Price	Underwriting Commissions ¹	Proceeds to the Issuer
Per unit			
Total			

4. Summary of the Offering.

A summary of the prospectus should be included that briefly describes the offering and the company. The summary should be clearly labeled “**Summary**” and should include a statement in bold print as follows “**The following is merely a summary of this offering. The entire prospectus should be read prior to making any investment in these securities.**”

Part 2 - Description of the Company and its Business

1. Financial Information.

(a) *Financial Statements and Analysis*

(1) Audited financial statements shall be presented in the prospectus for the preceding five financial years, or for the life of the company, and any interim period following the latest fiscal year of the company

(2) A summary of the letter from the accountant that is filed with the Authority pursuant to Part V of the Regulations shall be included in the prospectus

(3) Management of the issuer shall include a statement analysing the financial statements included herein that explains the current and prospective financial conditions of the issuer, including

(A) any trends, demands, commitments, events or uncertainties known to the management that shall result in or are likely to result in material increase or decrease in the issuer’s liquidity,

¹ This category includes all selling allowances to securities dealers that assist in the placement of the securities

(B) the issuer's material commitments for capital expenditures, indicating the purpose of those commitments, the anticipated source of funds needed to fulfill the commitments, the currency in which the commitments are denominated and any measures that the issuer plans to take to hedge any resulting foreign currency exposure,

(C) the extent to which the issuer's future operating results or financial condition are exposed to fluctuations in exchange rates or interest rates
Information provided shall include information on all foreign currency borrowings or commitments denominated in a foreign currency, as well as indebtedness for which the interest rate payable is not fixed in advance,

(D) material product developments, events, trends, competitive conditions expected and uncertainties known to the management that may cause reported financial information not to be indicative of future operating results or of future financial conditions,

(E) any unusual or infrequent events or transactions or any significant economic changes that have affected the amount of reported income for the audited financial statements that appear in the prospectus with emphasis on the latest financial statements included in them and a description of any other significant components of revenues or expenses that, in the issuer's judgment, should be described in order to understand the issuer's operational results,

(F) to the extent that the financial statements appearing in the prospectus disclose material increases in net sales or revenues, and analysis of the extent to which those increases can be attributed to increases in prices or to increases in the volume or amount of goods or services sold or to the introduction of new products or services,

(G) the impact of inflation and changing prices on the issuer's net sales and revenues and on operating income for the three most recent financial years of the issuer or for such shorter period in which the issuer has been in business, and

(H) future prospects of the issuer with respect to cash flow and profits

(c) Capital of the Issuer and its Subsidiaries

(1) The authorised share capital of the company, the amount issued and outstanding, the amount paid-up, the current security price and the markets on which the securities are traded should be set forth

(2) Describe the legal rights of holders of each type of the securities outstanding. This information should include rights regarding dividends, pre-emptive rights to subscribe to new issues of securities, redemption, voting rights and creation or issue of further shares of equal or greater priority than the securities to be issued.

(3) Describe any securities issued within the past two years for any consideration other than cash, and describe such consideration.

(4) Describe any securities issued within the past two years for cash, indicating the amount issued and price therefore, whether the securities are fully paid, and if not, a description of the terms of the issuance, the person to whom issued and the current status of the payment due on the securities.

(5) Any material alterations in the share capital of the issuer within the past two years.

(6) Identify the shareholders of five percent or more of the outstanding securities of any class of the issuer, indicating the amount held by each security holder.

(7) Indicate the number of securities to be listed on an exchange, or quoted on another organized market, following the public distribution, indicating whether and substantial shareholder listed pursuant to paragraph (5), above, has an intention to cause additional securities of the type listed or quoted to be listed or quoted within a twelve month period after the distribution.

(d) *Indebtedness of the Issuer and its Subsidiaries*

(1) Provide the names and business addresses of the major banks providing services to the issuer as lender, provider of credit facilities or guarantor of any indebtedness.

(2) Describe, for the issuer and its subsidiaries, any material outstanding indebtedness, including bank loans, overdrafts, debentures, hire purchase agreements, mortgages, bank acceptance credits, financial guarantees by the issuer and any other contingent liabilities. Such description shall include such factors as the date, maturity and character of the indebtedness, rate of interest, basic repayment provisions and provisions that allow for the conversion of the debt into another class of securities of the issuer.

(e) *Material Contracts* Describe any material contracts (not being contracts entered into in the ordinary course of business) to which the issuer is a party, including the dates and parties thereto, entered into within the two years immediately preceding the public offering, together with a summary of the principal contents of each contract including particulars of any

consideration passing to or from the issuer or any subsidiary

2. Business Description.

(a) Describe the general development of the business over the past two years and its current operations. In describing this development, provide information including the following

(1) a brief history of the initial organisation of the business, including the form and name under which the initial organisation took place,

(2) the nature and results of any bankruptcy, receivership or similar proceedings with respect to the issuer,

(3) the nature and results of any other material reclassification, merger or consolidation of the issuer or any of its significant subsidiaries,

(4) the acquisition or disposition of any material amount of assets otherwise than in the ordinary course of business and any material changes in the mode of conducting business,

(5) a summary of the material provisions of the articles of association with respect to annual general meetings of shareholders, voting rights of shareholders, the election and removal of directors and the rights of directors to vote on proposals in which they have a personal interest,

(6) the particulars of the location, area of tenure (including in the case of leaseholds the rent and the unexpired term) of the factories, main buildings and other important physical properties of the issuer and its subsidiaries,

(7) the particulars of the primary equipment of the issuer, including the cost, age, model and vendor, indicating whether the equipment is expected to be replaced within two years after the conclusion of the public offering

(b) State the period of time for which the issuer believes that the proceeds from the offering will be sufficient to satisfy cash requirements. If not, state the procedures that the issuer intends to employ to raise additional funds, and the time frame for implementation of such procedures

(c) Describe the principal products produced or services rendered and the principal markets therefor. Describe the methods of distribution used or to be used for these products or services

(d) Describe the status of the development of products or services (e.g., whether in the

planning stage, whether prototypes exist, the degree to which product design has progressed or whether further engineering is necessary) and whether the development will require substantial further investment. Provide a summary of research and development expenditures for the business.

(e) If the issuer is a manufacturing enterprise, state the sources and availability of raw materials and the extent of dependence on any single supplier.

(f) Describe the importance to the business activity of the issuer of all material patents, trademarks, licenses, franchises and concessions held, and the duration of each.

(g) Describe the extent of dependence of the business activity upon a single customer or group of customers.

(h) Describe the seasonality, if any, of the business.

(i) Describe the current level of backlog orders and assignments for the business activity, the development of those orders and assignments over the past year and prospects for the backlog orders or assignments.

(j) List the number of persons employed by the issuer in the business activity.

(k) Give a breakdown of the revenues of the business activities into those that arise from domestic sales and those that arise from exports of products or services, and provide any additional information necessary for an evaluation of these activities.

Part 3 - Officers and Directors

1. Information Relating to Directors.

(a) Identify and give a brief account of the business experience during the preceding five years of each director of the issuer.

(b) Indicate all positions held by the directors within the issuer, stating the times that these positions have been held.

(c) Briefly describe any relationship or understanding between any director and any other person pursuant to which he or she was selected to serve as a director.

2. Information Relating to Executive Officers.

(a) Identify and give a brief account of the business experience during the preceding five

years of each executive officer of the issuer

(b) Indicate all positions held by the executive officers within the issuer, stating the times that these positions have been held

(c) Briefly describe any relationship or understanding between any executive officer and any other person pursuant to which he or she was selected to serve as an officer

3. Personal History of Officers and Directors.

(a) State whether any director or executive officer of the issuer is or has been within the past ten years involved in any of the following events

(1) that person or any partnership in which he or she was a partner, or any company of which he or she was an executive officer, is or has been the subject of a filing of a petition under any bankruptcy law, or

(2) that person has been convicted in a criminal proceeding or is a named subject of a ruling of a court of competent jurisdiction or any governmental body, that permanently or temporarily prohibited him or her from acting as an investment adviser or as a director or employee of a broker or dealer, director or employee of any financial institution or engaging in any type of business practice or activity

(b) Securities held by Officers and Directors

(1) Indicate for each class of securities of the issuer the number of securities held by each officer and director

(2) Indicate whether any officer or director has the intention to sell any securities of the same class of those being offered hereby within a period of one year after the conclusion of the public distribution

(3) Provide details regarding any material acquisitions or disposals of securities of the issuer by officers and directors within a one year period prior to the public distribution

(4) Provide details for each officer and director of all options granted to purchase securities of the issuer or any subsidiary or holding company of the issuer within a one year period prior to the public distribution

(c) *Transactions with Officers and Directors* Describe any transactions in which officers or directors have a material interest that involve the issuer, naming the person(s) involved, the nature of the person's interest and the amount of the transaction

Part 4 - Description of the Transaction

1. Plan of Distribution.

(a) If underwriters are to be used for the public offering, name the underwriters and state the respective amounts underwritten. Describe the nature of any obligation of each underwriter to take a portion of the securities. Describe any material relationship between principals of any of the underwriters and the issuer.

(b) If the securities are to be offered by selling efforts of brokers and dealers, describe the plan of distribution and the terms of any agreement, arrangement or understanding entered into with brokers or dealers.

(c) If the securities are to be offered for other than cash, describe the consideration to be given, the purposes of the offering and the basis for valuation of the consideration.

(d) If the securities are to be offered on an exchange, name the exchange.

2. Registrar.

Provide the name and business address of any registrar appointed by the issuer to provide services with respect to the securities being offered hereby.

3. Use of Proceeds.

Include a statement on the intended use of the net proceeds of the offering, including any intended transient use of the proceeds pending final application.

4. Legal Matters.

Provide in the prospectus a summary of the legal opinion that is filed with the Authority pursuant to Part 500 hereof. Indicate the counsel that has signed the legal opinion.

5. Description of Securities to be Offered.

(a) If equity securities are being offered

(1) State the title and class.

(2) Describe other relevant specifics about the securities, including such matters as dividend rights, any conversion terms, any redemption provisions, voting

rights, liquidation rights, preemptive rights, any restrictions on transferability of the securities either to domestic or foreign purchasers, any provisions either in the corporate articles or bylaws or in statutes or regulations that cause discrimination against a person that holds a substantial amount of the securities

(3) If the securities are secured by other than the general assets of the corporation, such as a pool of assets, describe such assets sufficiently to allow an independent determination as to the sufficiency of those assets for the purpose stated

(b) If debt securities are being offered

(1) State the title of the securities, the total amount being offered, and the total amount currently outstanding of the same class of debt securities

(2) Describe other relevant specifics about the securities, including such matters as maturity, interest rate and method of calculation, any conversion rights, redemption rights, amortization or sinking fund

(3) Describe any lien on property or assets securing the securities. If the securities are secured by other than the general assets of the corporation, such as a pool of assets, describe such assets sufficiently to allow an independent determination as to the sufficiency of those assets for the purpose stated

(4) Regarding any subordination of the debt being offered to currently outstanding debt, describe the amount of such senior debt. Describe whether there is any limitation on the issuance of senior debt in the future. Describe whether there is any limitation on the issuance of debt in the future that is secured by the same assets as that securing the currently offered debt

(5) Describe provisions that relate to events that will constitute a default on the securities. Describe protections available to security holders in such an event

(6) State the name of the trustee, and the percentage of holders of the securities necessary to require the trustee to take any action. Describe any material relationship between the issuer and the trustee

(c) If warrants or rights are being offered

(1) State the total amount of securities called for by the warrants or rights

(2) State the price of exercise

(3) State the period during which the warrants or rights may be exercised, and any

provisions regarding changing these

- (4) The current amount of other warrants or rights outstanding, and any other material terms of the warrants or rights being issued

Part 5 - Exhibits

The issuer shall also provide the following items to the Authority, but need not include them in the prospectus. These items shall be made available to inspection and copying at the offices of the Authority

- (a) A copy of the issuer's memorandum and articles of association
- (b) A copy of all required authorisations with respect to its memorandum and articles of association and to any changes in its structure
- (c) Where applicable, a copy of proposed underwriting agreements and contracts, proposed agreements with securities exchanges for the listing of the securities to be offered, and proposed agreements or contracts with a registrar
- (d) With respect to the public distribution of debt securities, a copy of the proposed trustee agreement, and a proposed contract with a guarantor where applicable
- (e) Provide a letter from counsel that includes an opinion regarding each of the following
 - (1) whether all licences and consents required to perform the business or proposed business of the issuer have been duly obtained,
 - (2) the validity of evidence of ownership of land, plant and equipment, and other important assets of the issuer,
 - (3) any agreements or contracts with respect to the proposed issue of securities, including underwriting contracts, agreements or contracts with any securities exchange, registrar or trustees of bonds, debentures or other credit securities,
 - (4) any material litigation, prosecution or other civil or criminal legal action in which the issuer or any of its officers or directors is involved,
 - (5) whether the existing capital of the issuer and any proposed changes to it is in conformity with applicable laws and has received all necessary authorisations, and
 - (6) any material items with regard to the legal status of the issuer and the proposed

issue

(f) A letter from the accountant that has certified the financial statements included in the prospectus shall be filed according to paragraph 6 of Part V of the Regulations describing the extent of the audit conducted and stating whether the financial statements present clearly the financial condition of the company. An originally signed and executed consent by the accountant regarding use of the accountant's audit in the prospectus shall be filed with the CMA.

(g) A copy of any opinion of an expert that is summarised in the prospectus pursuant to paragraph 6 of Part V. An originally signed and executed consent by such expert regarding use of the expert's opinion in the prospectus shall be filed with the CMA.