

# CMSA wants listed firms to stick to merger rules

By DAILY NEWS Reporter

CAPITAL Markets and Securities Authority (CMSA) says listed companies are required to comply with takeovers and mergers regulations before signing deals.

The regulator statement came yesterday after People's Bank of Zanzibar (PBZ) showed interest to acquire 75 per cent of MuCoBa Bank, formally Mufindi Community Bank, a listed entity on Dar es Salaam Stock Exchange (DSE).

PBZ, the largest lender in the Isles, sent a merger notification to acquire a three-quarter stake of MuCoBa to Fair Competition Commission (FCC) for blessings.

CMSA's Public Relations Manager Charles Shirima said listed companies are required to comply with the Capital Markets and Securities (Sub-

stantial Acquisitions, Takeovers and Mergers) Regulations 2006.

"In addition to other legal requirements of the land, these Regulations regulate and govern mergers and acquisitions of listed companies in order to ensure that the critical processes of mergers, acquisitions and takeovers are significantly influencing the growth of enterprises, and that they take place within an orderly legal framework," Mr Shirima told the 'Daily News' yesterday.

"...Such framework [has to] conform to the principles of fairness, transparency, equity and the need to protect the rights of shareholders affected by such transactions," the PR manager said.

Mr Shirima further said that shareholding structure depends on the structure of the merger transaction.

"The shareholding structure may change or may not as this depends on the structure of the transaction," he said. MuCoBa was listed in 2016 after selling 8,156,423 shares at 250/- per share, at the DSE'S Main Investment Market segment (MIMs). The lender's share as of yesterday was trading at 400/-.

The bank share capital increased from 1.18bn/- in 2014 to 3.08bn/- in 2018, but in quarter one of this year, it dropped to 2.76bn/-.

In Q 1 of this year, MuCoBa's net profit rose almost 90 times to 175m/- from 2.0m/- of a similar quarter last year.

The Mufindi-based lender, which started as a Saccos in 1998, was later transformed into a community bank.

FCC said through a public notice that based on offer letter and term sheet submitted by the merging par-

ties, PBZ intends to acquire MuCoBa by a way of issuance and allotment of new shares.

The commission wants all petitioners against the merger to submit their petition within seven days, effective Wednesday this week.

"The petitioners are hereby notified to submit their petitions with a view to assist the commission in reaching just and reasonable decisions with regards to the intended merger," FCC said.

PBZ is a fully-fledged commercial bank established in 1966 and is 100 per cent owned by the government of Zanzibar under the Ministry of Finance.

The bank claimed to control 50 per cent of the Isles market share and its bid to acquire MuCoBa translated to strategy to claim more share in the mainland.