

NON-BANK FINANCIAL INSTITUTIONS REGULATORY AUTHORITY
(PAWNSHOP AND DEALERS IN PERSONAL PROPERTY REGULATIONS, 2017)

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Part I - *Preliminary*

1. Citation

- (1) These Regulations may be cited as the Non-Bank Financial Institutions Regulatory Authority(Pawnshops and Dealers in Personal Property) Regulations, 2017, and shall come into operation on such a day as the Minister may, by order published in the Gazette, appoint.

2. Interpretation

In these Regulations, unless the context otherwise requires-

“authorised address,” means the address at which a pawnshop or/ a dealer in second hand goods operation is authorised, by the licence issued by the Regulatory Authority, to conduct its business and maintains offices. It includes office or storage spaces maintained and/or used by the pawnshop that are adjacent to or otherwise incorporated into the pawnshop’s location.

“bulky pawns “shall refer to large household appliances, office machines and the like, which are not easily portable, occupy considerable amount of space and may require separate storage facilities

“business day” excludes any public holiday as determined by the Public Holidays Act as well as a Saturday and Sunday

“business hours” shall be limited to those hours set by the Regulatory Authority or applicable local law

"deal in" includes the action of acquiring, purchasing, disposing, selling of second hand goods or the conducting of business therein when such business is connected to a pawnshop operation.

"dealer" for the purposes of this regulation, means a person who carries on a business of dealing in second hand goods in connection with a pawn transaction or independently thereof when the purchase and resale of second hand goods is an ancillary business being conducted on and through the premise of a pawnbroker operation.

“dispose of” includes selling, donating, lending, supplying, distributing, exporting out of Botswana and in any manner, whether for any consideration or not, transferring, exchanging, agree to sell, or mark with a selling price, display, advertise, offer or attempt to sell, or exchange, deliver or dispose of for any consideration, or sell by auction or by way of a credit agreement, or delivering;

“household and office equipment” mean any goods normally used in an office or household including but not limited to furniture, electric and electronic equipment, electronic software, tools, gardening equipment and works of art.

“juristic person” includes a partnership, association or other body of persons, corporate or unincorporated;

“loan agreement” means a loan agreement concluded or to be concluded between the Pawnee and the Pawner;

“pawnbroker” Any person engaged in the business of lending or advancing money on the security of pledged goods left in pawn, or in the business of purchasing tangible personal property to be left in pawn on the condition that it may be redeemed or repurchased by the seller for a fixed price within a fixed period of time

“pawn” is the personal property delivered by the pawner to the Pawnee as security for a loan. Pawn also refers to the transaction of pawning an item of personal property as collateral for a loan advance

“pawnee” shall refer to the pawnshop or pawnbroker.

“pawner” shall refer to the borrower from a pawnshop. “

“pawnshop” shall refer to a person or entity engaged in the business of lending money on personal property that is physically delivered to the pawnshop premises as loan collateral. The term shall be synonymous and may be used interchangeably, with pawnbroker or pawn brokerage.

“pawn ticket” is the pawnbroker’s and the pawner’s official receipt for a pawn transaction but shall not be considered as an official receipt for any amounts collected arising from said pawn transaction.

“pawn transaction” Any loan on the security of pledged goods or any purchase of pledged goods on condition that the pledged goods are left with the pawnbroker and may be redeemed or repurchased by the pawner for a fixed price within a fixed period of time. A "pawn transaction" does not include the pledge to, or the purchase by, a pawnbroker of real or personal property from a customer followed by the sale or the leasing of that property back to the customer in the same or a related transaction.

“pledge loan” means an advance of monies which is secured or collateralized by goods owned by the pawner and ceded for the purposes of a pawn transaction

“property” shall include only such personal property, which can be physically delivered to the control and possession of the Pawnee.

“principal amount” means the original amount advanced to a pawner, excluding any initial charges;

“second hand goods” mean goods, which have been used in the manner for which it had been intended by a person other than the manufacturer or producer;

“repayment period” means the period stated in the loan agreement as the period within which the borrower is obliged to repay the loan;

“total cost of credit”, as included in the pawn ticket, means the difference between the aggregate of all repayments to be made and the principal amount advanced under the pawn;

“total monthly cost of credit rate” means the monthly percentage rate at which money is advanced, inclusive of all charges, levied on the pawn transaction and is calculated as $-(\text{aggregate of all repayments} - \text{principal amount}) / (\text{principal amount}) \times (100 / \text{repayment period in months})$.

“vital records” shall consist of the Loans Extended/Paid Registers, General Ledger/Journal, which may in electronic form, covering the current and at least the preceding six (6) years of operation, unused accountable forms and permanent records, e.g., articles of incorporation/co-partnership, by-laws, stock certificates, etc.

“voting stock” is that portion of the authorized capital which is subscribed and entitled to vote.

PART II – *Licensing Requirements*

3. Prohibition to conduct unlicensed pawnshop

- (1) No person shall carry out a business as a pawnshop or as dealer in second hand goods operating from a pawnshop, without a licence issued by the Regulatory Authority.
- (2) Any person who contravenes the provisions of sub regulation (1) commits an offence and on conviction is liable to a fine not exceeding P5000 for each day on which the offence occurs or continues to occur or to imprisonment for a period not exceeding five years, or to both.

4. Application for a license

(1) An application for a licence to carry out business, as a pawnshop shall be made to the Regulatory Authority in the Form 1 set out in the schedule.

(2) All pawnshop operations in the Republic of Botswana shall be carried out solely by legally registered sole proprietorships or corporate entities that meet the ownership and capitalization requirements as set forth by the Regulatory Authority.

(3) An application for a licence under sub regulation (2) shall be accompanied by the following;

(a) the full personal details, qualifications, experience and economic interests of its –

(i) controller

(ii) Manager

(iii) Principal Officer

(iv) other senior officers; or

(b) Full personal details, qualifications, experience, economic interests and economic interests and occupation of the;

(i) Board of Directors

(ii) Shareholders of the applicant, and

(iii) Ultimate beneficial holders of the applicant

(c) Non-refundable application fee of pula 10,000 or as prescribed by the Regulatory Authority

(d) constitution of the applicant

(e) certificate of Incorporation from Registrar of Companies;

(f) copy of a document showing income tax registration number;

(g) a copy of any other registration or licensing certificate (if applicable);

(h) a duly completed directors/shareholders' questionnaire;

(i) a copy of title deed or lease agreement for the premises where the applicant is going to carry out business ;

(j) a detailed business plan which shall inter alia set forth;

(i) the objectives and aims of the Pawnshop;

(ii) a five-year financial projections for the Pawnshop business, indicating its expected growth and profitability;

(iii) details of the assumptions upon which the financial projections are made;

(iv) the proposed training programme for staff and management succession; and

- (v) the organisational structure of the Pawnshop business, setting out in detail, the functions and responsibilities of the management team;
- (k) copy of latest financial statements of the business (if already conducting finance business);
- (l) Additional information as may be required by the Regulatory Authority under the Act and these Regulations
- (m) policies and procedure manuals that will be used by the Pawnshop business showing the internal controls and the procedures that will be followed in operating the business;
- (n) any evidence of the minimum financial requirements as provided in the Regulations

5. Determination of a License

(1) Where the Regulatory Authority is satisfied that the applicant has:

(a) complied with the requirements of Regulation 4 as may be applicable;
and

(b) demonstrated the capacity to meet the obligations and compliance requirements as provided for under Part III of these Regulations, it shall, within 90 days of receiving the complete application and additional information as required by the Regulatory Authority, issue a licence to the applicant in Form 2 set out in the Schedule as may be applicable.

6. Duration and Validity of a licence

(1) A licence shall remain valid unless it is revoked or surrendered to the Regulatory Authority

7. Opening of a Branch

(1) A Pawnshop issued with a licence under these regulations may apply to the Regulatory Authority for an approval to open a

branch of the finance business in Form 3 as set out in the Schedule, and such application shall be accompanied by an application fee of Pula 5,000 or as prescribed by the Regulatory Authority..

8. Rejection of a licence

(i) Where the Regulatory Authority is not satisfied that the applicant has complied with the requirements for licensing as a finance institution under these Regulations the Regulatory Authority may refuse to grant a licence.

9. Appeal against rejection of a licence

(i) Any person aggrieved by the decision of the Regulatory Authority not to grant a licence under these Regulations, may appeal against the decision in accordance with Part X of the Act.

(ii) An applicant whose application has been rejected may re-apply, if the deficiencies that formed the basis for rejection of the application have been corrected or otherwise addressed.

10. Conducting of business at a specified place

(1) A pawnshop company shall conduct its business at the premises authorised by the Regulatory Authority.

11. Conditions of a license

(1) A license may be issued subject to such terms and conditions as the Regulatory Authority may impose in accordance with the Act and these Regulations.

12. Display of a License

(1) A pawnshop shall display or exhibit its license in a conspicuous place on the authorised place where it conducts its business.

(2) A Pawnshop shall display a certified copy of its license in a conspicuous place on the authorised address of every branch where it conducts its business

- (3) A person who contravenes sub-regulation (1) or (2) commits an offence and shall be liable, to a fine not exceeding [50000]

13. Restriction on Transfer of a licence

- (1) A licence shall not be transferred, assigned or encumbered in any way unless authorised by the Regulatory Authority:

Provided that licence may be transferred in the event of an amalgamation or similar corporate restructuring transaction, on such terms and conditions as the Regulatory Authority may approve.

- (2) A person shall not operate or manage a Pawnshop on behalf of another person, without the prior written approval of the Regulatory Authority
- (3) Any person who contravenes sub-regulation (1) or (2) commits an offence.

14. Revocation of a License

- (1) The Regulatory Authority may revoke a licence if —
 - (a) it appears to the Regularity Authority that the information provided in the application for the licence is fraudulent or contains a materially false statement; or
 - (b) the licensee has failed, within a period of twelve months from the date of issuance of the licence, to commence business under the licence; or
 - (c) the licensee is seriously or persistently in breach of any provision of these Regulations; or
 - (d) the licensee has failed to comply with any condition of its licence or with any directive of the Regulatory Authority; or
 - (e) the licensee has ceased to conduct the business authorised by its licence.

(2) Where a licence is revoked, the licensee shall surrender to the Regulatory Authority each copy of the licence on display in every place of business of the licensee and the Regulatory Authority shall as soon as practicable publish a notice of the revocation in the Gazette and in a newspaper of general circulation in Botswana.

(3) The Regulatory Authority may take such additional steps as it considers necessary to inform the public of the revocation.

(4) Any person aggrieved by the decision of the Regulatory Authority to revoke a licence may appeal to the Tribunal constituted under section 50 (1) of the Act.

(5) A decision of the Regulatory Authority shall remain in force unless reversed or suspended by the Regulatory Authority, or suspended/and or set aside by the Tribunal or by any court of competent authority.

(6) A person whose licence is revoked shall not continue to operate as a finance company or conduct any finance business.

(7) Any person who contravenes sub-regulation (6) commits an offence and shall be liable, upon conviction, to a fine not exceeding P100 000 or imprisonment not exceeding two years, or both.

15. Licencee to honour obligations in spite of revocation of licence

(1) The revocation of a licence shall not relieve the licensee of any obligation incurred or assumed by the licensee during the period of validity of the licence.

16. Requirement to be fit and proper

(1) All key persons of the a Pawnshop to be licensed under these Regulations shall demonstrate, at time of application and whenever requested to do so, that they satisfy the requirements of the fit and proper tests as prescribed by the Regulatory Authority from time to time.

Part III – Governance of Pawnshop

17. Pawnshop company an incorporated company

(1) All Pawnshop businesses in the Republic of Botswana shall be carried out by locally registered corporate entities incorporated in Botswana.

18. Ownership and Control of Pawnshops

- (1) Multinationals and citizen controlled companies satisfying the requirements of regulation 17 shall be eligible for application of a license.

19. Board of Directors

- (1) A pawnshop company shall have a board of directors constituting of not less than three members, the majority of whom shall be permanent residents in Botswana. In addition at least one member of the Board needs to be independent
- (2) Members of a board of directors should be capable of demonstrating an understanding of the Pawnshop's financial standing and reporting requirement.
- (3) A board of directors of a pawnshop company shall meet at least once quarterly for the transaction of its business.

20. Management of Pawnshop company

- (1) The management of a pawnshop company shall include—
 - (a) a chief executive officer, and
 - (b) a Finance Manager.
- (2) The positions referred to in sub-regulation (1) shall not be held by one person.

21. Qualifications of Directors or persons in management

- (1) Qualifications of directors and personnel in management positions shall be determined in line with regulation 16 of these regulations.

22. Notice of Change in shareholding, directors and senior management

- (i) A Pawnshop shall not without the prior written approval of the Regulatory Authority make any changes regarding its shareholders, and controllers.

- (ii) A person shall not, without the prior written approval of the Regulatory Authority—
 - (a) acquire any beneficial interest in the voting shares of such a Pawnshop; or
 - (b) enter into any voting trust or other agreement; that would enable that person or another person to control twenty percent or more of the total votes cast on any general resolution at a general or special meeting of a finance institution.

23. Suspension and removal of officers

(1) The Regulatory Authority may, by notice in writing addressed to the pawnshop company concerned, suspend, for a period as advised by the Regulatory Authority a director, chief executive officer, chief financial officer or manager of a Pawnshop for failure to take reasonable steps to secure the compliance by the Pawnshop with the requirements of these Regulations.

(2) The Regulatory Authority may direct to Pawnshop the removal from office of a director, a chief executive officer, a chief financial officer or a manager referred to in Subregulation (4) without first suspending the director, chief executive officer, chief financial officer or manager.

24. Systems of Internal Control

(1) A pawnshop company shall, at all times maintain effective systems of internal control.

25. Prohibited Business

- (1) A licensed Pawnshop shall not be permitted to carry out the following business activities:
 - (i) deposit taking
 - (ii) non-financial activities such as trading, construction and project management; and

- (iii) other financial services other than those prescribed above.

26. Closure of Pawnshop Business

- (1) A finance company intending to close a place of business shall at least sixty (60) days before closing such place, notify the Regulatory Authority, in writing, of its intention to do so.

Part IV - Immunity of the Regulatory Authority

27. Immunity of the Regulatory Authority

- (1) No act, matter or thing done by the Regulatory Authority or any officer or person employed by the Regulatory Authority in the exercise or performance or purported exercise or performance, in good faith, of any power or function under these Regulations shall give rise to any action, claim, liability, suit or demand against the Regulatory Authority or any officer or person concerned.

Part V - Miscellaneous

28. Dispute Resolution

- (1) A pawnshop shall have a clear dispute resolution procedure approved by the Regulatory Authority, which shall be displayed at a prominent position in each of the pawnshop premises,
 - (2) A pawnshop shall ensure that the names and contact details of persons responsible for dispute resolution are clearly displayed on the pawnshop premises.
 - (3) A complainant shall submit any dispute in writing to the persons responsible for dispute resolution, and every attempt shall be made to resolve the dispute within a reasonable period of time.
 - (4) A pawnshop shall ensure that a record of the dispute is maintained indicating –

- (a) the pawn transaction agreement and pawn ticket number;
 - (b) the date of the dispute;
 - (c) the name of complainant; and
 - (d) the outcome of the dispute.
- (4) Where a dispute is not satisfactorily resolved, the pawnshop shall ensure that the complainant confirms this in writing, and the pawnshop shall notify the Regulatory Authority within 30 calendar days of the unresolved complaint.
- (5) The record keeping of the dispute shall be a period of six (6) years.

29. Confidentiality of Information

(1) No pawnshop, any officer, employee, agent of a pawnshop or any person who, by virtue of his or her professional relationship with the pawnshop, has access to the records of the pawnshop, shall during or after his or her

relationship with the pawnshop, directly or indirectly disclose any information he or she may acquire in the course of his or her duties, concerning the borrowers transactions, personal information, financial or business affairs without the written and freely given consent of the borrower or his or her personal representative.

- (2) The provisions of sub-regulation (1) shall not apply where-
- (a) the borrower is declared bankrupt in Botswana and the information is required in bankruptcy proceedings;
 - (b) the information is required in any legal proceedings;
 - (c) the information is required by an officer in the employment of the same Pawnshop in Botswana or by an auditor or a legal representative of the Pawnshop who requires, and is entitled to know, the information in the course of his or her professional duties;
 - (d) the information is required by another Pawnshop for the purpose of assessing the credit worthiness of a borrower and is required for assessment purposes only;

- (e) the information is required in terms of any other law; or
- (f) it is necessary to disclose the information in the public interest as approved by the Regulatory Authority.

30. Forwarding of adverse credit information

(i) Where a Pawnshop intends to forward any adverse information relating to the forwarding the information, notify the borrower in writing, of such intention except where the adverse credit information is required under regulation 29(2).

(ii) The notification referred to in sub regulation(1) shall be addressed to the borrower's address set out in the pawn agreement, or if the postal system is impractical, any other reasonable and appropriate means shall be used to deliver the notification.

(iii) where the amount owed by the borrower is in dispute, the pawnshop shall communicate that fact to the third party concerned together with the adverse credit information

31. Supervisory Levies

(1) Every pawnshop shall pay to the Regulatory Authority an annual non-refundable supervision levy as shall be advised by the Regulatory Authority maximum within 30 days from the end of the Regulatory Authority's financial year.

32. Penalties

(1) Subject to subsection (2) where a person

(a) issues or takes part in the issuance of a document which is false in any material particular, the person and every other person who signed such document;

(b) Knowingly makes a false statement;

commits an offence and shall be liable, upon conviction, to a fine not exceeding P20000 or to imprisonment for a term not exceeding two years, or to both.

- (2) A person does not commit an offence under this regulation if the person did not know and could not reasonably be expected to have known that the document was false when the person signed it, issued it or took part in its issue.
- (3) Any person who:
- (a) obstructs any person in the exercise of any power conferred upon the person under these Regulations;
 - (b) fails to provide information required under these Regulations;
 - (c) with intent to evade any provisions of these Regulations destroys, mutilates or hides any document; or
 - (d) contravenes a duty imposed by these Regulations;
- 2 commits an offence and is liable, upon conviction, to a fine not exceeding P30 000 or to imprisonment for a term not exceeding three (3) years, or to both.
- (4) Where the offence is committed by a body of persons:
- (a) in the case of a body corporate, every director or officer of that body commits an offence;
 - (b) in the case of a finance Company that is not incorporated, every manager, member of the board of directors commits an offence; unless the director, officer, manager proves to the satisfaction of the court that the act constituting an offence was done without the knowledge, consent or connivance of the director, officer, manager, or that, the person attempted to prevent the commission of the crime having regard to the circumstances of the case.
- (5) Any person who contravenes the provisions of these Regulations for which no penalty is provided shall be liable, upon conviction, to a fine not exceeding P50 000 or to a term of imprisonment not exceeding three years, or to both.

Part VI – Disclosure

33. Disclosure of cost of borrowing

- (1) A pawnshop that provides credit facilities to a customer shall at the time of providing the service, in a statement in writing, disclose to the customer concerned the cost of borrowing.

- (2) The statement referred to in sub-regulation (1) shall be in Form 5, set out in the Schedule.

Part VII – Accounts, Records, and Reports

34. Keeping of accounts

- (1) A pawnshop shall keep all accounting records, in Botswana, as are necessary to exhibit clearly and accurately the state of its affairs and to explain its transactions and financial position so as to enable the Regulatory Authority to determine whether the pawnshop concerned has complied with the provisions of these Regulations and any other relevant legislation.
- (2) Without prejudice to the generality of Sub-regulation (1), shall maintain proper accounting records reflecting full details of all the facilities granted, and amounts outstanding from such facilities.
- (3) A pawnshop shall keep a signed copy of each pawn agreement and the register referred to in Regulation 35 for a period of not less than six years.

35. Maintenance of register

- (1) A pawnshop shall, in respect of every pawn agreement, maintain a register which shall contain the following details:
 - (a) pawn agreement number or other reference to identify the agreement;
 - (b) name and address of the borrower;
 - (c) principal amount of the credit extended to the borrower;
 - (d) date on of the pawn agreement;
 - (e) total amount payable in respect the pawn agreement; and
 - (f) penalties, charges and other incidental costs which are to be paid by the borrower.

36. Annual Returns

- (1) A pawnshop shall, within 90 days of the end of its fiscal lender year, lodge with the Regulatory Authority, annual returns in Form 6 as set out in the Schedule.
- (2) The Regulatory Authority may, from time to time request a pawnshop company to lodge any other periodic returns or any other information.

37. Submission of Information to Regulatory Authority

A pawnshop shall within five business days, inform to the Regulatory Authority, in writing, where-

- (a) the pawnshop or any of its branches ceases to operate;
 - (b) the pawnshop becomes unable to discharge any of its obligations promptly and in full;
 - (c) there is a change in contact numbers or address of the pawnshop; or
 - (d) there is a change in the business affairs of the pawnshop that has or may have a negative effect on the borrowers.
- (1) A pawnshop shall, within 90 days of the end of its fiscal year, complete and submit to the Regulatory Authority, a compliance report in Form 7 as set out in the Schedule.
 - (2) A pawnshop which fails to submit any information required under these Regulations may be declared by the Regulatory Authority as not carrying on business with integrity, prudence and professional skill and shall be liable to a civil penalty to be imposed by the Regulatory Authority.

Licensing Exemptions

- (1) Pawnshop operators who have been in operation for at least one year prior to application for a licence from the Regulatory Authority and fail to meet the minimum licensing requirements

may apply for an exemption upon the submission of a complete and time bound business plan detailing all corrective measures to be completed against shortfalls noted by the Regulatory Authority

PART VIII – *Operational Requirements*

38. *Minimum Financial Capital of Pawnshops*

(1) Every pawnshop operation, whether a proprietorship or corporate entity, shall have a minimum paid-in capital of P100,000.00 or as prescribed by the Regulatory Authority

(2) A pawnshop's paid-in capital may be in the form of:

- a. Cash;
- b. Tangible properties, including real estate and improvements thereon; and
- c. A combination of cash and tangible properties.

(3) Tangible properties shall be limited to those that are necessary for the conduct of the pawnshop business. They may be valued at fair value, which is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

(4) The fair value of land and buildings is usually determined from market-based evidence by appraisal that is normally undertaken by professionally qualified appraisers.

(5) The value of the tangible properties contributed, as capital shall not exceed Twenty-five per cent (25%) of said paid-in capital and surplus/accumulated surplus:

(6) The minimum capital ratio of a pawnshop, expressed as a percentage of total capital to pledge loans, shall not be less than fifty per cent (50%):

(7)

(9) For the purpose of these regulations, the term total capital shall be defined as total assets minus:

- (a) total liabilities;
- (b) deferred tax assets;
- (c) unbooked valuation reserves; and
- (d) other capital adjustments as may be required by the Authority

(10) Any appraisal surplus or appreciation credit as a result of appreciation or an increase in book value of the assets of the pawnshop shall be excluded.

(11) A person licensed as a pawnshop under these Regulations shall demonstrate to the Regulatory Authority, when requested to do so, that the pawnshop is financially solvent.

(12) The Regulatory Authority may declare a pawnshop that has failed to maintain a minimum financial capital or to demonstrate its state of solvency as provided in the regulations, to be in an unsound financial position and may review the pawnshop to determine whether it qualifies to continue to be licensed as a pawnshop under these Regulations.

(13) Where the Regulatory Authority, after reviewing the operations of a pawnbroker, is of the view that the pawnshop is in an unsound financial position, it may suspend or revoke the pawnshop licence for the period specified in the written notice given to the pawnshop.

39. Display of Information on Premises

(1) The following information shall be displayed by a pawnshop in a prominent place on the pawnshop's business premises –

- (a) a copy of the licence issued under these regulations
- (b) formal business hours for each day of the week
- © relevant contact numbers; and
- (d) dispute Resolution Policy Procedure including the place and contact numbers where a complaint may be lodged.

(2) A Pawnshop that contravenes the provisions of sub regulation (1) shall be liable to a civil penalty not exceeding P5 000, to be imposed by the Regulatory Authority.

40. Marketing and Advertising

(1) A pawnshop shall not

- (a) issue statements or advertisements which make false, misleading or extravagant claims
- (b) use any harmful or misleading ways to solicit business or
- © coerce a person to apply for credit or enter into a pawn agreement or related transactions.

(2) A pawnshop shall at all times –

- (a) with each advertisement or marketing material, display with reasonable prominence the following statement –

“CAUTION ! Borrowing more than you can afford to repay could lead to severe financial difficulties” and

- (b) give an indication of the total monthly cost of credit with all marketing and advertising statements.

41. Assessment Mechanisms

(1) A pawnshop shall consider, on the balance of available information at the time a determination is made including the borrower's history of debt repayment, whether a particular borrower is or will be able to satisfy in a timely manner, all the obligations under the credit agreement to which the borrower is or would be party.

(2) The pawnshop shall not enter into a pawn agreement with a pawnor without first taking reasonable steps to assess the pawnor's general understanding and appreciation of the –

- (a) risks and cost of the proposed credit; and
 - (b) rights and obligations of a borrower under such agreement
- (3) A pawnshop shall have its own loan underwriting criteria, approval documentation, evaluative mechanisms and procedures to be used in its assessment obligations, including situations under which credit

will not available.

- (4) Where the borrower is married in community of property, ensure that the borrower submits a complete consent of spouse Form
- (5) A Pawnshop must keep a record and copy of each assessment process as well as the final outcome of the assessment for a minimum period of six years.
- (6) a pawnshop shall be considered by the Regulatory Authority as not carrying on its business with integrity, prudence and professional skill where the Pawnshop has –
 - (a) Failed to conduct a proper assessment under this regulation; or
 - (b) entered into a pawn agreement despite the fact that based on the balance of information available and based on the evaluative mechanisms and procedures in place for the pawnshop, the pawn agreement should have not been entered into.

42. Disclosure of salient features

- (1) At the time of making the pawn or purchase transaction,
 - the pawnbroker shall enter into the business ledgers a record of the following information which shall be typed or written in ink and in the English language:
 - (1) A clear and accurate description of the property, including model and serial number if indicated on the property.
 - (2) The name, residence address, and date of birth of the pawner or seller.
 - (3) Date of the pawn or purchase transaction.
 - (4) Type of identification and the identification number accepted from the pawner or seller.
 - (5) Description of the pawner including approximate height, sex , and race.
 - (6) Amount of cash advanced.
 - (7) The maturity date of the pawn transaction and the amount due. (8) The monthly rate and pawn charges.
- (9) To the extent possible, the above information shall also be included in the pawn ticket recording

43. Classification of Pawn Type

- (1) Type I which will consist of pawn transactions in which small portable personal items where the maximum principal amount advanced in the pawn transaction does not exceed P5000.00 are accepted as pawn collateral
- (2) Type II which will consist of pawn transactions in which Bulky pawn items requiring special storage arrangements and the maximum principal amount advanced in the pawn transaction does not exceed P10,000.00 are accepted as pawn collateral are accepted as pawn collateral

44. Limits on Amount of Pawn Loan

- (1) Pawnshops may grant such amount of loans as may be agreed upon between the parties: Provided, That the amount of loan shall, in no case, be less than thirty per cent (30%) of the appraised value of the security offered for the loan unless the pawner manifests in writing the desire to borrow a lesser amount.

45 Limits on Pawn Duration

- (1) For Type I pawn transactions the maximum term of pawn transaction will not exceed
30 days
- (2) For Type II pawn transaction the maximum term of pawn transaction will not exceed
60 days

46. Pawn Collateral/Security

- (1) Only personal property that is capable of being physically delivered to the control and possession of the pawnshop shall be accepted as security for loans. Certain specified chattels, such as guns, knives, or similar weapons, whose reception in pawn is expressly prohibited by other laws, decrees, or regulations, shall not be accepted by pawnshops as security for pawn transactions, loans or advances.
- (2) Except for bulky pawns, pawn items held in collateral shall at all times, be held in a safe and secure manner on the premises of the pawnshop where the pawn transaction occurred
- (3) The pawnshop shall be solely responsible for the security of any collateral held in pawn for the pawner during the entire period of the pawn transaction. The pawned collateral shall be placed in a safe or concrete vault on the premises at all times other than working hours. Bulky pawns may be placed outside the safe or vault but within the pawnshop premises.
- (4) Pawnshop owners shall be liable for any pawned item lost or destroyed arising out of their negligence, fault, delay in delivery or wilful violation of the pawn agreement.

47. Items prohibited from Pawn

- (1) The following items are expressly prohibited from pawn or being pledged as collateral in a pawn transaction:
- (a) real estate, raw land, buildings
 - (b) livestock

- (c) financial instruments such as equity shares, bonds or other publically traded instruments
- (d) debt instruments, domestic or foreign, including but not limited to promissory notes, loan agreements and mortgage bonds
- (e) any items of personal property which have outstanding liens or pledges
- (f) firearms, of any nature, whether registered or not
- (g) minerals in their natural unrefined state (diamonds, gold, etc.)
- (h) bulk scrap metal or copper wiring
- (i) Motor vehicles, except under circumstances set forth by the Regulatory Authority under special rules

(2) Any other item, which the Regulatory Authority may determine, is prohibited or not eligible as collateral in a pawn transaction

48. Pawn Ticket.

- (1) Pawnshops shall at the time of the loan, deliver to each pawner a pawn ticket, which shall contain the following:
- a. The business/registered name, address, tax identification number, business days and hours, of the pawnshop. The business name indicated in the pawn ticket shall be in agreement with the registered name of the pawnshop as cited in its corporate registration and business license
 - b. Name of pawner; pawner's residential address; pawner's telephone/mobile phone number and/or e-mail address, if applicable;
 - c Date the pawn transaction / loan was granted;
 - d. Description of the pawn and appraised value of pawn;
 - e. Maturity date of the pawn transaction;
 - f. Expiry date of the redemption period;
 - g. Signature of the pawnshop's authorized representative, and;
 - h. Such other terms and conditions as may be agreed upon between the pawnshop and the pawner.

(2) No other document or instrument shall be used/issued by a pawnshop for the purpose of legally binding any loan granted or monetary advance granted by it to a pawner/borrower.

49. Additional for Requirements for a Pawn

(1) Pawn tickets shall be substantially in the format as prescribed by the Regulatory Authority and include the following:

- a) Pawn tickets shall be sequentially numbered.
- b) Pawn tickets shall be in duplicate. The first copy shall

contain the word “Original” which shall be given to the pawner when the loan is granted and surrendered upon redemption of pawn, while the second copy shall be marked “Duplicate” which shall remain on file with the pawnshop.

- c) Pawn ticket shall not be smaller than 8 x 11 inches.
- d) Pawn Ticket shall be printed on heavy bond paper and embossed with the corporate name and logo of the pawnshop
- e) Unnecessary data shall be avoided.
- f) Additional terms and conditions which pawnshops may wish to incorporate shall be subject to prior approval by Regulatory Authority

50. Prohibition of other loan related activity

(1) Any pawnbroker licensed to operate pawnshop and second hand dealer activities as defined in these regulations shall not

engage in any other form of lending activity, including, cash loans, check discounting and microlending, unrelated to or not in compliance with pawn regulations governing a pawn transaction and for which a separate operating license from the Regulatory Authority is required.

(2) The regulatory Authority will accept application from licensed pawnbrokers for an additional and separate license to operate a microlending business from a pawnshop operation provided:

(a) the microlending business is established as a separate legal corporate entity from the pawnshop operation

(b) the applicant meets the licensing, capitalization and operational requirements of a licensed microlending business

(c) Any pawnbroker engaged in additional licensed activities as a micro lender shall be subject to separate and regular licensing fees and supervisory levies as the Regulatory Authority may impose on each business activity.

51. Restrictions on dealing in second hand goods and taking goods in pawn

(1) No dealer in second hand goods or pawnbroker may-

- (a) Except with the written permission of local law enforcement official station in whose area the pawnshop carries on business, store any second hand or pawned goods, as the case may be, elsewhere than on the premises for which a license from the Regulatory Authority has been

issued.

- (b) Receive or deliver second-hand goods or pawned goods between sunset and sunrise except in the case of emergency and with the written permission the local law enforcement official station in whose area the pawnshop carries on business;
- (c) Take into possession any goods before he or she has convinced himself or herself that the seller or the pawner of the items is the legitimate owner or titleholder thereof and duly authorised to pawn, sell or otherwise dispose of said items
- (d) Deal in the purchase or resale as a commercial dealer with any item of personal property, including motor vehicles, in which a separate license to conduct such business is required from any legal authority in Botswana
- (e) Deliver goods acquired by him or her to any person or change the form or alter the appearance thereof until after the expiration date of a period of seven (7) days from the date of acquisition thereof. Any exception to this clause will require a notice and permission in writing from the local law enforcement official station in whose area the pawnshop carries on business

52. Separate Records by Second Hand Goods Dealer

- (1) A dealer must keep separate records in the prescribed format and registers of every transaction in second-hand goods.
- (2) Separate registers and accounting records must be kept in respect of the acquisition and disposal of second-hand goods and classified in respect of different classes of goods.
- (3) Any person acquiring second hand goods from, or disposing of second hand goods to a dealer must furnish such dealer with his or her full name, address and copy of an official identity document, or passport as proof of his or her identity.
- (4) A dealer must obtain a copy of the documents referred to in subsection (3) and in the case of a purchase and resale of a motor vehicle; the original certificate of registration or deregistration.
- (5) A dealer must retain a register referred to in subsection (2) and a copy of the document(s) referred to in subsection (4), for a period of three years calculated from the date of the transaction to which it relates.
- (6) Every entry in a register in respect of an acquisition or disposal

of second hand goods must be effected at the time such acquisition or disposal takes place.

(7) Where a dealer keeps registers by way of electronic data storing, such as a computer, printouts must be made on a daily basis and retained subject to the provisions of subsection (5) above,

(8) All records referred to in sub-sections (1) through (7) must be made available to local law enforcement officials upon request

53. *Display of Pawnshop information on premises*

(1) The following information shall be displayed by a in a prominent place on the pawnshop business premises

- (a) a copy of the licence issued by the Regulatory Authority;
- (b) a notice of formal business hours for each day of the week;
- (c) a notice to the effect that:

“ All items held in collateral in pawn transaction are subject to forfeit in the case of a failure to pay all charges due and redeem such item within 30 days of the maturity date ”

- (d) a notice of dispute resolution procedures including the place and contact numbers where a complaint may be lodged.

(2) A pawnshop that contravenes the provisions of sub regulation

(1) above, shall be liable to a civil penalty not exceeding

P50 000 to be imposed by the Regulatory Authority.

(3) A pawnbroker and dealer in second hand goods shall be considered by the Regulatory Authority as not carrying on its business with integrity, prudence and professional skill where the pawnbroker has –

- (a) failed to conduct a proper assessment under these regulations to avoid receiving or purchasing goods which may not be legally owned by or rightfully in the possession of the pawner or seller
- (b) entered into a pawn transaction or purchased outright any goods known to be stolen or despite the fact that based on the balance of information available at the time of the transaction, the pawnbroker, should have not have knowingly entered into.

54. Grant of Pledge Loans

- (1) The following regulations shall be observed in the granting of loans and advances in which personal property have been pledged in a pawn transaction-
- (2) A pawnshop shall extend a loan only under a pawn transaction that as such is secured by personal property that could be physically delivered to the control and possession of the pawnshop.
- (3) Before accepting articles as pawn, the pawnshop must ascertain whether the pawner is the true owner of the article offered as pawn,
- (4) The pawnshop shall at all time maintain records as prescribed by the Regulatory Authority, ensuring always that there is no ground to suspect that the article(s) offered are accepted as pawn was an object of robbery or theft.

55. Know your pawner

- (1) Pawnshops who transact with any pawner for the first time shall require the pawner to present the original and submit a clear copy of at least one valid photo bearing identification document (ID) issued by an official authority, proof of address, company documents, etc. To prove ultimate beneficial ownership and consent of spouse.

56. Pledge Loan Limits.

- (1) Pawnshops may grant such amount of pledge loan as may be agreed upon between the parties, provided that:
 - (a) The amount of loan shall in no case be less than thirty per cent (30%) of the appraised value of the security offered, unless the pawner manifests in writing that he is applying for a lesser amount.
 - (b) Pawnshops shall not under-appraise the security offered for the loan to circumvent the restriction prescribed by this Section.

57. Prohibitions

- (1) Pawnshop owners/managers/officers/directors employees shall not:
 - a. Use pawned articles for themselves or allowing employees to use said articles for any purpose without the express consent or authority of the pawner unless continued use is necessary to preserve the pawn;
 - b. Grant loans to minors or incompetent persons; or
 - c. Re-pledge/re-pawn the pawned article in his possession to another pawnshop or lending entity.
 - d. Extend any unsecured credit to any customer and/or pawner on

any terms that would constitute microlending as defined in the Microlending Regulations prescribed and publicised by the Regulatory Authority from time to time.

58. Pledge loan interest and fee charges

(1) All pawnshop operations shall observe the following limitations for the calculation of interest and fee charges on pledge loans granted in relation to pawn transactions:

(a) Pawnshops shall express any all interest charges imposed on a pawn transaction in terms of a flat percentage rate of the total pledge loan amount outstanding and expressed as a fixed amount as calculated on a daily basis.

(b) No pawnshop shall directly or indirectly charge, demand, take or receive any higher rate or greater sum or value for any loan or forbearance than the rates allowed under subsections (b) and (c) above or in contravention of any national usury law as may become applicable for such transactions in the future.

(c) Any interest, charge, or fees contracted for or received, directly or indirectly, in excess of the amount permitted under subsections (b) and (c) shall be considered as uncollectible and the pawn transaction shall be void.

(d) It shall be unlawful for a pawnshop to divide the pawn offered by a pawner in order to collect greater interest and/or to require the pawner to pay an additional charge as insurance premium for the safekeeping and conservation of the articles pawned.

59 Redemption and Disposition of Pawned Items on Default of Pawner

(1) a pawner shall have no obligation to redeem pledged goods or make any payment on a pawn transaction. Pledged goods not redeemed within 30 days following the originally fixed maturity date shall be forfeited to the pawnbroker and absolute right, title, and interest in and to the goods shall convey to and vest in the pawnbroker

(2) A pawnbroker shall have a lien on the pledged goods pawned for the money advanced and the pawnshop charge owed, but not for other debts due to the pawnbroker, subject to the rights of other persons who have an ownership interest or prior liens in the pledged goods. The pawnbroker shall retain possession of the pledged goods except as otherwise herein provided until the lien is satisfied.

(3) The pawner who fails to pay his obligation on the date it falls due may, within thirty days from the date of maturity of

the obligation, redeem the pawn by payment of the principal of the debt with interest: Provided, however, that for the purpose of computing charges and interest due after maturity of the obligation, the basis shall be the sum of the principal obligation and a service charge above any charges and interest earned at the time the obligation matured

(4) Pledged goods not redeemed on or before the maturity date if fixed and set out in the pawn ticket issued in connection with any transaction shall be held by the pawnbroker for a minimum of 30 days following that date and may be redeemed or repurchased by the pawner within the period by the payment of the originally agreed redemption price, and by the payment of an additional pawnshop charge subject to the limits set in sub-section 4 above.

- (6) In the event the pawner fails to redeem the pawn within thirty days from the date of the maturity of the obligation in accordance with the preceding sub-section, the pawnbroker may sell or otherwise dispose of any article taken or received by him in pawn: Provided, however, That the pawner shall be duly notified of such sale on or before the termination of the thirty-day period, the notice particularly stating the date, hour, and place of sale.
- (7) If the pledged goods are sold on default the excess sale value needs to be refunded to the pawner by the pawnee within seven days of receipt of sale proceeds
- (8)

Part X - General

60. Powers of Law Enforcement Officials

- (1) A pawnbroker, owner, employee or person in charge of a pawnshop premises must on demand afford any police official such assistance and facilities as such police official may require in connection with the performance of his or her functions as set forth in the laws of Botswana
- (2) A police official may at all reasonable times:
- (a) enter any premises occupied by a person who is or is on reasonable grounds believed to be a dealer or a pawnbroker or upon which there are or are suspected to be any unlawfully pawned or illegally acquired goods;

(b) inspect any goods found in any such premises and any register, book, record, document or any other item, which is suspected to contain any information relating to such goods and require copies thereof;

(c) require from the owner or any person in charge of such premises information in regard to any such goods;

(d) require from the owner, any person in charge or employee of such premises to explain any entry in any register, book, record or document found therein or thereon;

(e) In cooperation with the Regulatory Authority, seize any goods, records, books, records, documents or any object that may afford evidence of a contravention of any provision of this Act.

(3) No pledged or purchased goods may be confiscated by law enforcement officials who have exercised powers under sub-section (e) above, if the property pledged to, or purchased a pawnbroker or second hand goods dealer,

(a) the pawed or purchased goods have been clearly identified as being subject to a criminal investigation

(b) a formal police report is made in a timely manner.

(c) a warrant has been sworn out for the person who pawned or sold the goods to the pawnbroker or for an alias if the person is unknown.

(d) may be put on a seven-day hold by the authorized law enforcement authorities, but the pledged or purchased property may not be placed on hold unless:

61. Reports to be Available to Law Enforcement

(1) the pawnshop shall retain all active and past registers, reports and ledgers of pawns transactions and prescribed by the regulations and make all such records available to authorized law enforcement officials upon demand

62. Identification and register of pawned items

(1) Every pawnbroker or second-hand merchandise dealer shall keep a register of each article of property a person pawns or

sells to the pawnbroker or second-hand merchandise dealer

(2). Every pawn and second-hand business owner or operator, or his employee, shall enter the following information regarding every article pawned or sold to the owner or employee:

- (a) the date and time of the transaction;
- (b) the pawn transaction ticket number, if the article is pawned;
- (c) the date by which the article must be redeemed;
- (d) the following information regarding the person who pawns or sells the article:
 - (i) the person's name, residence address, and date of birth;
 - (ii) the number of the driver license or other form of positive identification presented by the person, and notations of discrepancies if the person's physical description, including gender, height, weight, race, age, hair colour, and eye color, does not correspond with identification provided by the person;
 - (iii) the person's signature; and
 - (iv) a legible fingerprint of the person's right index finger,

(e) the amount loaned on or paid for the article, or the article for which it was traded;

(f) the identification of the pawn or second-hand business owner or the employee, whoever is making the register entry; and

(g) an accurate description of the article of property, including all available identifying marks such as:

- (i) names, brand names, numbers, serial numbers, model numbers, colour, manufacturers' names, and size;
- (ii) metallic composition, and any jewels, stones, or glass; (iii) any other marks of identification or indication of ownership on the article;
- (iv) the weight of the article, if the payment is based on weight;
- (v) any other unique identifying feature;
- (vi) gold content, if indicated; and
- (vii) if multiple articles of a similar nature are delivered together in one transaction and the articles do not bear serial or model numbers and do not include precious metals or gemstones, such as musical or video recordings, books, or hand tools, the description of the articles is adequate if it includes the quantity of the articles and a description of the type of articles delivered.

(3) A pawn or second-hand business may not accept any personal property if, upon inspection, it is apparent that serial numbers, model

names, or identifying characteristics have been intentionally defaced on that article of property.

(4) A person may not pawn or sell any property to a business regulated under this chapter if:

(a) the property is subject to being turned over to a law enforcement agency in accordance with an on going police investigation or court proceeding

(b) If an individual attempts to sell or pawn property to a business regulated under this chapter and the employee or owner of the business knows or has reason to know that the property has been stolen or is subject to an outstanding lien or financial encumbrance

63 Required Identification to Pawn

(1) Valid and acceptable forms of ID shall include but not be limited to the following:

- (i) National Identity Card (OMANG);
- (ii) Passport;
- (iii) Passports issued by foreign governments;
- (iv) Valid Residency Permit issued by Department of Immigration
- (v) Driver's License;
- (vi) Police Clearance Certificate;
- (vii) Voter's ID;
- (viii) Social Security System Card;
- (ix) Senior Citizen Card;
- (x) Alien Certification of Registration/
Immigrant Certificate of Registration;

(2) In addition to the foregoing the pawnshop shall obtain and maintain for each pawn transaction the following minimum information/ documents from pawners:

- i. Name;
- ii. Current address, and permanent address if different.
- iii. Date and place of birth;
- iv. Nationality;
- v. Name and address of current employer or nature of self-employment/ business;
- vi. Contact numbers, including email address if any
- vii. Specimen signature;
- viii. Full description of all items pawned including all relevant model and serial numbers assigned to the item.
- ix. Copy of bill of sale for item being pawned. If not available then a signed declaration of ownership as per a form approved by the Regulatory Authority.

(3) Pawnshops shall post excerpts of the above requirements conspicuously in its premises. The poster in a format to be approved by the Regulatory Authority, shall not be smaller than 8.5 x 11

inches

64. Periodic and other returns

- (1) A pawnshop operation shall, within 90 days of the end of its *of* *Pawnshops* fiscal year, lodge with the Regulatory Authority, its annual financial returns in the format prescribed by the Regulatory Authority
- (2) A pawnshop operation shall submit quarterly financial returns in the format to be prescribed by the regulatory within 15 days of the end of each quarter.
- (3) The Regulatory Authority may, from time to time request a pawnshop and dealer in second hand goods to lodge any other information or periodic returns as may be requested

65. Licensing Exemptions

- (1) Pawnshop operators who have been in operation for at least one year prior to application for a licence from the Regulatory Authority and fail to meet the minimum licensing requirements may apply for an exemption upon the submission of a complete and time bound business plan detailing all corrective measures to be completed against shortfalls noted by the Regulatory Authority

SCHEDULE

Form 1

THE NON-BANKING FINANCIAL INSTITUTIONS REGULATORY AUTHORITY (PAWNSHOPS) REGULATIONS, 2017

(Regulation 4)

APPLICATION TO BE LICENSED AS A PAWNSHOP

Address of applicant:

Date 20.....

To:
The Chief Executive Officer
Non-Bank Financial Institutions Regulatory Office
Private Bag 00314
Gaborone
Botswana

I/We, the undersigned, do hereby apply for a license in terms of Regulation 4 of the Non-Bank Financial Institutions Regulatory Authority (Pawnshops) Regulations to operate a pawnshop business in Botswana.

I/we have taken note of Regulation 4 of the Non-Bank Financial Institutions Regulatory Authority (Pawnshops) regarding the consequences of giving false or misleading statements to the Regulatory Authority.

PART I - APPLICANT AND BUSINESS INFORMATION

1 Name of applicant
.....

Trading name(s) of applicant
.....

Provide all the names if different
.....

Legal status of applicant (mark with x)
.....

Private company Public company Other (specify)

I/we take note that Regulatory Authority will not allow Finance Companies to conduct additional activities parallel to those that the pawnshop was licensed for without prior notice and approval by the Regulatory Authority.

Official registration number of the above legal status
.....

Date of commencement of trading as a pawnshop (dd/mm/yy)
1.
.....

Financial year end (dd/mm/yy)
.....

Income tax registration number
.....

VAT registration number (if applicable)
.....

Contact details of the applicant (head office if applicable)
.....

Physical address
.....

Postal address

.....
Landline telephone number

.....
Fax number

.....
E-mail address

.....
Website

Note: Similar details to be provided if there are any branches with a different address. Provide on separate sheet of paper.

THE STATED CAPITAL OF THE PAWNSHOP

(a) Stated capital

(a) SHAREHOLDERS OR SHAREHOLDING OF THE PAWNSHOP

Name Number of Shares % of Total Shares

.....
.....
.....

(b) WHERE SOME SHAREHOLDERS MENTIONED IN 11 (a) ABOVE ARE NATURAL PERSONS STATE THEIR NAMES, NATIONALITY AND PLACE OF PERMANENT RESIDENCE:

Name Nationality Place of Permanent Residence

.....
.....
.....

(c) WHERE SOME SHAREHOLDERS MENTIONED IN 11 (b) ABOVE ARE UNNATURAL PERSONS/CORPORATE BODIES, STATE THEIR NAMES AND PLACE OF REGISTRATION/INCORPORATION AND REGISTRATION NUMBER

Name Place of Registration/Incorporation/Registration Number

.....
.....
.....

(d) STATE BELOW THE NAMES OF NATURAL PERSONS WHO ARE BENEFICIAL OWNERS OF SHARES IN THE UNNATURAL PERSONS/ CORPORATE BODIES MENTIONED IN 11 (c) ABOVE:

Corporate Body Shareholder % of Total Shares

.....
.....
.....

(e) BUSINESS/COMPANIES ASSOCIATED/AFFILIATED WITH DIRECTORS/MEMBERS OF THE GOVERNING BODY/BUSINESS/COMPANIES IN WHICH DIRECTORS/GOVERNING BODY MEMBERS HOLD A SUPERIOR POSITION IN BOTSWANA.

Director/Member's Name *Business Interests*

.....
.....
.....

IN THE CASE OF A FOREIGN-OWNED/CONTROLLED FINANCE COMPANY

(That is, if more than 50% of voting shares are held by non-Botswana residents/ company registered outside Botswana and are part of the finance group).

(a) Certificate of the regulatory authority governing finance institutions of the country in which the head office of the finance company is domiciled, certifying that the finance company has been duly incorporated.

.....

(b) A certified copy of the resolution of the directors of finance company authorising the establishment of the subsidiary in Botswana.

.....

(c) State who is going to perform the consolidated supervision of the group and whether the said supervisor is aware of the applicant's plan to set up business in Botswana.

.....

(d) Organisation (organisation chart) showing how the applicant fits in the group.

.....

PART II- DETAILS OF THE CONTROLLERS/ PROPOSED SENIOR EXECUTIVES OF THE APPLICANT

Please attach curriculum vitae of each one of them

*Name, Position, Nationality Academic/Professional Qualification
(Please attach curriculum vitae and certificates of each one of them*

Contact details of principal officer

Title

Full name(s)

ID number:

Telephone number (office)

E-mail address

Note: The principal officer means the person responsible for the daily management of the principal office of the Pawnshop in Botswana. Provide short Curriculum Vitae to show experience.

NAME AND ADDRESS OF APPLICANT'S AUDITORS PROPOSED AUDITORS

(Where applicable)

Name of firm/person

Physical address

Postal address

Name of responsible person (if a firm)

Telephone number

Fax number

E-mail address

Professional registration number/practice number

Name of Professional body registered with

Banker

Name of bank

Branch name

Name of holder of main business account for finance business

Account number

I/we enclose an original letter from my/our bank confirming the above.

Note: If there is more than one such account due to branches for instance, provide full details.

PART III - SALIENT FINANCIAL INFORMATION

The following salient financial information is hereby provided:

Description	At Most recent
Financial Year End	
(Pula)	At Date of Application
(Pula)	
(a)	Aggregate value of principal amounts still to be repaid
(b)	Aggregate value of all future payments
(c)	Less: provisions relating to (b) above (refer note 1)
Net value of loan/debtors book (b) - (c)	
Number of contracts	
Number of borrowers	

Note 1: Provisions are those amounts that will with reasonable probability not be paid.

Note 2: A copy of your most recent set of financial statements, if applicable, must also be provide

PART IV - FUNDING

15. The existing and/or intended sources of funds to be utilised in the business are as follows:

- Type of Funding Approximate Percentage
- Own funds
- Borrowed funds
- Donor funds
- Any other

Note: A pawnshop is not allowed to solicit and/or accept funds (deposits) from the public. If members of the public wish to invest in a pawnshop company, they do so by acquiring a stake in the business either through an equity contribution or the lending of funds.

PART V - DESCRIPTION OF BUSINESS

Applicant must provide a description of the business (existing and/or proposed business for next two years) describing the main product(s) including an indication of the total monthly cost of credit rate associated with each product, marketing methods, client focus, geographical spread of business and branches, number of persons to be employed, methods to ensure compliance with statutory responsibilities, administrative procedures and control. (Use separate piece of paper).

1. Describe briefly the system to be used to assess the credit worthiness of a borrower and policy regarding the refusal of an application for a credit facility.
2. Do you, as the entity doing pawnshop business, engage in any other activity than the lending business hereby applied for? Yes No.....

3. If yes, please provide details
.....

4. Which of the following ancillary products does the applicant or its holding company or subsidiary or associate sell, or intends to sell, in conjunction with the credit facilities products applied herewith:

Short term insurance.....

Other (specify)

Explain the relative importance and volumes of these products in relation to the finance business applied herewith

Provide a schematic group structure and indicate whether the entity operates as a principal or intermediary for that specific product

.....
.....

PLEASE LODGE WITH THIS APPLICATION THE FOLLOWING DOCUMENTS RELATING TO THE APPLICANT:

PART VI - DECLARATION OF NATURAL PERSONS

This part must be completed and signed by each natural person mentioned in Part II (make additional copies if necessary).

Declaration

I/We, the undersigned, declare that the above information is true and correct to the best of our knowledge and belief and undertake to provide any other information that may be required by the Regulatory Authority.

I /We, the undersigned, declare that none of us, except as indicated hereafter, are disqualified in terms of any of the disqualifications as mentioned in regulation

I/We, the undersigned, hereby give permission to the Botswana Police Criminal Record Center to furnish the Regulatory Authority or its authorised agents with my/our previous convictions or any relevant information in their possession, including any directions by the Court for my/our detention in a mental hospital or prison.

I/We hereby indemnify the Botswana police criminal center, its employees, the Regulatory Authority, its agents and its employees and hold them harmless against any claims by myself/ ourselves or any other person that may arise out of or be connected with such disclosure as well as any legal costs, including attorney and client costs.

First Name and Surname	ID Number	Signature	Date
.....

ATTACHMENTS

I/We enclose the following:

Non-refundable application fee of P_____

All additional information as to be provided in Application form above;

Constitution of the applicant or any document by which the applicant is constituted;

Certificate of Incorporation from Registrar of Companies;

Copy of a document showing income tax registration number;

A copy of any other registration or licensing certificate (if applicable);

A copy of title deed or lease agreement for the premises where the applicant is going to carry out business ;

business plan;

projected balance sheet and income statement with relevant assumptions for at

least 3 years; and

Copy of latest financial statements of the business (if already conducting finance business).

Yours faithfully

.....

Authorised signature

GENERAL NOTES:

1 Where an answer or documentation requested above is not known or available it is essential that this be brought to the attention of, and explained to, the Regulatory Authority. Any application not fully completed will be returned to the applicant.

Any controller and/or principal officer appointed after the approval of a license must within 30 days of such appointment complete and submit PART II and PART VI of this Form to the Regulatory Authority.

Prospective applicants are invited to hold informal discussions with the Regulatory Authority prior to formal application.

A prospective applicant need to establish as a company in Botswana, if applicable, before formal application.

Form 2

THE NON-BANKING FINANCIAL INSTITUTIONS REGULATORY AUTHORITY (PANWSHOPS) REGULATIONS, 2017

LICENCE TO CARRY ON A BUSINESS AS A PAWNSHOP
(reg 4(1))

Serial No.

Licence Number:.....

This is to certify that has been duly licensed by Non-Bank Financial Institutions Regulatory Authority to carry out the business as a Pawnshop, under the Non-Bank Financial Institutions Regulatory Authority Act and (Pawnshops)Regulations, 2017 and shall remain valid until it expires, is revoked or surrendered to the Regulatory Authority, subject to the provisions of the said Act or Regulations.

This licence is not transferable and remains the property of the Non-Bank Financial Institutions Regulatory Authority

Dated this day of 20..... in Gaborone.

Signed:.....

CHIEF EXECUTIVE OFFICER

Form 3

THE NON-BANKING FINANCIAL INSTITUTIONS REGULATORY AUTHORITY (PAWNSHOPS) REGULATIONS, 2016

APPLICATION TO OPEN A BRANCH OFFICE OF A PAWNSHOP BUSINESS
(reg 4(3))

Address of applicant:
.....
.....

Date 20.....

To:
The Chief Executive Officer
Non-Bank Financial Institutions Regulatory Office
Private Bag 314
Gaborone
Botswana

I/We, the undersigned, do hereby apply for approval to open a branch of a Pawnshop in Botswana, in terms of Regulation [] of the Non-Bank Financial Institutions Regulatory Authority (Pawnshops) Regulations.

I/We have taken note of Regulation of the Non-Bank Financial Institutions Regulatory Authority (Pawnshops) Regulations regarding the consequences of giving false or misleading statements to the Regulatory Authority or falsely holding out as being licensed.

PART I - APPLICANTS INFORMATION

1 Name of applicant

Trading name of this branch of the applicant

License number allocated by the Regulatory Authority

2.

Legal status of licensed Pawnshop

3.

Will this branch engage in any other activity than that of the approved license?

If so, please provide details

Contact details of the applicant (Head Office)

Physical address

Postal address

Telephone number

Fax number

E-mail address

Contact details of the applicant (branch office)

Physical address

Postal address

Telephone number

Fax number

E-mail address

Contact details of responsible person at branch

Title

Name

Surname

Telephone number (office)

E-mail address

Products marketed or intended to be marketed in this branch:

Finance busoiness products (yes /no)

Any other (yes/ no).....

Which of the following ancillary products does the applicant sell, or intends to sell, in conjunction with its pawnshop business products from this branch, i.e. as an intermediary?

Short term insurance.....

Other (specify).....

Explain shortly the relative importance and volumes of these products in relation to the pawnshop products

PART II - RESPONSIBLE PERSON OF THE APPLICANT IN THE BRANCH

Any new person assuming general management, control and reporting responsibilities for the branch must complete PART II and PART VI of Form No. 1 of this Regulation.

Provide separately.

PART III - DESCRIPTION OF BUSINESS

Any changes to the original description of the business as approved should be noted.

I/We confirm that the information contained in this application is accurate and complete. Yours Faithfully:

Applicant: Principal Officer:

Date Date

Name Name

Capacity Signature

Signature

Note: If this application is completed on behalf of a juristic person, attach proof of authorisation.

ATTACHMENTS

I/We enclose the following:

1 Non-refundable application fee of P_____

All additional information as to be provided in the Application form above.

GENERAL NOTES:

Where an answer or documentation requested above is not known or available, it is essential that this be brought to the attention of, and explained to, the Regulatory Authority. Any application not fully completed will be returned to the applicant.

Form 4

THE NON-BANKING FINANCIAL INSTITUTIONS REGULATORY AUTHORITY (PAWNSHOPS) REGULATIONS, 2017

Contents of Disclosure Statement

(Regulation 33)

1 The name and address of the pawnshop.

The name and address of the borrower

A description of property to be used as collateral

The date when the first payment on the loan is due.

The principal amount of the loan

The rate of interest as a rate per annum

The length of the term of the loan.

The period during which an offer to a customer is valid before it expires.

A description of any factors that would cause the term of the loan to vary.

The total cost of borrowing over the term of the loan expressed as a rate varies from time to time

A list of each charge to be financed.

A description of any terms and conditions applicable to pre-payment of the principle

A description of any charge or penalty that would be imposed for failure to make any payment or to repay the loan when due.

The date of statement

The name and signature of the representative of a Pawnshop.