



The Stock Exchange of Mauritius (SEM)

1. Historical Background

The SEM was set up in 1989 as part of an overall initiative to modernise Mauritius' financial services sector and accelerate the transformation of Mauritius into a modern and diversified economy. SEM started its operations with only 5 securities listed from Mauritian companies.

SEM's main objectives at inception were:

- To offer an organized secondary market for the trading of financial instruments;
- To provide listed companies with a platform to create value and to raise capital for expansion;
- To offer alternative investment vehicles to investors;
- To promote a share ownership culture and democratise the economy;
- To attract foreign capital flows and increase the level of foreign exchange reserves;
- To raise the overall level of Corporate Governance, improve disclosure standards, reinforce transparency.

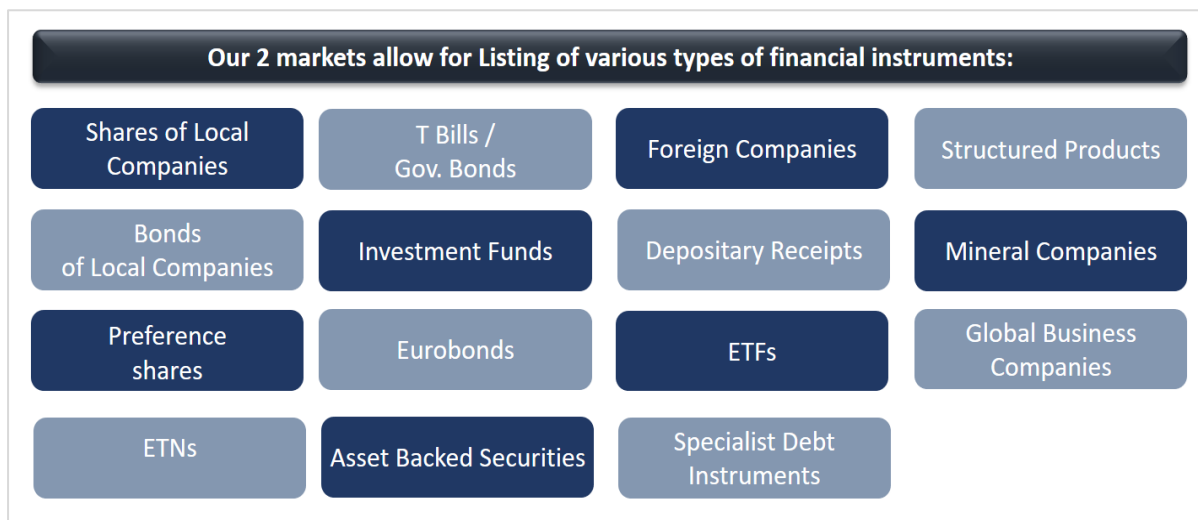
Since its inception, the SEM has experienced different development phases, characterized by important regulatory, operational, technological and strategic transformations, which have all contributed to the SEM's emergence as one of the leading Exchange in Africa.

2. SEM's Internationalisation

For the first fifteen years of its operational existence, the SEM had a more domestic equity centric-focus. As from 2009, in an effort to overcome the structural limitations of a small internal economy and a relatively restrictive business landscape and to reduce its overdependence on domestic listings, the SEM embarked on a transformational reform to internationalise its platform and expand its business outreach. As a result, the Listing Rules underwent a significant overhaul, an indispensable prerequisite for the success of the SEM's new internationalisation strategy. This, combined with the implementation of a multi-currency operational framework (catering for Mauritian Rupees, US dollar, Pounds, Euro and Rands), empowered the SEM to establish itself as a multi-asset class international exchange. Moreover, since the 1990s, the absence of exchange controls and restrictions on profit repatriation, along with tax-free dividends and capital gains, has rendered the SEM highly appealing to foreign investors.

3. Where the SEM stands today

Since the implementation of SEM's internationalisation strategy in 2009, with the gradual review of our listing framework, SEM is able to accommodate the listing of most asset classes on its two markets, namely the Official Market (geared towards well established companies) and the Development and Enterprise Market (geared towards SME's and start-ups).



Since SEM's internationalisation in 2009, SEM has been successful in attracting the listing of 241 new securities, from this wide range of asset classes. It should be highlighted that 117 of these securities were from international issuers and 39 were from issuers with a focus on Africa (excluding Mauritius). The SEM has, thus, become an important capital raising platform and is today home to 190 securities, including 64 international securities and 12 dual-listings. Moreover, since 2009, the SEM has enabled issuers to raise a total of nearly USD 7 Bn on its platform, out of which 5 Bn has been raised by international issuers.

SEM has participated in the democratisation of the Mauritian economy by opening up the shareholding of Mauritius' blue chip companies. SEM now has around 100,000 investors on our platform, which compares relatively well with the working population of 400,000 in Mauritius.

4. Recent Developments

4.1. SEMSI

SEMSI is an index launched in September 2015 in line with the national vision of making Mauritius a sustainable island. It tracks the price performances of SEM-listed companies that have undergone a comprehensive sustainability audit. The sustainability criteria of SEMSI encompass 168 data points across the four major pillars of corporate sustainability: Environmental, Governance, Social, and Economic. SEMSI thus provides investors with the opportunity to select and invest into companies that are making positive societal and environmental impacts. SEMSI initially comprised 13 companies, with a market capitalisation of \$2.6 Billion. Subsequently, 10 additional companies joined SEMSI, while 5 constituents were withdrawn following M&A activities. As at April 2024, SEMSI comprised 18 companies, with a market capitalisation of \$4.5 Billion.

4.2. Green Bonds

The SEM partnered up with the United Nations' PAGE to organise intensive tailor-made capacity building workshops on Green Bonds. Following the training in association with PAGE, the SEM has undertaken other initiatives to push for the development of the local green bonds market. This

includes the publication of a Guide for the issue and listing of Sustainable Bonds in Mauritius by a technical committee under the aegis of the Bank of Mauritius, and chaired by the SEM. The first green bond was listed on the SEM in 2023.

4.3. Attracting secondary listings

The SEM has adopted a fast-track listing route for international issuers seeking a secondary listing. Issuers already having a primary listing on Exchanges such as ASX, JSE, LSE, Euronext, NYSE and TSX qualify for this fast-track listing route, which will greatly simplify their secondary listing process. SEM also allows the post-listing requirements of the primary exchange to take precedence over the SEM Listing Rules and for an issuer to be dispensed of any specific continuing obligations.

4.4. Upgrade of the Automated Trading System

In May 2022, the SEM launched its new Automated Trading System (ATS). The new multi-asset ATS includes a rich and robust desktop trading front-end for brokers and a modern web interface for investors at large. The new ATS will enable SEM to continue on the path of innovation in pursuing its differentiation strategy. The new ATS also opens the door for the SEM to enter the derivatives space and for future market development of new products, including futures and options on foreign underlying assets.

4.5. Mobile App

The SEM launched a mobile application, mySEM, which allows investors to have access to market data via mobile phone devices and trade through their mobile devices. The objective of mySEM is to further ease stock market access, increase the number of investors and enhance market liquidity over time. This app displays salient market data across all asset classes listed and traded on the SEM, allowing investors to view the market and place orders online with their stockbroker from smart devices.

4.6. Africa Board

The SEM has recognized the need to feature African Issuers prominently on our platform, in line with the national strategy of making Mauritius a Gateway for investments into Africa. To showcase these issuers, enhance their visibility and confirm the attractiveness of the SEM as a compelling capital-raising and listing platform for Africa focused companies, the SEM has created an Africa Board. The setting up of the Africa Board aimed at enticing potential African issuers to raise capital and list on SEM's platform.

4.7. African Exchanges Linkage Project

The SEM has been one of the Exchanges in Africa actively involved in the technological integration of African Capital Markets through the African Exchanges Linkage Project (AELP). AELP was launched in December 2022, with its e-platform enabling seamless cross-border securities trading among seven African stock exchanges representing 2,000 companies with roughly USD 1.5 trillion market capitalization.

4.8. Increasing the investor base

The SEM continues to implement several market development measures to sensitise the public at large about the Exchange, with the aim of growing the retail investor. Some of these are

- ✓ SEM Young Investor Award, a yearly stock market competition targeting students of 17-18 years. Over the past 25 years, this competition has attracted 20,000+ participants, who have become well versed with the stock market.

- ✓ Educational campaigns at the national level, including roadshows and open-day events (together with investment dealers, fund managers, etc.) in areas of mass affluence across the country to inform laypeople of the opportunities that the stock market presents.
- ✓ Free market watch data on SEM's website.
- ✓ Annually updated online classes on SEM's website, including for example: Why should I invest; Getting Ready to Invest; the mechanics of buying and selling shares; Risk and Investor Protection, among others.

5. Index Performance

The SEMDEX registered a gain of 8.3% since the beginning of the year and closed the session of 15 May 2024 at 2,206.40 points. The SEMTRI has registered a growth of 8.8% since the beginning of the year to reach an all-time high level of 9,505.90 points. The SEM-10 registered a double-digit gain of 12% during the same period. The table below shows the closing levels of the indices as at 15 May 2024.

Index	Points
SEMDEX	2,206.40
SEMTRI	9,505.90
SEM-10	410.86

*As at 15 May 2024

The chart below shows the evolution of the SEMDEX and the SEMTRI since the beginning of 2024.

