to a potentially higher demand and higher prices offered than what would have been the case if a company was not listed.

- Tax saving on withholding tax, stamp duty and capital gain tax
  A shareholder enjoys zero capital gain tax on shares income, Zero stamp duty when selling shares and only 5% withholding tax in dividend as opposed to 10% for unlisted companies.

2. STEPS FOR RAISING CAPITAL THROUGH THE DSE

- Change on the company's incorporation status to become a public company.
- A company should get approval from its shareholders
- Engage and appoint a leading broker/ nominated advisory firm to guide a company in:
- Preparing business plan and doing feasibility study.
- To form a transaction advisor team
- Compilation of a prospectus.
- Application to market regulators (CMSA & DSE)

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A LONG-TERM AND AFFORDABLE SOURCE OF FINANCING

DAR ES SALAAM STOCK EXCHANGE (DSE)

The Dar es Salaam Stock Exchange (DSE) is a market place where buyers and sellers of financial instruments meet. The Exchange is the secondary leg of Capital Markets that help avail long term and affordable capital to companies (productive users) from investors (idle holders/savers) with investment motives.

The Stock Exchange is therefore part of the process through which companies looking for capital; issue financial instruments to investors from the general public so as to raise capital and finance their businesses. The two main financial instruments issued by companies to raise capital are Equity (Shares) and Debt (Corporate Bonds).

WHAT IS A SHARE

A share is a piece of ownership in a company. A company sells part/all of its ownership to investors so as to raise capital. Investors who own shares of a company are called shareholders. Shareholders benefit from investing in a company through dividends and capital gains.

Dividend: A proportion of a company's profits paid/ given to shareholders (owners of a company) depending on the number of shares each holder owns.

Capital gain: Is the increase in value of a share price, a change in share price from what it was initially bought for to what it is currently trading in the market. Shareholders sell / buy shares at a current market price and thus benefits from an increase in the price.

WHAT IS A CORPORATE BOND

A corporate bond is issued by a company as "A Borrower" to investors "Lenders" from the general public. When a company issues a bond it divides it into small portions that are sold at a price called a face value.

The borrowing company in this issuance will promise investors payment of agreed interest rates on the borrowed amount and a full repayment of the loan when the bond matures.

1. WHY SHOULD COMPANIES USE DSE AS A SOURCE OF FINANCE?

Financing through DSE has many advantages not only to the issuing company itself (and its employees and shareholders) but also to overall economy

ADVANTAGES OF LISTING ON THE DSE

I.) TO A COMPANY

- Improved company's image
  Listing a company at the DSE enhances the image of the company. A listed company becomes known worldwide through sharing of information between stock exchanges. The enhanced status of the company brought by listing may also increase stakeholders' trust in the company because of the assured good corporate governance and transparency that most listed companies stand for.

- Greater Publicity
  Stock exchange bulletins, reports in the media, website and other financial press releases result into greater publicity for the company and its products and services.

- Increased sales and profitability
  Retention of high quality employees, suppliers and investors may be assured by a listed company because of greater corporate exposure; this is because preference to do business/ work with well-known companies. This in turn tends to increase a company's productivity, sales and profitability.

- Company valuation
  Listing provides a basis for valuation of a company. Companies listed on the stock exchange are typically worth more than similar companies that are not listed. This is because investors continuously evaluate a listed company's' developments/ progress

- Ease to raise additional capital
  A listed company can easily raise additional capital by issuing additional shares to existing shareholders or new shareholders at a price determined by forces of demand and supply. The company can also use its own shares as collateral so as to acquire capital elsewhere.

- Tax advantage
  A company listed on the DSE enjoys a reduced corporation tax from 30% to 25% if a company has issued at least 30% of its share to the public.

II.) TO SHAREHOLDERS:

- Price Discovery Mechanism
  Shareholders benefit from establishment of a market for their shares at the DSE. This leads