



PRESS RELEASE

REGULATORY SANDBOX FRAMEWORK FOR CAPITAL MARKETS

The Securities and Exchange Commission (“SEC”) issued the Regulatory Sandbox Framework for Capital Markets (“Sandbox”) on 18th December 2022. The Sandbox is a Regulatory framework under which firms can test trial capital markets innovations such as Financial Technologies (FinTechs) in a controlled live environment, under a set of specified conditions and limitations.

Following the issuance of the Sandbox framework, the SEC launched the first (1st) Sandbox Cohort where four (4) innovations were admitted and whose testing was initiated on Wednesday, 19th November 2021. The four innovations are:

- i. **Kukula Capital Plc:** Platform for Global securities offering and crypto assets offering;
- ii. **Lupiya Circle Plc:** Peer-To-Peer lending innovation;
- iii. **Lusaka Securities Exchange Plc:** Digital platform for the identification, evaluation, capital raising and possible securities exchange listing; and
- iv. **Premier Credit Zambia Ltd:** Peer-To-Peer lending platform.

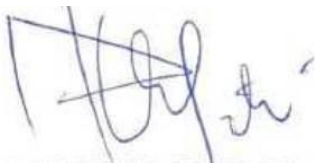
The testing is an essential phase of the Sandbox lifecycle where an innovator is permitted to test a proposed innovation in a live test environment as per agreed set of parameters, control boundaries and safeguards over a specified period. Further, the testing of innovations enabled innovators to engage with the SEC and served as a platform to better understand the development and application of the innovations, their appropriateness, commercial viability, and safety (among others).

Considering the foregoing, the SEC hereby announces that live testing of innovations has been completed and has, thus, directed the four Sandbox innovators to suspend operations within the Sandbox environment. This directive has been made to necessitate for a comprehensive review and evaluation of the test phase performance as well as to facilitate a smooth and orderly exit out of the Sandbox. This entails the following;

- i. Sandbox innovators shall suspend the onboarding of new clients / investors for innovations that were being tested under the Sandbox environment.
- ii. Contractual obligations entered into between the Sandbox innovators and participating investors shall remain in force and fulfilled as per set agreements.

- iii. Depending on the outcome of the review and evaluation exercise, Sandbox innovators shall either be permitted or not permitted to deploy their innovations on a commercial scale.
- iv. With respect to section iii above, the SEC shall issue a public statement to announce the outcome of the test review and evaluation exercise, which shall determine whether respective Sandbox innovators shall be permitted to deploy their innovations commercially.

The SEC would like to reaffirm its commitment towards capital markets development and as such, leverage the Sandbox as a tool to promote capital markets innovation, investor protection and financial inclusion. For any queries, kindly contact our Manager for Financial Inclusion on e-mail: mkondolo@seczambia.org.zm or tel: +260 227 012/222 368.



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Dated: 15th July 2024