



# PUBLIC NOTICE

## OPERATION OF UNAUTHORISED PRIVATE FUNDS

**FURTHER** to the Securities (Private Funds) Guidelines No.1 of 2022 published in the Government Gazette NO. 7121 of 29<sup>th</sup> April 2022, the Securities and Exchange Commission (SEC) wishes to notify the public that pursuant to section 129 of the Securities Act No. 42 of 2016 as amended by Securities (Amendment) Act No. 21 of 2022 (“Act”), all Private Funds established in the form of a limited liability company or a trust or any other legal form that is acceptable to the SEC, which —

- (a) is a private equity fund, venture capital fund, social venture fund, hedge fund, debt fund or any type of fund declared by SEC, from time to time, to be a private fund;
- (b) is a privately pooled investment that collects funds from targeted investors with experience in investing in securities that allows them to assess the merits of the offer, value of securities, risk involved in accepting the offer, their own information needs, and adequacy of information provided by the promoters of a private fund;
- (c) is a closed ended fund with specific tenure; or
- (d) raises funds through subscriptions by way of private placements only and not through public subscription.

are required to apply to the SEC for authorization before being established and commencing operations.

It is with great concern that the SEC has observed the increasing number of Private Funds that have been established and operating without authorization by the SEC. Therefore, the SEC wishes to warn that it is an offence for any person to establish and operate a private fund that is not authorized in accordance with the Act. Further that any person found to have established or operating an unauthorized Private Fund shall be liable, on conviction, to a fine not exceeding five hundred thousand penalty units, or to imprisonment for a term not exceeding five years, or to both.

In view of this, the SEC wishes to advise and encourage all persons that might have established or are operating Private Funds that have not been authorized in accordance with the Act to make the necessary application to the SEC by 31<sup>st</sup> December 2024 for authorization of their Private Fund(s) business or risk being prosecuted as per law provided.

Also, the SEC wishes to inform all concerned persons that it intends to undertake an audit of Private Funds that have been established or operating in Zambia since 2022, and any Private Fund that shall be found operating without authorization shall be closed forthwith and criminal proceedings shall be instituted against the promoters, managers, or directors of such illegal funds.

In the same vein, the SEC would like to advise the public to exercise extreme caution and avoid placing funds with persons promoting or advertising Private Funds that have not been authorized in accordance with the Act.

The authorization process of Private Funds and similar financial products and services ensures the protection of investors as the SEC is able to assess, monitor and supervise the operations and/or dealings of such products and/or services. To this end, the SEC wishes to warn the public that dealing with unauthorized or unlicensed entities or individuals, whether foreign or local, exposes the hard-earned financial assets to great risk of loss without redress from a government regulatory agency like the SEC.

For guidance regarding authorization of Private Funds or further information, please contact the SEC at the address and contact details given below:

SECURITIES AND EXCHANGE COMMISSION

Plot # 5475, Corner of Great East Road and Libala Road,  
Kalundu, Lusaka

P. O. Box 35165

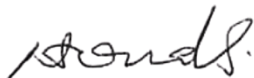
Tel: +260 211 227012/222369

Fax: +260 211 225443

Email: [info@seczambia.org.zm](mailto:info@seczambia.org.zm)

Issued by the Securities and Exchange Commission

4<sup>th</sup> September 2024



Nonde Sichilima (Mr.)

**Ag/CHIEF EXECUTIVE OFFICER**