



**SECURITIES AND EXCHANGE COMMISSION**  
*Protecting Investors in the Capital Markets*

**SECURITIES AND EXCHANGE COMMISSION  
ZAMBIA**

**Annual Report 2019**



Securities and Exchange Commission

**Corporate Office Address:**

Plot 3827Parliament Road  
Olympia

P.O. Box 35165

Lusaka

ZAMBIA

☎ (0211) 227012/222368/222369/226386

Fax: (0211) 225443

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

Website: [www.seczambia.org.zm](http://www.seczambia.org.zm)

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# Our Mission Statement

To safeguard interests of investors and promote the growth of capital markets

## Vision

A dynamic Regulator that protects investors and promotes capital markets development

## Mandate

The Securities and Exchange Commission (SEC) was established pursuant to *section 3* of the repealed Securities Act, Cap 354 of the Laws of Zambia and its existence has been continued under the new Securities Act, No. 41 of 2016. The Commission's mandate is to ensure that investors in the Zambian capital markets, both local and foreign, are protected. It is also the mandate of the Commission to develop the capital markets. The Commission has to ensure there is a right balance between investor protection and Capital Market Development.

# SEC Commissioners

During the period under review, the SEC Board of Commissioners was comprised of the following persons appointed from institutions specified in the Securities Act, No. 41 of 2016:



*Board Chairperson*

## **Mr. Amos Siwila**

Mr. Siwila, a legal practitioner, is the SEC Board Chairperson. He previously served as the SEC Board Vice-Chairperson from November 2015 to August 2016. He then served as Acting Chairperson from August 2016 until his election as Board Chairperson in June 2017. Mr. Siwila is a Partner in the law firm Mambwe Siwila and Lisimba Advocates and he represents the Law Association of Zambia (LAZ) on the Board.



*Board Vice-Chairperson*

## **Mr. George Nonde**

Mr. Nonde, a chartered accountant, is the Board's elected Vice-Chairperson since June 2017 and has been a SEC Board Member since September 2014. He is the Finance Director for CFAO Zambia and he represents the Zambia Chamber of Commerce and Industry (ZACCI) on the Board. He also chairs the Board's Staff and Remuneration Committee.



*Commissioner*

## **Mrs. Ireen Musonda-Habasimbi**

Mrs. Habasimbi, an economist, has been a SEC Board Member since May 2017. She is the Director in the Public Private Partnership Department of the Ministry of Finance and she represents the Ministry of Finance on the Board. She chairs the Commission's Licensing Committee.



*Commissioner*

## **Dr. Jonathan Chipili**

Dr. Chipili, the Director - Economics at the Bank of Zambia (BoZ), has been a SEC Board Member since August 2012. Dr. Chipili is the Director – Financial Markets at BoZ and he represents the Central Bank on the Board. He chairs the Market Transactions Committee of the Board.



Commissioner

**Ms. Mainza Masole**

Ms. Masole, a Social Economist, has been a SEC Board Member since May 2017. Ms. Masole is the Prudential Supervision Manager – Pensions at the Pensions and Insurance Authority and she represents the Pensions and Insurance Authority on the Board. She chairs the Commission’s Property Acquisition and Development Committee.



Commissioner

**Mrs. Natasha N. Kalimukwa**

Mrs. Kalimukwa, a legal practitioner, has been a SEC Board Member since March 2018. Mrs. Kalimukwa is the Administrator General and Official Receiver for the Republic of Zambia and she represents the Ministry of Justice on the Board. She also chairs the Commission’s Compensation Fund Committee.



Commissioner

**Mrs. Ruth Mugala**

Mrs. Mugala, a chartered accountant, has been a SEC Board Member since May 2017. Mrs. Mugala is an independent financial consultant and Director of Massy Capital and Massy Wellness Services. She represents the Zambia Institute of Chartered Accountants on the Board and chairs the Commission’s Risk and Audit Committee.



Ex-officio Commissioner

**Mr. Phillip K. Chitalu**

Mr. Chitalu, a chartered accountant, is the Chief Executive Officer of the Commission and is an *ex-officio* Member of the Commission Board.



# SEC Management

During the period under review, the following were the Commission's Management team:

## Phillip K. Chitalu



*Chief Executive Officer*

Mr. Chitalu, a chartered accountant, has been with the Commission since August 2011. He has a bachelor's Degree of Accountancy from the Copperbelt University, a Fellow of the Association of Chartered and Certified Accountants (FCCA) and also Fellow of the Zambia Institute of Chartered Accountants (FZICA). Mr. Chitalu also holds a Master of Philosophy in Development Finance from Stellenbosch University, Cape Town, and further holds the International Global Certificate for Securities Regulators from the Harvard Law School/IOSCO.

## Diana Sichone



*Commission Secretary and  
Director - Enforcement &  
Legal Services*

Mrs. Sichone, a legal practitioner, has been with the Commission since July, 2014. She holds a Bachelor's degree in law from the University of Zambia and a Masters degree in Corporate and Commercial law from the University of Lusaka. Mrs Sichone holds the International Global Certificate for Securities Regulators from the Harvard Law School/IOSCO. She is also an advocate of the High Court for Zambia, a qualified legislative drafter and trained commercial Arbitrator.

## Mutumboi Mundia



*Director - Market Supervision  
& Development*

Ms. Mundia, a Fellow of the Association of Chartered Certified Accountants (ACCA), has been with the Commission since January 2013. She has over 20 years combined experience in financial markets, regulation, crisis management, business support advisory services and mainstream finance. She holds a Master's Degree in Corporate Strategy and Governance from the University of Nottingham in the UK. She also holds the International Global Certificate for Securities Regulators from the Harvard Law School/IOSCO. Ms Mundia further holds the Introductory Certificate in Arbitration from the UK's Chartered Institute of Arbitrators. She is a Chevening Scholar and an alumni of the Swedish Institute Management Programme.



*Manager – Market  
Transactions & Investments*

### **Bruce Mulenga**

Mr. Mulenga has been with the Commission since February 2013. He holds a bachelor of Science in Accounting from Hull university and BTEC National Diploma in Business and Finance from City College of Higher Education.



*Manager – Finance*

### **Mateyo Lungu**

Mr. Lungu, a chartered accountant, has been with the Commission since December 2015. He is the holder of the Association of Chartered Certified Accountants (ACCA) qualification and the Certified Accounting Technician (CAT) from Chingola School of Accounts (ZAMIM-Chingola campus). He is a Fellow of the Association of Chartered Certified Accountants and an Associate member of the Zambian Institute of Chartered Accountants.



*Manager – Administration*

### **Saul Nyalugwe**

Mr. Nyalugwe has been with the Commission since October, 2012. He holds a bachelor of laws degree from Nelson Mandela Metropolitan University in South Africa, a Diploma in Purchasing and Supply from Sandwell College of Higher and Further Education (West Bromwich) UK and a Diploma in Human Resource Management from Zambia Institute of Human Resource Management. He also trained in Domestic Arbitration by the Chartered Institute of Arbitrators.



*Manager – Market  
Supervision*

### **Abraham Alutuli**

Mr. Alutuli, a chartered accountant, has been with the Commission since May, 2014. He Holds a Master of Business Administration (MBA) and is a Fellow of both the Association of Chartered Certified Accountants (ACCA) and Zambia Institute of Chartered Accountants (ZICA). He is also a certified fraud examiner and holds a National Accounting Technician Certificate. He also holds the International Global Certificate for Securities Regulators from the Harvard Law School/IOSCO.



*Manager – Market Supervision*

### **Nonde Sichilima**

Mr. Sichilima, a chartered accountant, has been with the Commission since September, 2015. He holds a BA (Hons) Degree in Accounting and Finance from Athlone Institute of Technology, Ireland. He is a member of the Zambia Institute of Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants (FCCA). Mr. Sichilima also holds the International Global Certificate for Securities Regulators from the Harvard Law School/IOSCO.



*Manager -Market Development*

### **Dingase Makumba**

Mrs. Makumba has been with the Commission since May 2014. She holds a Masters of Business Administration from the Eastern and Southern Africa Management Institute (ESAMI), Bachelor of Arts in social sciences from the University of Zambia and postgraduate diploma in marketing from the Chartered Institute of Marketing-UK.



*Manager – Financial Inclusion*

### **Mubanga Kondolo**

Mr. Kondolo joined the Commission in June 2017. He holds a BA (Hons) in Business and Management from University of Sunderland, a Certificate in International Introduction to Securities and Investment from the Chartered Institute of Securities and Investment (UK) and a Stockbrokers and Investment Adviser Certificate from the Zambia College of Pensions and Insurance Trust (ZCPIT).



*Manager – Law Reform and Enforcement*

### **Lubunda A. Ngala**

Mr. Ngala, a legal practitioner, has been with the Commission since October 2017. He holds a Bachelor’s degree in law from the University of Zambia and he is also an advocate of the High Court for Zambia. Mr. Ngala is also a qualified legislative drafter.



*SEC Senior Management Team – From left to right: Ms Mutumboi Mundia, Mr. Phillip K. Chitalu and Mrs. Diana Sichone*



*SEC Management Team*

*Front row, from left to right: Nr. Nonde Sichilima, Mrs. Dingase Makumba, Mrs. Diana Sichone and Mr. Mubanga Kondolo  
Middle row, from left to right: Mr Lubunda Ngala, Mr. Abraham Alutuli. Mr. Saul Nyalugwe and Mr. Mateyo Lungu  
Back row, from left to right: Mr. Bruce Mulenga, Mr. Phillip K. Chitalu and Ms Mutumboi Mundia*

# Chairman's Review



The Commission presents the report for the year ended 31<sup>st</sup> December 2019, as required by the Securities Act, Number 41 of 2016. The Securities Act further requires that the Commission should report on a number of issues not limited to but including the following:

- a) The extent of the implementation of the Commission's oversight functions and their effectiveness;
- b) Cost savings resulting from the Commission's operations;
- c) The cost to the nation for not having the Commission;
- d) The nature of the working relations with capital market operators;
- e) The actual and projected efficiencies the Commission has achieved as a result of the continuing regulatory activities; and
- f) The immediate and projected capabilities of the Commission.

The Commission has reported on these matters in relevant sections of this annual report.

I am glad to report, on behalf of the Commission, that despite the funding challenges experienced during the year under review, the Commission embarked on a number of initiatives in line with the overall strategic objective.

I did in my last report indicate that the Commission would be signing an agreement with Financial Sector Deepening Africa (FSDA) and Financial Sector Deepening Zambia (FSDZ). I am happy to report that the Commission during the year signed the funding agreement. I am also happy to report that work on the 10-year capital markets strategy, which will help set the direction for the long term development of the capital markets has started. With the help of the FSDA and the FSDZ, the Commission undertook an Institutional Capacity Assessment (ICA) on the Commission's resources and systems required to deliver on the mandate as spelt out in the Securities Act 2016. The Commission, after assessing its capacity, has now started to work on the capital markets strategy which is expected to be completed in 2020 after stakeholder consultation and appropriate policy approvals. The capital markets strategy or the Capital Markets Master Plan (CMMP) will anchor strategies needed to develop our markets to a level where they will become more relevant in the country's economic development agenda.

The Commission has also recognized that while the resource challenges experienced in 2019 will not be a constant factor, the little available resources should always be prudently but effectively utilized. To this effect, the Commission, with the support of the Toronto Centre of Canada (TC) has started to implement a Risk Based Supervision model that will ensure that the limited

regulatory resource are applied towards mitigating the areas of the market with the highest risk. In this way, it is envisaged that the Commission will concentrate on those regulated entities with the highest risk and also only on the products and activities with the highest possibility of bringing the markets into failure or loss of investor funds and thus provide the necessary market confidence.

The above efforts cannot be done without looking at the regulatory framework. To achieve the goals in the above efforts that are being made, the Commission has been developing rules and regulations needed to make the 2016 Securities Act operational. While it is a challenge to develop Rules with limited financial and other resources, the Commission will ensure the enforcement of existing rules is further amplified through directives and guidelines. To this end, the Commission in July 2019 issued guidelines that have resulted in a more transparent secondary bond trading market. The capital market players in the bond trading space are now required to report on a number of trade attributes such as price, type of securities and other factors that would make price discovery and market transparency more visible.

In order to remain relevant to the changing economic and environmental landscape, the Commission continues to view capital markets as an important alternative sector in mobilizing savings into long-term development projects. With this in mind and the climate change effects experienced recently, the Commission worked with the UNDP to develop guidelines on green bonds. This is the capital markets response to helping to green the economy through innovative capital raising initiatives which are meant to reduce the negative impact of climate change on our economy.

The Commission's Board, management and staff continue to be thankful for the continued support that the Government, through the Ministry of Finance, continues to provide. The Commission acknowledges that without government's and other stakeholder support, it would be a challenge to achieve our goals. May I also thank all the capital markets stakeholders and, in particular, the Capital Markets Association of Zambia (CMAZ), whose continued dialogue and interaction with the Commission has made our investor protection agenda and the capital markets development initiatives a success.

**Amos Siwila**  
**CHAIRPERSON**

# Chief Executive's Statement



In this 25<sup>th</sup> Annual Report, the Commission highlights activities performed during the 2019 fiscal year. The activities are in line with the Commission's dual mandate of investor protection and market development.

In order to achieve the above, the Commission ensures that resources are efficiently and effectively utilised. To this end, the Commission presents below audited financial statements for the year ended 31<sup>st</sup> December 2019. This is in line with both the Public Finance Management Act's requirements as well as good corporate governance principles. The Commission has continued to demonstrate that the financial resources of the Commission are continually managed in a prudent manner having in mind the Commission's need to use resources in its primary function of investor protection and attending to market development goals.

The Commission continues to operate below the minimum required resource needs. However, despite this challenge, the Commission applies the limited resources to those regulatory activities that add value to the protection of investors. The Commission therefore dedicated its resources to protect over K58 billion invested through public markets on the Lusaka Securities Exchange Plc, the over K600 Million in Collective Investment Schemes (CIS), and those funds invested in Corporate Bonds. It is the Commission's challenge to ensure that these funds are protected so that people's savings are secure and thus have the Commission continue building confidence in the capital markets as a secure place to put retirement and other savings.

The Commission now reports on the performance of the equity, corporate debt, and CIS segments of the capital markets sector. These capital market areas under the supervision of the Commission all contributed to the overall well-being of the financial sector in Zambia.

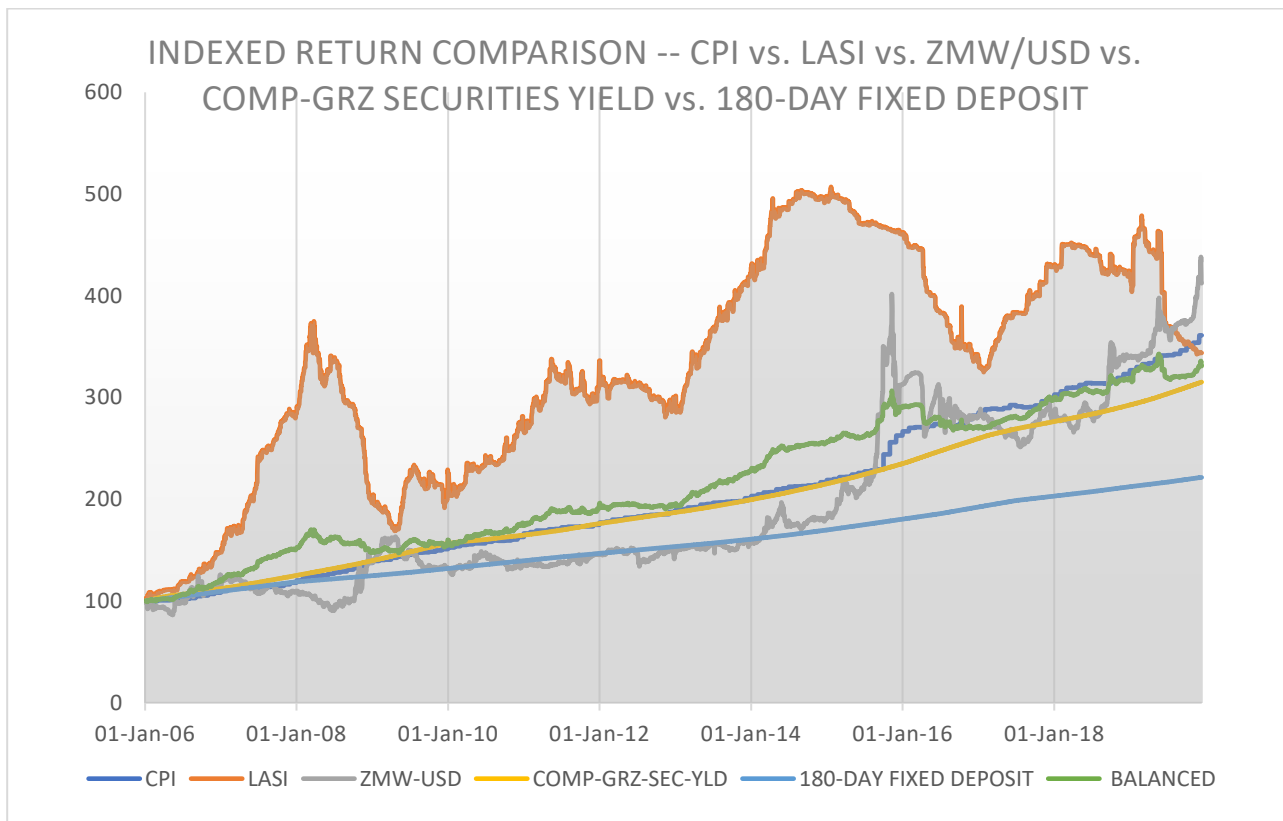
## Performance of the equities market

During the period under review, the capital markets in Zambia had three licensed exchanges. The report on the performance of the exchanges is however restricted to the Lusaka Securities Exchange Plc (LuSE), which is the only active regulated market. Pan African Exchange ("PANEX") was allowed to test their operating systems. However, PANEX suspended its operations to attend to regulatory concerns. The Bonds and Derivatives Exchange (BaDEX) was still non-operational during the year.

### Equity market

The Lusaka Securities Exchange (LuSE) *All Share Index (LASI)* closed at 4,264.51 points on 31<sup>st</sup> December 2019, a decrease of 19% compared to 5,248.39 points at 31<sup>st</sup> December 2018. The

decrease in the *LASI* resulted from the general sharp decrease in stock prices during the year. However, investments in balanced portfolios on the market continued to provide a reasonable long-term return as depicted below in the 10-year tracked performance of the *LASI* compared to other selected investment alternatives. It is nevertheless worth noting that the *LASI* has for the first time since the statistics have been tracked, in the last half of 2019, been outperformed by US\$ investments and inflation. Below is the indexed tracked market performance from 2006 to-date:



While the above movement of the *LASI* has been compared with other market indices, the salient features of the LuSE performance for the year under review is now analysed below:

	31/12/2019	31/12/2018	percentage change
LuSE All Share Index	4,264.51	5,248.39	19%↓
Market Cap (K 'million-Including Shoprite)	56,557	60,493	7%↓
Market Cap (US\$ million-Including Shoprite)	4,017	5,058	21%↓
Market Cap (K 'million-Excluding Shoprite)	22,316	26,254	15%↓
Market Cap (US\$ million-Excluding Shoprite)	1,585	2,196	28%↓
*Gross Domestic Product (US\$ million)	27,500	26,720	3%↑
Trading Turnover - Equities (K 'million)	266	1,197	78%↓
Volume of Shares Traded ('Millions')	83	1,287	94%↓
Number of Trades	4,467	5,461	18%↓
Number of Listed Companies	23	23	0%
Number of Quoted Companies	12	13	0.1%↓
Market Capitalization/GDP Ratio	15	19	21%↓



†Turnover /Market cap Ratio	1.19	4.56	74%↓
Trading Turnover-GRZ Bonds (K 'million)	5,886	9,974	41%↓
Number of Trades (GRZ Bonds)	2,148	1,606	34%↑
Number of Brokers	6	6	0%
Number of Collective Investment Schemes	10	11	9%↓

Source: Lusaka Securities Exchange Plc

\*2019 GDP (BoZ selling rate @ K14.08/US\$) and 2018 GDP (World Bank)

†Turnover to market cap ratio excludes Shoprite

## Market Capitalisation

The market capitalization, which is the market value of listed securities, was ZMW 56,60,493 million (ZMW 22,316 Million without Shoprite) as at 31<sup>st</sup> December 2019, down from ZMW 60,493 million (K26,254 Million without Shoprite) as at 31<sup>st</sup> December 2018, a 7% decrease. The market capitalization excluding Shoprite was down 15%.

In US\$ terms, the market capitalization of the LuSE including Shoprite was US\$ 4,017 Million as at 31<sup>st</sup> December 2019, a 21% decrease from US\$ 5,058 million as at 31<sup>st</sup> December 2018. The market capitalization excluding Shoprite was US\$1,585 million as at 31<sup>st</sup> December 2019 compared to US\$ 2,196 million as at 31<sup>st</sup> December 2018 a 28% decline.

The decline in market capitalization both in Kwacha and US\$ terms has been attributed to a general fall in stock prices and the depreciation of the Kwacha against the US\$. The Zambian Kwacha moved from about K11.95/US\$ at the beginning of the year compared to K14.08/US\$1.00 at the end of 2019, a 15% depreciation. This depreciation in the kwacha affected the market capitalization in Kwacha terms at the date of translation of the market capitalization in kwacha terms to US\$ terms.

## Turnover

The turnover recorded during 2019 was ZMW 266 Million, down 78% from ZMW 1,197 million in 2018. This decrease is mainly attributed to the reduced volume of shares traded and the falling share prices in a number of stocks.

## Volume of shares and number of trades

The total volume of shares traded during the year was down 94% from 1,278 million shares as at 31<sup>st</sup> December 2018 to 83 million shares as at 31<sup>st</sup> December 2019. The market also experienced a reduced number of trades by 18% as at 31<sup>st</sup> December 2019.

## Number of Listed and Quoted Companies

The number of listed companies remained unchanged at 23 whilst the number of quoted companies decline from 13 to 12 after the de-registration of Nanga Farms Plc.

## Turnover to Market Cap Ratio

The turnover to market capitalisation ratio decreased by 74% to 1.19% in 2019 from 4.56% recorded in 2018. The decline in market liquidity was as result of a decline in turnover recorded in the year.

### Trading Turnover (Government Debt Securities)

The trading turnover of government bonds decreased by 41% from ZMW 9,974 million in 2018 to ZMW 5,886 million in 2019. The decline in the turnover is attributed to market conditions that prevailed during the year.

### Corporate Bonds

The private sector participation in the capital markets is mainly through issuance of bonds to raise investment funds. However, as a percentage of GDP, corporate bonds outstanding was at 0.16% or K621 Million as at 31<sup>st</sup> December 2019 compared to 0.23% of K729 Million as at 31<sup>st</sup> December 2018. The 15% reduction during the year is due to some of the bonds maturing during 2019, while there was very minimal activity in new corporate bond issues during the year.

### Collective Investment Schemes (CISs)

The number of authorized CISs as at 31<sup>st</sup> December 2019 were 11 (compare to 10 in 2018). This was after unit holders of one of the CIS's resolved to terminate the CIS during 2019. Despite this decrease in the number of CISs from 11 to 10, the Assets Under Management (AUM) recorded a 19% increase from ZMW 516,662,856 in 2018 to ZMW 634,086,409 as at 31<sup>st</sup> December 2019. The recorded growth was mainly on account of increased savings by existing clients and the entry of new clients in fixed income and property funds.

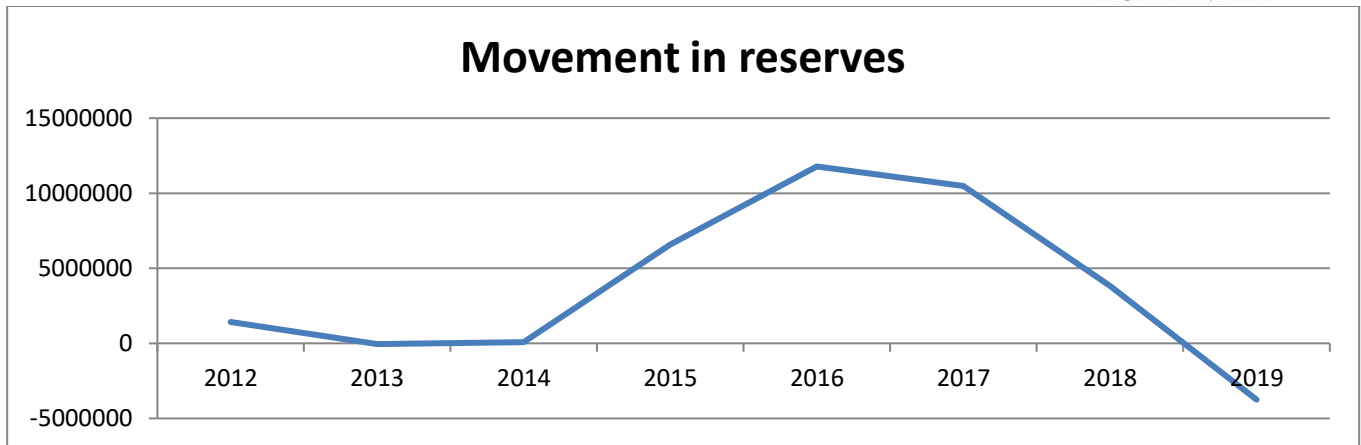
## Financial Performance of the Commission

In order to safeguard savings made through the capital markets, Government continues to support the Commission in meeting operational costs. The Commission also continues to support government efforts by generating revenues that support budget implementation. However, as the Commission's mandate is largely investor protection, financial performance indicators are mainly on account of the Commission needing to prudently apply the limited resources in meeting its mandated objectives. We report in other sections on some of the non-financial activities that the SEC is required to do as part of its mandate.

In the period ending 31<sup>st</sup> December 2019, the Commission recorded an operating deficit of K7,440,548 (2018 – Deficit K6,640,888) from a combined income of K14,034,175 against total operating costs of K21,474,722. However, the Commission met all its obligations on time by utilizing reserves. The deficit in the year is mainly attributed to the subdued market activities arising from high money market rates in 2018 through to 2019. The capital markets ability to transfer savings into productive sectors, which drives the Commission's ability to earn fees, is affected by high money market rates as corporates are unable to raise capital from long term markets due to expensive funds.

### Reserves

The Commission's accumulated fund (reserves) position at 31<sup>st</sup> December 2019 stood at K3,752,979 compared to K3,840,047 recorded at 31<sup>st</sup> December 2018. This reduction, as explained above, was due to the Commission meeting its approved budgetary expenses by using reserves. The diagram below shows that since 2012, the Commission had been managing to contain costs and thus improve on its reserve position but due to subdued market activities from 2016, the Commission's reserve position has been declining as depicted below:



### Income Earned

During the year ended 31<sup>st</sup> December 2019, the Commission internally generated 58% of its income while GRZ grant support accounted for 42%. This is on the backdrop of subdued market activities as explained above.

### Commission Expenses

The Commission being in the services sector, human capital is its main asset. Therefore, the Commission's major expense continues to be employee costs, a significant and key component of our regulatory activities and therefore the key cost driver. On a comparative basis, for the period to 31<sup>st</sup> December 2019, the Commission's total staff costs were 67% (2018 – 57%) of its total expenditure. Being a service-oriented organization that also champions investor awareness and investor protection, labor, awareness, and governance costs continues to be the Commission's major cost elements.

The Commission also strives to uphold good corporate governance by ensuring that the SEC had a well-functioning Board supported by effective Board committees. In order to assist the Board, make informed licensing, authorization, and registration decisions among others, the Board, as provided for in the Securities Act, has constituted a number of committees of the Board, which have a good representation of various required professions.

### Capital Expenditure

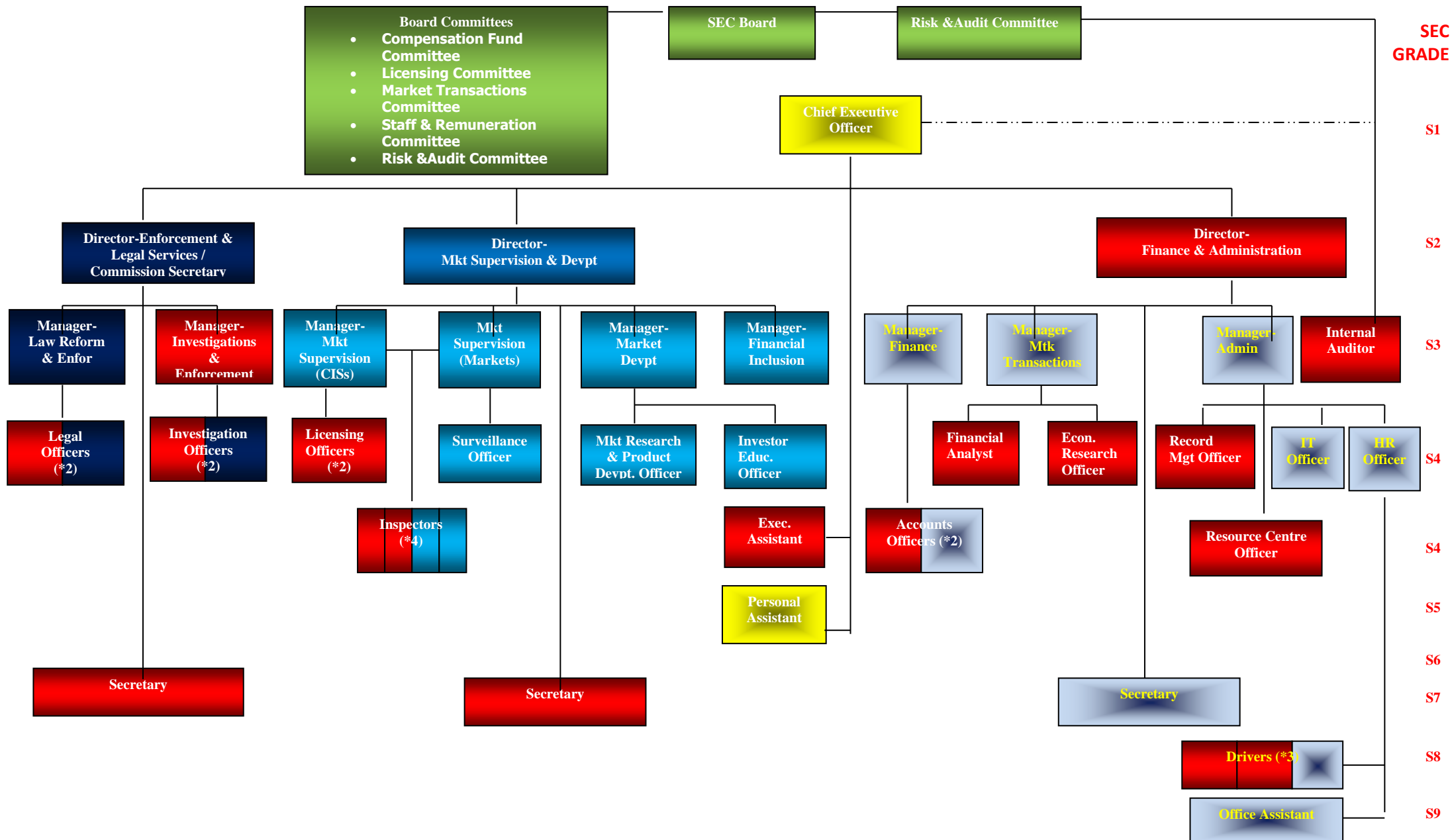
The Commission's capital expenditure was as follows during the period under review:

Type	2019 ZMW	2018 ZMW
Computer hardware	45,561	216,481
Office equipment	-	54,999
Office furniture	-	88,470
Motor vehicles	-	-
Land and Buildings	28,378	1,041,081
<b>Total</b>	<b>73,939</b>	<b>1,041,032</b>

### Commission Staff Complement and Human Resource Development

The Commission’s staff complement during the review period remained at 24 compared to an approved structure of 43 (2015 – 2018). Capacity building continued to be at the core of the Commission’s objectives. The full list of employees during the period under review is provided in Appendix I while the approved structure is highlighted below:

## SEC ORGANIZATIONAL STRUCTURE



## Trainings and Workshops

The Commission has a deliberate policy to ensure staff are aware of the developments in this ever-changing capital markets environment. The country and the Commission are also signatories to regional bodies such as SADC, which among other things require membership and attendance at meetings such as those of the Committee on Insurance, Securities and Non-Bank Authorities (CISNA) and the Eastern and Southern African Anti Money Laundering Group (ESAAMLG).

Although the Commission is a member of several Multi-national and Regional bodies, its staff did not attend the regional conferences and summits in order to contain Commission costs. The following Table highlights the trainings that were attended by Commission Staff during the Financial Year ended 31 December 2019:

Course & Location	Dates	Attended by
Risk-Based Supervision Training, Livingstone	20 <sup>th</sup> to 22 <sup>nd</sup> February 2019	Staff from all departments
Risk-Based Supervision Training, Lusaka	28 <sup>th</sup> Oct to 15 <sup>th</sup> Nov 2019	Staff from all departments
Bloomberg Training, Lusaka	21 <sup>st</sup> January to 13 <sup>th</sup> June 2019	Inspector Analysts, Investigations Officer and Surveillance officer

## Strategic Plan Overview

The Commission has a four-year Strategic Plan from 2018 to 2021. The Commission's strategic Vision is **"A dynamic Regulator that protects investors and promotes capital markets development"**. In order to realise this Vision, the Commission has identified three areas of focus or themes and their related strategic results. These relate to **Investor Protection Excellence** resulting in **safeguarded investments**; **Market Development Excellence** resulting in **Well-functioning Capital Markets**; and **Operational and Service Excellence** resulting in **satisfied clients**.

To achieve the strategic results and ensure that the SEC performs in the three thematic areas, it has set for itself a Mission statement which is **"To safeguard investments and promote well-functioning capital markets"**. Through this mission statement, SEC has developed innovative strategies in order to ensure that capital market activities are regulated to the satisfaction of all stakeholders. The Commission's 2018 – 2021 Strategic Plan identifies the following seven (7) key objectives through which the strategies are to be implemented:

### Objective One: "Improve Investor Protection."

These measures are aimed at increasing financial inclusion and accessibility of capital markets products.

### Objective Two: "Promote diversified and customer-centric products."

These inventions are aimed at deepening and diversifying the investment options in the capital markets.

### Third objective: "Improve Stakeholder Relationships."

We believe these interventions are aimed at increasing stakeholder support and creating a positive corporate image.

**Fourth objective: “Improve Sources and Management of Financial Resources.”**

These measures are aimed at optimizing financial resources and ensuring effective implementation of programs.

**Fifth objective: “Improve Operational Processes and Systems.”**

This Strategy is aimed at improving efficiency in service delivery.

**Sixth objective: “Enhance Human Capital and work culture.”**

These interventions are aimed at creating a positive corporate image, motivating staff and improving performance.

**Seventh objective: “Improve Office, Tools, Equipment and Infrastructure.”**

These measures are aimed at improving efficiency.

The above identified objectives are expected to help the Commission achieve its goal to increase the number of investors and issuers through awareness and building market confidence. Within the strategic period, the Commission plans to see a market where there is increased liquidity achieved through having a trusted market, increased number of listed entities as well as increased investor participation on the market.

To realise this, the operations of the SEC, and more specifically, the conduct and behaviour of the staff for the four-year strategic plan period have been anchored on seven (7) core values, namely: Transparency; Accountability; Confidentiality; Integrity; Team Work; Professionalism; and Impartiality.

## Conclusion

While activities on the market were further subdued in 2019 compared with prior years and that the low market activities have had an impact on the Commission’s ability to mobilise resources, the Commission continues to see capital markets as an enabler of economic growth.

**Phillip K. Chitalu**  
**CHIEF EXECUTIVE OFFICER**

# Corporate Governance



The Commission believes that well-managed and supervised corporate entities create the most value for its shareholders. Further, in order to ensure that corporate office holders are not only fit and proper but also adhere to the governance principles of transparency, responsibility, accountability and fairness, the Securities Act has entrenched provisions aimed at ensuring compliance, by entities regulated by the Commission, with corporate governance principles. For instance, the Commission is required to approve the appointment of the Directors and senior management of securities exchanges and clearing and settlement agencies.

Corporate governance is not only applied externally to the Commission's regulated entities but also applies to the Commission as a statutory body. In terms of the governance structure, the Commission operates with a non-Executive Board and a Management structure whose roles are clearly distinct. The Board plays an oversight or supervisory role while Management is involved in the day-to-day

administration of the Commission's affairs. The Board's oversight role is highlighted in Section 8 of the Securities Act, No. 41 of 2016.

In addition, the Commission has a Board Charter that prescribes the conduct and operations of the Board and its Members, individually and severally. The Charter guides Members on declarations of interest, gift acceptance restrictions as well as the prohibition of trading on non-public, price-sensitive information. The Commission also enforces a Code of Conduct to the Commission staff which prescribes the conduct and behaviour of staff on governance issues, especially regarding conflict of interest. The Code of Conduct requires staff to declare interest in matters in which staff could have personal interest. It is also a requirement that staff declare gifts received from any person or entity, whether regulated by the Commission or not as well as insider dealing restrictions. In order to ensure that the Commission is kept abreast with international corporate governance trends, the Commission requires all senior management staff to be members of the Institute of Directors of Zambia.

## Board Composition

The Commission Board's composition did not change between 2018 and 2019. The Board continued having eight (08) Members representing the following institutions in accordance with Section 8(2) and (3) of the Securities Act, No. 41 of 2016:

- a) Bank of Zambia;
- b) Law Association of Zambia;



- c) Zambia Institute of Chartered Accountants;
- d) Zambia Chamber of Commerce and Industry;
- e) Ministry responsible for finance;
- f) Ministry responsible for justice;
- g) Pensions and Insurance Authority; and
- h) the Commission's Chief Executive Officer as *ex-officio* Member.

All the non-executive Members of the Commission Board are appointed by the Minister from a nomination made by the respective organisation. In addition, section 8(5) of the Act requires the Minister to ensure that at least fifty percent of each gender is nominated and appointed to the Commission Board, unless it is not practicable to do so. However, the Act empowers the Members to elect, from amongst their number, a Chairperson and Vice-Chairperson of the Board. During the period under review, the Commission Board consisted of the following Members:

Name of Board Member	Institution Represented	Position
Mr. Amos Siwila	Law Association of Zambia	Chairperson
Mr. George Nonde	Zambia Chamber of Commerce and Industry	Vice-Chairperson
Mrs. Ireen M. Habasimbi	Ministry responsible for finance	Member
Mrs. Natasha N. Kalimukwa	Ministry responsible for justice	Member
Dr. Jonathan Chipili	Bank of Zambia	Member
Ms. Mainza Masole	Pensions and Insurance Authority	Member
Mrs. Ruth S. Mugala	Zambia Institute of Chartered Accountants	Member
Phillip K. Chitalu	SEC Chief Executive Officer	<i>ex-officio</i> Member



Commission Board

Front row (from Left to Right): Mrs. Natasha N. Kalimukwa, Mr. Amos Siwila and Mrs. Ireen M. Habasimbi

Back row (from Left to Right): Dr. Jonathan Chipili, Mrs. Ruth S. Mugala, Mr. George Nonde, Ms. Mainza Masole and Mr. Phillip K. Chitalu

## Board Meetings

The Board held four scheduled meetings in March, May, October and December 2019. In addition, the Board held one Special Meeting in June in order to deal with an urgent regulatory matter. The Board has delegated decision-making on time-sensitive matters such as those relating to licensing as well as market transactions (including registration of securities for capital raising and other authorisations) to ensure that decisions are expeditiously made without having to wait for the quarterly scheduled Board meetings.

The following is the Board attendance at the scheduled and special meetings:

NAME	March Scheduled Meeting	May Scheduled Meeting	June Special Meeting	October Scheduled Meeting	December Scheduled Meeting
Mr. Amos Siwila	✓	✓	✓	✓	✓
Mr. George Nonde	✓	✓	✓	✓	✓
Mrs. Ireen M. Habasimbi	✓	✓	✓	✓	✓
Mrs. Natasha N. Kalimukwa	✓	✓	✓	✓	✗
Dr. Jonathan Chipili	✗	✓	✓	✓	✓
Ms. Mainza Masole	✓	✓	✓	✓	✓
Mrs. Ruth S. Mugala	✓	✓	✓	✓	✓
Mr. Phillip K. Chitalu	✓	✓	✓	✓	✓

✓ Meeting attended

✗ Meeting not attended

## Committees and Committee Membership

The Commission Board has established Committees to assist the Board in performing some of the statutory functions conferred on the Board. The Commission has one *ad hoc* and five standing Board Committees namely –

- a) the Compensation Fund Committee;
- b) the Licensing Committee;
- c) the Market Transactions Committee;
- d) the Risk and Audit Committee;
- e) the Staff and Remuneration Committee; and
- f) the Property Acquisition and Development Committee (*ad hoc*).

The Compensation Fund Committee is a Board Committee established pursuant to section 176 of the Securities Act. The Committee is responsible for overseeing matters relating to the Compensation Fund and reporting to the Board. In particular, the Committee administers the Fund and make determinations for the settlement of claims against the Fund as provided for under the Securities (Compensation Fund) Regulations.

The Licensing Committee is a Board Committee established pursuant to section 13 of the Securities Act and is responsible for licensing market players and overseeing and reporting on

the existing and new policies as stipulated in the Act and the Rules made pursuant to the Act as well as enforcement matters.

The Market Transactions Committee is a Board Committee established pursuant to section 13 of the Securities Act and is responsible for overseeing, and reporting to the Board on approval of applications for registration of securities required to be registered under Part VIII of the Act as well as the quanta and efficacy of capital formation.

The Risk and Audit Committee is a Board Committee of the Board constituted under section 13 of the Securities Act. In addition, it is a statutory requirement under the Public Finance Management Act, No. 1 of 2018, for this Committee to be established. The Committee is responsible for overseeing financial management, reviewing internal controls, checks and balances and risk management.

The Staff and Remuneration Committee is a Board Committee established pursuant to section 13 of the Securities Act and is responsible for overseeing, and reporting to the Board on recruitment, skills training, capacity building and retention of staff.

The Property Acquisition and Development Committee has been established as an *ad hoc* Committee to guide Management in the Commission's property acquisition and development process. In addition, the Commission has established a Procurement Committee, chaired by the Chief Executive Officer, in accordance with the Public Procurement Act, No. 12 of 2008.

In 2019, the Committees were composed of the following members:

COMMITTEE	MEMBERSHIP REPRESENTATION	MEMBER
<b>LICENSING COMMITTEE</b>	Board Member representing MoF and Committee Chairperson	Mrs Ireen M. Habasimbi
	Board Member representing ZICA	Mrs. Ruth S. Mugala
	BoZ Representative	Mrs. Hellen L. Banda
	ERB Representative	Mr. Fred Hang'andu
	PIA Representative	Mrs. Namakau Mundia-Ntini
	Ex-officio Board Member	Mr. Phillip K. Chitalu
<b>MARKET TRANSACTIONS COMMITTEE</b>	Board Member representing BoZ and Committee Chairperson	Dr. Jonathan Chipili
	Board Member representing ZACCI	Mr. George Nonde
	Board Member representing MoF	Mrs. Ireen M. Habasimbi
	CCPC Representative	Mr. Chilufya P. Sampa
	PACRA Representative	Mr. Anthony Bwembya
	ZDA Representative	Mr. Matongo Matamwandi
	Ex-officio Board Member	Mr. Phillip K. Chitalu
<b>STAFF AND REMUNERATION COMMITTEE</b>	Board Member representing ZACCI and Committee Chairperson	Mr. George Nonde
	Board Member representing BoZ	Dr. Jonathan Chipili

	MoJ Representative	Mr. Joe Simachela
	ZIHRM Representative	Mrs. Beatrice N. Mwila
<b>RISK AND AUDIT COMMITTEE</b>	Board Member representing ZICA and Committee Chairperson	Mrs. Ruth S. Mugala
	Board Member representing PIA	Ms. Mainza Masole
	ZICA Risk Expert	Mr. Kapembwa Sindano
	MoF Representative	Mrs. Joyce P. Sundano
	LAZ Representative	Ms. Matilda C. Kaoma
<b>COMPENSATION FUND COMMITTEE</b>	Board Member representing MOJ and Committee Chairperson	Mrs. Natasha N. Kalimukwa
	BAZ Representative and Committee Vice-Chairperson	Mr. Fanwell Phiri
	CMAZ Representative	Mr. Nicholas Kabaso
	ZACCI Representative	Dr. Francis M. Ndilila
	LAZ Representative	Ms. Abigail Chimuka
	MoF Representative	Mrs. Mwila K. Zulu
<b>PROCUREMENT COMMITTEE</b>	SEC CEO and Committee Chairperson	Mr. Phillip Chitalu
	Procurement specialist	Mrs. Mary Banda
	Procurement specialist	Mr. Christopher S. Mwandu
	SEC Member	Mrs. Diana Sichone
	SEC Member	Ms. Mutumboi Mundia
	SEC Member	Mr. Mateyo Lungu
<b>PROPERTY ACQUISITION AND DEVELOPMENT COMMITTEE</b>	Board Member representing PIA and Committee Chairperson	Ms. Mainza Masole
	Board Member representing ZICA	Mrs. Ruth S. Mugala
	MoJ Representative	Mr. Joe Simachela
	Ministry of Works and Supply Representative	Mr. Geoffrey C. Phiri
	Show Society of Zambia Representative	Mr. Vasco Sikanyeu

## Audit Function

Apart from being a critical element of corporate governance, the Commission uses audit as one of the most important oversight tools. Overall, the Commission Board has an interest to ensure that it is transparent, responsible, accountable and fair in all its dealings with all types of stakeholders. The Board has delegated, to the Risk and Audit Committee its role of ensuring that the Commission has put in place sound financial management structures and processes, including financial, risk management and internal audit controls.

The Commission's external auditors are appointed by the Commission subject to approval by the Minister responsible for finance. The external auditors are required to perform an annual audit and present a report to the Board on the Commission's financial statements as well as

stating the level of compliance by the Commission to the law, regulations and policies. The financial statements are thereafter presented to the Minister of Finance as part of the Commission's Annual Report.

Due to the size of the Commission, the internal audit function has traditionally been outsourced. However, following the substantial increase in audit fees prescribed under the Accountants (Client Fees) Regulations, Statutory Instrument No. 34 of 2018, the engagement was suspended and the Risk and Audit Committee of the Board took up an interim oversight role to enhance the Commission's adherence to internal controls, procedures and processes. In addition, the work being undertaken by the FSDA-appointed Consultants on the institutional capacity assessment was also meant to review, among other things, the internal controls at the Commission.

The internal audit function is meant to ensure that internal controls are effectively functioning in managing risk in the Commission. The Commission's Audit Committee achieves this by reviewing the control systems for the Commission and providing an independent assurance of risk management of the Commission to the Board.

## Commission Secretary

The Commission's Board Secretary is appointed pursuant to Section 17 of the Securities Act and is in charge of the corporate secretarial affairs of the Commission, under the general supervision of the Chief Executive Officer. The law further allows the Secretary to perform other functions directed by the Board under the general supervision of the Chief Executive Officer.

The Director – Enforcement and Legal Services is the Board-appointed Secretary to the Commission Board and performs the secretarial functions as required under the Securities Act.

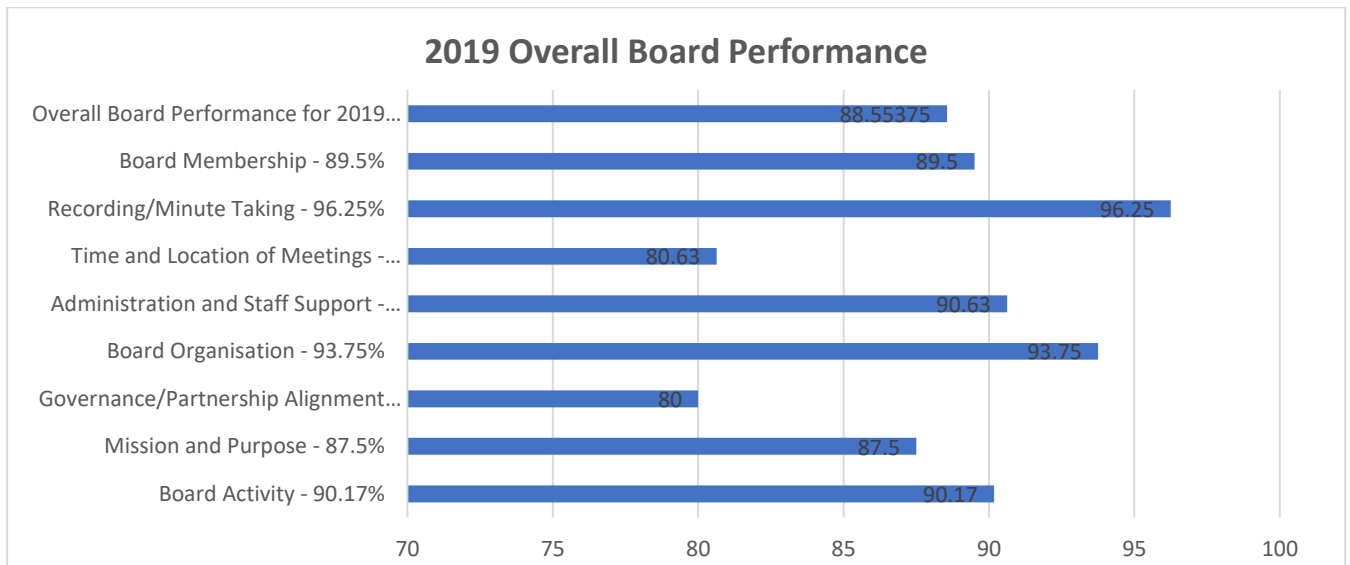
## Board Performance Self-Evaluation

In order to assess the effectiveness of the Board, its Committees, and its individual Board Members, the Commission undertakes a self-assessment on an annual basis. The self-assessment, a corporate governance tool, has been done for the last four years at Board level and for the last three years for the Board Committees. The self-assessment provides an indication of the Board's and Committees' performance and highlights areas of improvement.

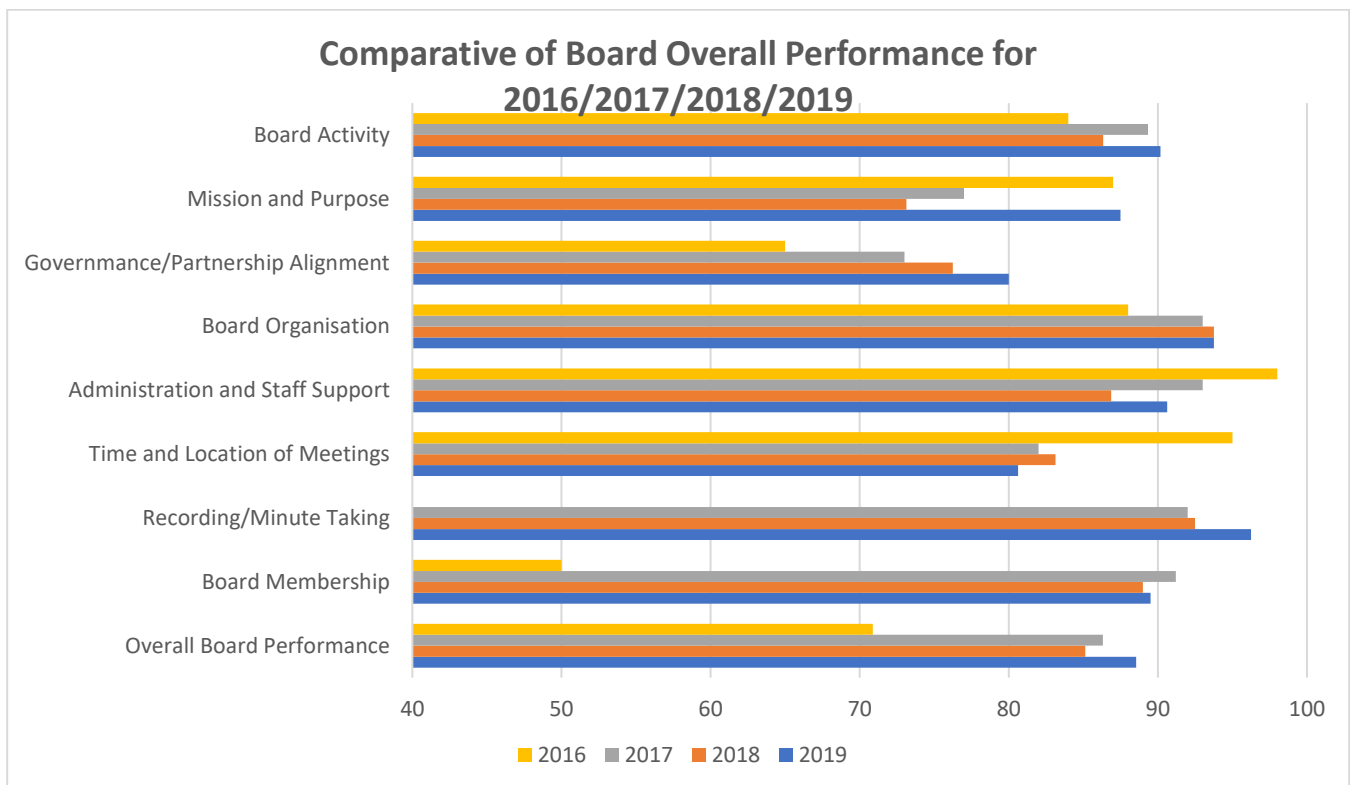
## Overall Assessment of Board Performance in 2019

As part of the Board performance self-evaluation, the following major areas were assessed: Board Activity; Mission and Purpose; Governance/Partnership Alignment; Board Organisation; Administration and Staff Support; Time and Location of Meetings; Recording/Minute Taking; and Membership.

The following Table highlights the Board’s performance in 2019 which revealed an overall Board’s performance rated at 88.55% with the lowest rating being the assessment of Governance/Partnership Alignment at 80% and the highest rating being the assessment of Recording/Minute Taking at 96.25%.



A review of the Board’s performance over the last four years indicates that on average, only two out of the eight areas assessed have indicated a reduction in performance rates with the overall Board performance recording an improvement on a comparative basis from 84.57% in 2018 to 88.55% in 2019 as highlighted in the following Table:



## Board Committee Performance

All the Board Committees except the Property Acquisition and Development Committee were assessed using the same methodology adopted for the Board and which was aimed at identifying strengths and weaknesses, flagging areas for improvement and planning for further action as appropriate. The Property Acquisition and Development Committee did not hold any meetings during the year due to the suspension of the Burma Road construction project.

The self-assessment of the Compensation Fund Committee revealed an overall Committee performance of 84.18% which was an increment from the 2018 assessment rate of 77.44%, but a marginal reduction from the 2017 assessment rate of 85.36%. In this assessment, the highest rating was Recording/Minute Taking at 90% while the lowest rating was Committee Member Attendance at 73.33%.

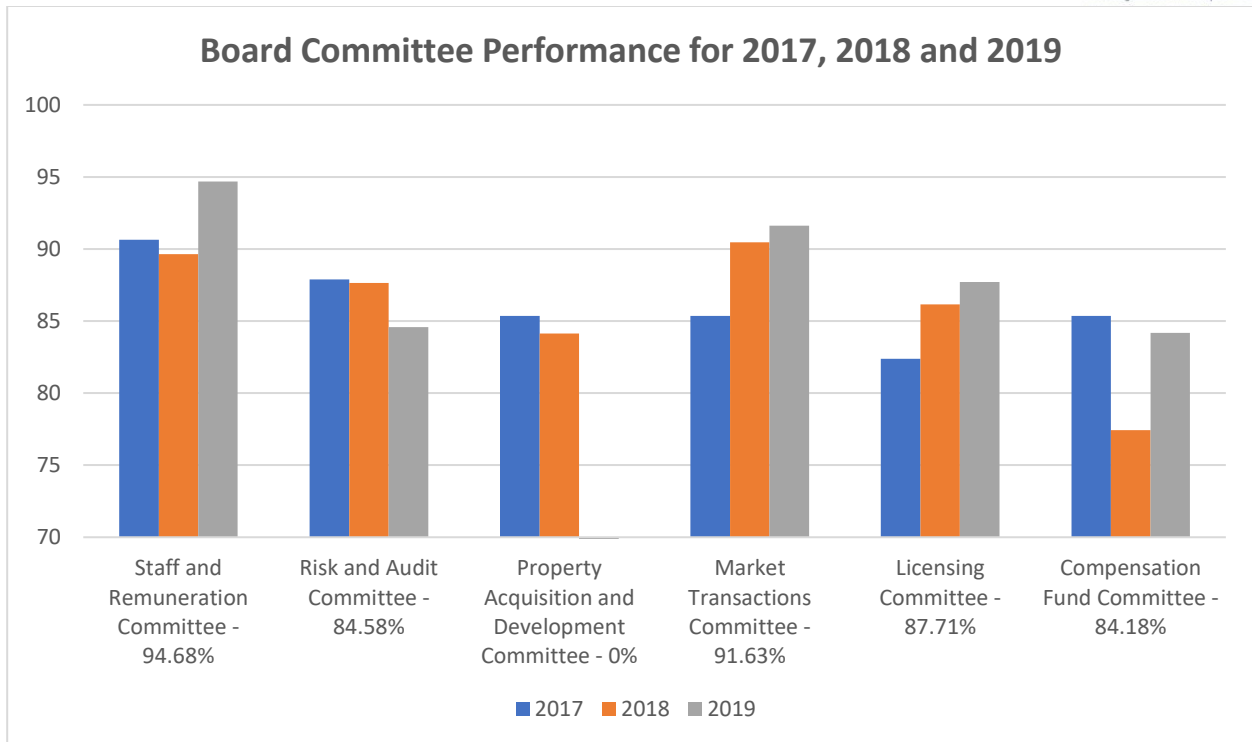
The self-assessment of the Licensing Committee revealed an overall performance of 87.71% indicating a marginal increase from the 2018 assessment rate of 86.16% which was also slightly higher than the 2017 assessment rate of 82.38%. The highest ratings were for Recording/Minute Taking and Committee Member Attendance at 91.67% while the lowest rating was for Support for the Committee at 80%.

The self-assessment of the Market Transactions Committee revealed an overall performance of 91.63% recording an increase from the 2018 assessment rate of 90.46% and also compared to the 2017 assessment rate of 85.36%. The area with the highest rating was Committee Recording and Minute Taking at 98.57% while the lowest rating was Committee Member Attendance at 78.57%.

The self-assessment of the Risk and Audit Committee revealed an overall performance for 2019 of 84.58, a reduction from the overall rate of 87.65% as assessed in 2018 and compared to the overall rate of 87.88% as assessed in 2017. The highest rating was made for Recording/Minute Taking at 90% while the lowest rating was Purpose of the Committee at 76%. The assessment represented the views of the full complement of the Committee as was the case in 2018 unlike the assessment undertaken in 2017 which was only based on the views of two (02) Members of the Committee.

The self-assessment of the Staff and Remuneration Committee revealed an overall performance of 94.68% which was markedly higher than the 2018 assessment rate of 89.64% and as compared to the 2017 Committee performance evaluation rate of 90.65%. The highest rated category was Committee Membership at 98.75% while the lowest rating was Attendance at 90%.

The following table shows the overall performance of each of the Committees in the following Table:



**Diana S. Sichone (Mrs.)**  
**COMMISSION SECRETARY**



# Report on regulatory and operational efficiency

Section 11(3) of the First Schedule to the Securities Act, No. 41 of 2016 requires the Commission to include, in its Annual Report, information relating to its regulatory and operational efficiency. The Commission is required to highlight the extent to which the Commission has fully implemented its regulatory oversight functions as provided under the Securities Act and in its rules and the effectiveness of the operation of such regulatory oversight function; the actual and projected cost savings to the Government, if any, resulting from the operations of the Commission; the actual and projected costs which the Commission and the public would have incurred if the Commission had not undertaken regulatory responsibility for certain areas under the Commission's jurisdiction; the nature of the working relationship between the securities exchanges, clearing and settlement facilities and the Commission; an assessment of the actual and projected efficiencies the Commission has achieved or expects to be achieved as a result of the continuing regulatory activities of the Commission; and the immediate and projected capabilities of the Commission.

The Commission reports on each of the six areas as follows:

## **Extent of implementation of the Commission's oversight function and their effectiveness**

The Commission Board has a full complement of Members representing different institutions as required under the Securities Act. In addition, the Board has also constituted Committees to assist the Board in exercising its functions under the Act. The Board oversees the administrative affairs of the Commission by putting in place effective, efficient and transparent systems of corporate governance and generally providing strategic direction to the Commission, among other responsibilities.

The Commission's Board Charter also provides guidance to the Board Members in their conduct of Board business to ensure that there is a right balance between the oversight role of the Board and the secretarial function of the Commission. Further, the Commission applies a Code of Conduct to the Commission staff which prescribes the conduct and behaviour of the staff especially with regard to conflict of interest issues.

Both the Code of Ethics and the Board Charter have enshrined provisions and procedures on the declaration of interest and declaration of gifts from any person or entity, whether regulated by the Commission or not. Further, both documents specify the procedures to be taken whenever an employee or a Board Member would like to participate in the capital markets as a player, which guard against trading on non-public, price-sensitive information.

The Commission reports that during the year under review, none of the Board members and staff were sanctioned with respect to this governance structure that is in place.

## **Cost Savings resulting from the Commission's Operations**

One of the Commission's functions highlighted under section 8(b) of the Securities Act include the approval of the Commission's budget estimates to ensure sound financial management structures and processes, including financial, risk management and internal audit controls. The Commission does not spend outside the approved budgets and prudently manages its resources to achieve its strategic objectives. In this vein, the Commission during 2019, operated within Board approved parameters.

## **Cost to the Nation for not having the Commission**

In exercising its investor protection mandate, the Commission demands the prompt and full disclosure of non-public price-sensitive information by a company's directors to the general public on the basis of which the investor will make an informed decision. A number of institutional and retail investors have invested more than K58 Billion in the Zambian capital markets. Therefore, if the Commission is not in place or does not undertake its regulatory mandate around these savings could be lost impacting on further savings mobilization as financial market confidence would be eroded.

Most of the institutional investors are pension funds which invest employee contributions into several investment portfolios including the capital markets. Without regulation, the investment of the pension funds and individual members of the public would be susceptible to fraud and other criminal activities. The Commission is there to ensure that it protects the interests of investors in the capital markets and in the process ensure maintenance of financial sector confidence which is key to resource mobilisation through bond issuances and other instruments.

## **Actual and Projected efficiencies the Commission has achieved as a result of the continuing regulatory activities**

The Commission has enhanced enforcement activities which has resulted in an increase in compliance by capital market operators which has a corresponding increase in market confidence. This has translated into increased capital mobilisation especially in Collective Investment Schemes (CISs) and Corporate Bonds.

For the 2019 period, the Commission Board approved the following Key Performance Indicators (KPIs) to enable the Commission achieve its strategic objectives in an efficient and effective manner:

- (a) increase of the investor base from 30,000 to 80,000;
- (b) issuance of the following five (05) regulations:
  - (i) the Securities (Registration of Securities) Regulations, 2019;
  - (ii) the Securities (Capital Market Operators) (General Licensing Procedures and Requirements) Rules and Regulations, 2019;
  - (iii) the Securities (Collective Investment Scheme) Rules and Regulations, 2019; and
  - (iv) the Securities (Fees and Levies) Rules, 2019; and
  - (v) the Securities (Financial Technology) Rules, 2019;

- (c) enhancement of revenue mobilization by achieving revenue targets as per the 2019 approved budget by carrying out the following activities:
  - (i) collect 90% of all invoices issued for Statutory fees as per Statutory Instrument No. 82 of 2013;
  - (ii) carry out regular follow ups on outstanding GRZ Grants; and
  - (iii) ensure that the Commission’s expenses are line with budget and available cash flows; and
- (d) addressing and resolving 70% of complaints received annually.

Although the implementation of these performance indicators was adversely affected by limited financial resources, the Commission was able to see the number of investors increase to over 86,000 during the course of the year. In addition, with the assistance of the World Bank, a number of draft Statutory Instruments were finalised but had not been subjected to the stakeholder consultative process which required financial resources to implement. The draft laws therefore still require both a stakeholder consultative review as well as the undertaking of regulatory impact assessments as required under the Business Regulatory Act, No. 3 of 2014. The Commission, however, did issue Guidelines on bond trade reporting which has significantly increased transparency and disclosure of bond prices in the market.

In attempting to address the reduced financial resources available for the Commission to undertake its regulatory activities, the Commission leveraged on partnerships with a number of institutions that were supporting the following Commission projects highlighted in the Table:

No.	Project Partner	Project
1.	World Bank	Law Review and Legal Drafting of Statutory Instruments
2.	Toronto Centre	Risk-Based Supervision
3.	FSDA//FSDZ	Institutional Capacity Assessment and Capital Markets Development Master Plan
4.	BioFin/UNDP	Green bonds regulatory framework
5.	CISI	Regulatory Assessment Module
6.	Junior Achievement Zambia / Prudence Foundation	Cha Ching Children’s Financial Literacy Education
7.	UNCDF	Capital Markets Schools Challenge Game Digitizing

In 2019, the Commission was also able to resolve over 75% of complaints received from the market. However, this excluded matters that were subject of enforcement action.

Despite the challenges encountered in the year, the Commission was able to implement what it could of the performance indicators as would enhance the Commission’s regulatory efficiencies.

### Nature of the working relations with Capital Market Operators

The Commission endeavours to continue building a professional working relationship with capital market operators. The Commission holds regular stakeholder meetings including the annual capital markets operators’ forum, the quarterly Chairman’s breakfast meeting with the market, and other regular market meetings. Further, the Chief Executive Officer also conducts

media briefs on a regular basis to inform the market on the latest developments in the capital markets. To further enhance these relationships, the Commission, as required by the Securities Act, requires capital markets operators to be members of the Capital Markets Association (CMAZ) so that communication with the market is further enhanced. The Commission during the year held a number of meetings with CMAZ.

### **Immediate and Projected capabilities of the Commission**

The Commission cannot over emphasise the importance of capacity building and therefore the Commission prioritises staff training to ensure that the Commission is always in tune with current developments in the capital markets space. However, in 2019, training of Commission staff was adversely affected by limited resources available to the Commission.

The Commission also began the phased move of the supervisory approach to risk based supervision with the focus for 2019 being the development of the regulatory and supervisory framework. The full implementation of the risk-based supervisory framework will ensure that the Commission uses the limited resources to addresses risky areas of the market.

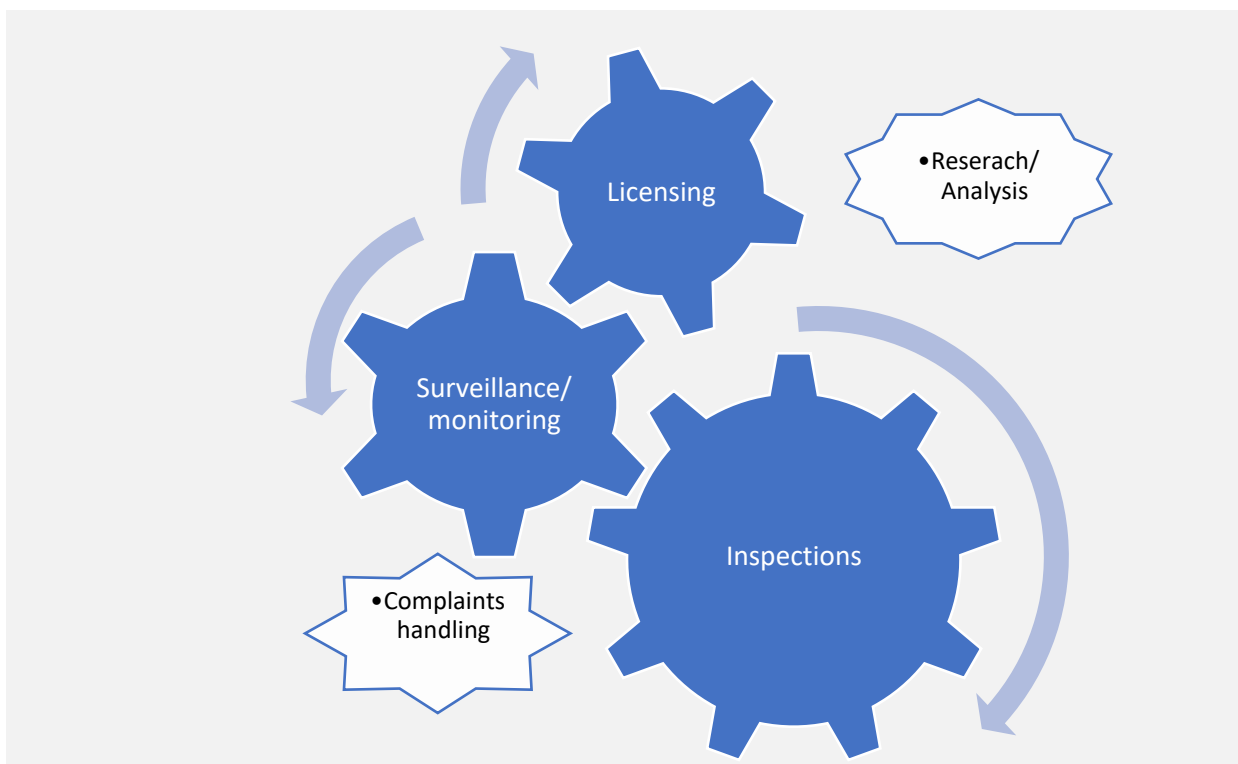
# Operational Activities

The Securities Act, No. 41 of 2016 is the principal Act for the regulation of the Zambian securities market. The Securities and Exchange Commission (SEC) has as a mandate to protect investors and ensure that the markets are free, fair and transparent. The Commission therefore adopts a supervision strategy for capital market players or intermediaries that ensures the protection of the investing public.

The Commission has a dual mandate of investor protection and market development. Investor protection is done through various ways including the registration of securities, the licensing and authorisation of capital market operators and the supervision of capital market operators to ensure that they are in compliance with the requirements of the law. The role of market supervision and market development is performed by the Directorate of Market Supervision and Development (“DMSD”).

## MARKET SUPERVISION

Market supervision is entrusted with a number of key functions of the Commission such as licensing, surveillance, compliance, inspections, complaints handling, data analysis, capacity building and awareness, research, etc.



The objectives of market supervision are:

- investor protection;
- ensuring that markets are fair, efficient and transparent;

- reducing systemic risk.

Achievement of the above objectives promotes a secure, fair and orderly investment environment that enhances investor and public protection and promotes an orderly development of the industry.

## Zambia's Capital Market Players

The players that operate in Zambia's Capital Markets industry consist of brokers/dealers, investment advisers, securities exchanges, central securities depositories, issuers, fund managers, credit rating agencies, investment banks, transfer agents among others. The full list of authorised capital markets players and their contact details is provided in **Appendices II and III**.

## Licensing

Licensing, being at the forefront, sets high regulatory standards at the very outset to fulfil the Commission's mandate which is designed to ensure investor protection and support the operation of a free, orderly, fair, secure and properly functioning Securities Market. Licensing acts as the entry point into the Securities Market by capital markets operators. Therefore, the SEC strives to strike the right balance between its business-friendly approach and complying with international regulatory standards.

In line with its endeavour to align its processes to international best practices and to embrace modern regulatory approaches, the SEC constantly ensures that these practices are embedded into its operations at the licensing stage. As a result, this provides for a more cohesive and transparent framework guiding further improvements in the Commission's regulatory approach.

The licensing procedure is clearly defined in the Securities Act and rules, regulations, directives and guidance notes issued by the SEC. At Licensing, the SEC has in place a transparent and well-established set of procedures leading to the issue of a licence or the rejection thereof.

The regulatory power of the Commission is anchored upon four pillars as follows:

- a) Any person dealing or advising on securities must be licensed by the Commission;
- b) Any securities market must be authorized and licensed as a securities exchange by the Commission;
- c) All securities of a public company which are publicly traded must be registered by the Commission; and
- d) Collective Investment Schemes (CISs) must be authorized by the Commission.

In assessing applications, the SEC is required to conduct a number of assessments - including the fit and proper test of applicants. In conducting the fit and proper test, the Commission assesses the financial soundness of the applicants, lawfulness and moral standards of the proposed activity, source of funds of the proposed activity, integrity of the shareholders, directors and key managers and any other relevant issues. For corporate applicants the Commission also analyses beneficial ownership information to ensure that only people of high

integrity can operate in the Capital Markets. Where applications may cause harm to the good repute of the jurisdiction, such applications are recommended for rejection.

### **Number of licenses in issue as at 31<sup>st</sup> December, 2019**

The Commission currently issues dealers, investment advisers licenses, securities exchange and representatives licenses among others. As at 31<sup>st</sup> December 2019, there were 172 licenses in issue as follows:

License type	31 <sup>st</sup> December, 2018	Issued	Cancelled/ Revoked	Surrendered	31 <sup>st</sup> December 2019
Dealer's License	33	-	(6)	(1)	26
Dealer's Representative License	186	18	(66)	(22)	116
Investment Advisor's License	10	-	-	(1)	9
Investment Advisor's Representative License	20	2	-	(3)	19
Securities Exchange License	3		(1)		2
<b>Total</b>	<b>252</b>	<b>20</b>	<b>(73)</b>	<b>(27)</b>	<b>172</b>

The Commission cancelled the securities exchange license for Pan African Exchange Zambia Limited. As a consequence of this five (5) entities that were licensed as dealers and were brokers under PANEX had their licenses cancelled including those of their 65 representatives. One dealers licence and one investment advisers license was also cancelled for breach of the Securities act. A total of 27 licenses were surrendered by licensees whose activities changed and hence did not require a SEC license.

### **Off-site monitoring**

Off-site monitoring entails ensuring that persons authorized/licensed to operate in the Zambian Capital Markets, including listed and quoted businesses; collective investment schemes (CISs); exchanges; brokers; investment advisers; representatives; custodians; trustees; etc. adhere at all times to continuing obligations as set out in the Securities Act.

- As part of its inspections, the Market Supervision Team reviews and assesses the risks arising from the activities of the licensed persons and the adequacy of the risk management and controls put in place by the licensees to mitigate against those risks. This includes the risk arising from their non-compliance with the Act and other regulations issued thereunder;
- Issuers, CISs and investment companies are also specifically monitored for purposes of complying with continuing obligations;
- Focus is also given to compliance with the SEC's Anti-Money Laundering & Countering the Financing of Terrorism Directives and other related laws. The SEC works closely with the Financial Intelligence Centre and the National Anti-Terrorism Centre in coordinating all Anti-Money Laundering & Anti-Terrorism related matters.

As part of ongoing monitoring, capital markets players are required to submit to the Commission monthly, quarterly and yearly returns. For example, fund managers are required to submit monthly and quarterly returns, which the SEC uses to monitor the funds' investments

and also help assess safety of the funds. Further, capital market operators who are licensed as dealers are required to submit monthly capital adequacy returns to confirm that they are compliant with the minimum capital requirements prescribed by the Commission.

## Inspections

In 2019, the SEC carried out off-site and on-site inspections. The inspections adopted tenets of risk based supervision which places emphasis on identifying inherent risks that arise from the operations and business models adopted by each capital market operator, assessing the adequacy of the risk management policies and procedures put in place by the CMO's board and management. Further, the SEC also subjected some CMOs to either for-cause (targeted) or routine inspections. The Commission also sanctioned/penalised Capital Markets players found wanting in line with the Securities Act.

## Risk Based Supervision Implementation Project under the Toronto Centre Long Term Country Engagement

During the year, the Commission partnered with the Toronto Centre to implement Risk Based Supervision (RBS) under the Long-Term Country Engagement (LTCE). The RBS Project is a three-year project expected to be concluded in 2022 and will enable the Commission move the capital markets from the current compliance based supervision to RBS. The Commission has already finalised the RBS Policy which is the governing document for the Commission's proposed RBS approach. In 2020, the Commission will roll out pilot testing of the proposed RBS approach, whilst 2021 - 2022 will be dedicated to implementation and roll out of the methodology to the rest of the capital markets. A Gantt chart of the implementation plan is attached on **Appendix IV**.

## Collective Investment Schemes (CIS)

Collective investment schemes remained a key growth area for the Commission in line with the country's Financial Inclusion Strategy Policy. CISs are an affordable long-term investment and savings option for the low income segment of the population. As at 31<sup>st</sup> December, 2019 there were nine (9) licensed dealers operating eleven (11) authorised collective investment schemes as follows:

Name of CIS	Fund manager	2019	2018
<b>Mpile Unit Trust</b>	African Life Financial Services Limited	✓	✓
<b>ABC Unit Trust</b>	ABC Investment Services Limited	✓	✓
<b>Madison Unit Trust</b>	Madison Assets Management Company	✓	✓
<b>Kukula Fund 1</b>	Kukula Capital Plc	✓	✓
<b>Intermarket Unit Trust</b>	African Life Financial Services Limited	✓	✓
<b>Laurence Paul Unit Trust</b>	LP Investment Services Limited	✓	✓
<b>ECR Unit Trust</b>	Equity Capital Resources Plc	✓	✓
<b>Altus Capital Unit Trust</b>	Altus Capital Limited	✓	✓
<b>Hobbiton Unit Trust</b>	Hobbiton Investment Management Ltd	✓	✓
<b>Longhorn Unit Trust</b>	Longhorn Associated Limited	✓	×
<b>Mukuyu Growth Investment Fund</b>	Minet Zambia Consulting Limited	×	✓



In 2019, the unit holders of Mukuyu Growth Investment Fund resolved to terminate the fund effective 23<sup>rd</sup> December, 2019. As a consequence of this resolution, the Commission withdrew its authorisation of the fund.

Over the period, there has been an increase in the number of funds from 43 to 54 as well as an increase in assets under management. The value of assets under management increased by 21.6% from K520, 098, 876 at the end of December 2018 to K632,467,122 as at 31<sup>st</sup> December 2019. The table below shows the distribution of the assets under management.

NAME OF FUND	31-Dec-19	31-Dec-18
	Market Share	Market Share
	%	%
Mpile Unit Trust	49.75%	46.26%
ABC Unit Trust	21.73%	25.83%
Madison Unit Trust	17.17%	17.06%
Kukula Fund 1	3.73%	4.66%
Intermarket Unit Trust	0.88%	1.27%
Laurence Paul Unit Trust	1.17%	1.28%
ECR Unit Trust	1.77%	0.96%
Altus Capital Unit Trust	2.17%	0.39%
Hobbiton Unit Trust	0.62%	0.42%
Longhorn Unit Trust	1.00%	0.00%
Mukuyu Growth Investment Fund	0.00%	1.87%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

## Surveillance

Market surveillance entail monitoring trade operations by using daily analysis of market trades, writing periodic reports, investigating anomalies and other activities. It also involves analyzing information gathered through complaints, social media, electronic and print media, whistle blowers among others. The goal is to ensure identify and address market misconduct, and hence preserve market integrity.

### Complaints Handling

The Commission continued to receive complaints from members of the public in relation to securities business. During the review period, the Commission received thirty (30) complaints. The complaints related to various aspects of challenges faced by some investors including, claims for funds not being received after sale of shares, untraceable shares, late payment of redemptions/matured funds, claims for dividends, missing shares etc. Ten (10) of these complaints have been closed while the rest are still being investigated.

The table below summarises the status of the complaints received by the Commission:

	As at 31 Dec 2019
Complaints brought forward from 2018	3
New complaints received during the Year	30
Complaints closed	10
Complaints referred to Legal and Enforcement Dept	18
<b>Number of active complaints as at 31<sup>st</sup> December 2019</b>	<b>5</b>

As part of surveillance, the Commission continued to attend, in an observer capacity, Annual General Meetings (AGMs) of listed and registered entities. The Commission noted that the AGMs were generally well conducted, within the stipulated time frame and there was active participation by shareholder in the deliberations. However, the Commission has noted the need to enhance the representation of minority shareholders on the boards of directors. Most minority shareholders did not feel involved in the selection and appointment of directors onto the boards of various companies and hence felt their interest were not protected.

## MARKET DEVELOPMENT

Amid an arid economic temperament Despite the austerity measures put in place due to inadequate funding, the year 2019 was an interesting and progressive one with most Market Development activities being largely driven with the support of key strategic partnerships. Below are some of the activities undertaken:

### Financial Sector Deepening Africa (“FSDA/Z”) Partnership

Zambia through the Commission was enlisted on the prestigious long-term Africa Regulator Support Programme, a continent-wide initiative of the Financial Sector Deepening Africa (FSDA), designed to strengthen the continent’s capital market regulators to reach international standards. As such, the Commission entered into a long-term cooperation agreement with FSDA and the Financial Sector Deepening Zambia (FSDZ) which was formalised in April 2019.



*Stakeholders at the signing ceremony for the SEC/FSDA/FSDZ Cooperation Agreement*

The key focus areas to be executed within the cooperation agreement include the following:

- a) To carry out an institutional capacity assessment to look into the Commission's internal structure in order to identify areas of strength and of improvement in light of leading best practices and peer comparisons;
- b) To support the development of a Capital Markets Master Plan (CMMP), a comprehensive a 10-year strategy for capital markets;
- c) To participate in cross working groups with other regulators in Africa, who are part of the Africa regulator support programme and focusing on sustainable finance and listings; and
- d) To participate and contribute to knowledge management and peer to peer learning initiatives with other regulators within FSDA's Africa regulator support programme.

### **Toronto Centre Partnership: Long-Term Engagement for Capacity Building (Risk-Based Supervision)**

In May 2019, the Commission and the Toronto Centre of Canada entered into a 3-year Long-Term Country Engagement (LTCE) to implement Risk Based Supervision for the Zambian securities sector. Further to this, the scope of the partnership entails the two Institutions collaborating to strengthen the regulatory capacity of the Commission in the following areas:

- a) Inclusion: this includes market conduct supervision, financial literacy and inclusion supervision, Fintech supervision;
- b) Stability: AML/CFT supervision and compliance; and
- c) Leadership skills: Action planning, stakeholder communications and persuasion and technology risk supervision.



*The three financial sector regulators at a Toronto Centre capacity building programme aimed at strengthening regulatory capacity*

## Chartered Institute of Securities and Investment (“CISI”) Partnership – Development of the Local Regulatory Assessment Module

In August 2016, the SEC and the CISI partnered through a Memorandum of Understanding with a view to provide an effective framework for collaboration between the parties in the development of a formal certification programme for the capital markets sector practitioners. The CISI is the professional body of choice for financial services practitioners within the securities and investment industry. It has a range of globally recognised qualifications and supports individuals through membership from the student level to the pinnacle of their career.

To this effect, the SEC has adopted the following modules of the formal certification programme being developed:

- a) The International Introduction to Securities and Investment (Africa)
- b) The Local Regulatory Assessment Module
- c) Technical Modules such as:
  - i) Global Securities
  - ii) Risk/Operational Risk
  - iii) Investment Management

Having successfully launched the first module being the International Introduction to Securities and Investment in September 2016, in 2019, the SEC proceeded to further develop the Local Regulatory Assessment Module. The module seeks to develop local knowledge regarding the required industry regulations for professionals working in a particular jurisdiction and in this case, Zambia. To launch the module, a pilot training will be undertaken in the first quarter of 2020.

## Annual Capital Market Operators Workshop

The Commission undertook its 2019 Annual Capital Markets Operators’ (CMOs) Workshop under the theme **‘Resilient Capital Markets – Leveraging our Synergies’** in September. The workshop aimed to provide a platform for CMOs and relevant stakeholders to engage with the Commission and to deliberate on pertinent developmental matters for the local market. In line with the theme, the focus of the workshop was on topical issues such as:

- a) Market development initiatives;
- b) Draft regulations to spur development of innovative capital markets products including Green Bonds, Venture Capital Fund and Commercial Paper; and
- c) Other regulatory initiatives to ensure investor protection and promote confidence in capital markets.

Alongside the workshop, the SEC undertook the following signing ceremonies:

- a) Signing of a Certificate of Collaboration with the United Nations Capital Development. This partnership seeks to explore ways of enhancing the digital economy of Zambia especially for capital markets.
- b) Signing of a Certificate of Collaboration with the United Nations Development Programme and
- c) Signing of a Memorandum of Understanding with the Prudence Foundation.

## Launch of the National Strategy on Financial Inclusion II

In December 2019, the Ministry of Finance alongside financial sector regulators, namely: the Securities and Exchange Commission, the Bank of Zambia and the Pensions and Insurance Authority launched the second phase of the National Strategy on Financial Education for Zambia for the 2019 – 2024 period.

It is worth mentioning that the Commission was part of the drafting committee of the National Strategy on Financial Education (NSFE) and was, further to this, tasked to chair the sub-committee for children and youth whose objective was to propose and provide input into the development of priority programmes for the NSFE 2019 – 2024. An outcome of this was a proposal to consider adopting a financial education programme known as **“Cha-Ching”**. Based on this, the Commission partnered with Junior Achievement (JA) Zambia and Prudence Foundation (PF), an affiliate of Prudential Insurance Zambia Limited to undertake a financial education programme for children known as **“Cha-Ching”**.

**“Cha-Ching”** is a financial literacy programme targeted at primary school children. The objective of Cha-Ching is to instil children with knowledge, skills and attitudes to enable them to make informed financial decisions. Through its interactive learning model and based on its four (4) key pillars, namely: Earn; Save; Spend; and Donate, **“Cha-Ching”** enables primary school pupils (7 to 11 years) to learn the fundamentals of personal financial management. Other concepts engrained in the Cha-Ching curriculum include: Budgeting; Investing; Entrepreneurship; and Digital money.



From left to right: Mr. Phillip Chitalu (SEC CEO); Mr. Krishnaswamy Rajagopal (Prudential Ltd CEO) and Mr. Teddy Nyasulu (Executive Director for Junior Achievement Zambia)

The implementation of Cha-Ching is earmarked for Quarter 2 of 2020. Furthermore, it is envisaged that 5,000 young learners will directly benefit from the programme.

## Financial Sector Joint Messaging Campaign – Investor Alert to Fraudulent Investments

Incidences of financial fraud have been on the increase worldwide and Zambia has not been spared. While digital platforms have massively contributed towards an increase in Financial Inclusion, there has also been an increase in reported financial fraud using digital channels.

Evidently, victims of financial fraud are looking for financial gain to satisfy different financial needs and in some more serious cases this maybe financial security in retirement. Losing one's savings or a retirement package makes financial fraud very devastating and detrimental to society and the economy. This incidence has a marring effect whereby individuals may lose trust and confidence in the financial sector

As financial sector regulators, the Bank of Zambia (BOZ), the Pensions and Insurance Authority(PIA) and the Securities and Exchange Commission(SEC) have observed with increasing concern, the proliferation of financial fraud appearing through pyramid schemes or fake investments in unregulated financial products such as cryptocurrencies. Whilst regulatory oversight is in place, it is incumbent that a well-informed potential victim of fraud can offer self-help through the ability to identify or recognize signs of fraudulent financial products. Fraudulent financial products and those who perpetrate them tend to be evasive to regulation hence the need to increase investor alertness.

Following deliberations that pondered on the increasing fraudulent scams at the Financial Sector Regulators Tripartite Meeting of 3<sup>rd</sup> September 2019, it was decided that there is need to conduct a joint financial sector communications campaign that would aim at creating awareness and sensitization about risky and usually illegal or unauthorized, thus unregulated financial products. The outcome of the campaign is expected to shift behaviors of current and potential investors from spontaneous uptake of products to more vigilant and responsible actions. SEC was charged with spearheading the development of the campaign concept and strategy. A Task Team comprising of representatives from each of the three financial regulators was established for this purpose.

The implementation of the communications campaign will register through to 2020.

## Lusaka Agricultural and Commercial Show 2019

The Commission jointly with the Capital Markets Association of Zambia and in collaboration with Capital Market Operators participated in the 93<sup>rd</sup> Agricultural and Commercial show held under the theme **“Embracing Industrial Development”**. Activities undertaken included the following: a capital market operators' exhibition; educational quiz; a knowledge survey (sample size of 250 respondents); an exhibitor's evaluation; and edutainment.



## Green Bonds Guidelines

Green Bonds Guidelines were developed by a core team consisting of representation from the Securities and Exchange Commission (SEC), Ministry of Lands and Natural Resources, UNDP Biofin and other key stakeholders.

The introduction of Green Bonds Guidelines in the Zambian capital market was to provide a financing alternative to help address the problem of climate change. The Green Bonds Guidelines will apply to all issuers of Green Bonds.

## World Investor Week 2019

In its continued efforts to enhance the levels of investor education, the Commission in collaboration with the Capital Markets Association of Zambia (CMAZ), Lusaka Securities Exchange Plc (LuSE), Equity Capital Resources Plc, Altus Capital Limited, African Life Financial Services Zambia Limited and the University of Zambia Economics and Business Association (UNZABECA) commemorated the World Investor Week (“WIW”) 2019 for the third time since its inception by the International Organisation of Securities Commissions (IOSCO) in 2017.

The WIW 2019 was undertaken under the theme of **‘A Smart Investor through Capital Markets’**, in October 2019. Like many jurisdictions, Zambia seeks to enhance the financial education and financial inclusion levels of its Citizens. Therefore, the WIW 2019 is an important activity as it contributes towards achieving this objective. As in the previous years, the WIW 2019 spurred a

lot of public interest and created an opportunity to raise awareness on investor education and protection. The SEC also leveraged on this teachable moment to educate people on SEC's investor protection mandate (among other things). Activities that we engaged in during the WIW 2019 included the following: student engagements; an article writing competition; a public exhibition; website and media activities; and dissemination of investor education materials.



Capital Markets Exhibition during the commemoration of the WIW-2019

### Familiarisation Tour of Commission – Monze Secondary School

The SEC hosted a familiarization tour in October, 2019 for 70 pupils from Monze Secondary School. The familiarization was centered on an introduction to capital markets, the role of the SEC and the Stock Exchange. The familiarization was co-hosted between the SEC and the Lusaka Securities Exchange Plc.



Learners from Monze Secondary School being addressed by Manager Market Development – Mrs. Dingase Makumba



## ENFORCEMENT AND LEGAL SERVICES

The Securities and Exchange Commission (the “Commission”) enforces the securities laws to protect persons that have made long-term investments in the securities markets for purposes of securing their future, starting a family, sending their children to school, saving for retirement or attaining other financial goals. Regulatory work, by its nature, demands adherence to clearly defined guidelines. Such guidelines establish the professional standards by which the conduct of regulatory tasks may be governed.

The Commission through the Directorate of Enforcement and Legal Services (“DELS”) is responsible for enforcing the Securities Act (“the Act”) and the Rules made thereunder. The Directorate is responsible, *inter alia*, for ensuring legal and regulatory compliance by capital market operators, identifying and recommending law reform and development in the securities sector and providing corporate legal advisory and Board secretarial services. DELS also undertakes litigation, on behalf of the Commission, in all courts and administrative tribunals.

### Co-operation and co-ordination

The Securities Act mandates the Commission to consult and cooperate with other regulators within and outside Zambia. Further, according to the new standards under recommendation 2 of the Financial Action Task Force (“FATF”), each country is required to have a national policy on anti-money laundering and counter terrorist financing. Countries need a national policy to drive the national agenda for combating money laundering, associated predicate offences, terrorist financing and proliferation. Countries are therefore required to have formalised co-ordination mechanisms which enable authorities to develop and implement this policy.

In a quest to coordinate and cooperate with other regulators in Zambia, on 14<sup>th</sup> May 2019, the Commission attended a signing ceremony for the multi-sectoral Memorandum of Understanding (“MMoU”) between the Competition and Consumer Protection Commission (“CCPC”), Bank of Zambia (“BOZ”), Pensions and Insurance Authority (“PIA”) and the Commission which was a deliverable under the National Financial Inclusion Strategy. The event was graced by the Secretary to the Treasury who was represented by Mrs. Ireen M. Habasimbi.



From left to right: Mr. Chilufya Sampa, Executive Director CCPC; Mrs. Ireen M. Habasimbi, representing the Secretary to the Treasury; Ms. Freda Tamba, representing the BOZ Governor; Mr. Martin Libinga, PIA Registrar; and Mr. Philip K. Chitalu, Commission Chief Executive Officer.



*The representatives of the four regulatory bodies exchanging the MMOU after signature while Mrs. Ireen M. Habasimbi looks on*

The MMOU is meant to facilitate co-ordination and co-operation between the signatory regulators by optimizing resources, facilitating quicker decision-making, and protecting consumers and meeting their needs. One of the mechanisms highlighted by the MMOU is the conduct of joint training, consumer education and awareness.

The Act also mandates the Commission co-operate with, provide assistance to, receive assistance from, and exchange information with, other regulatory bodies and law enforcement agencies. In view of this mandate, the Commission has, after investigating a number of cases, referred the cases to organisations such as the Bank of Zambia and the Drug Enforcement Commission whenever a matter was outside the Commission’s jurisdiction. The Commission has also gone a step further by assisting the organisations to which it refers matters by providing the organisations with information and conducting joint investigations.

DELS ensures that, as a financial services regulator, the Commission complies with the legal and regulatory requirements that facilitate effectiveness in capital markets regulation. This includes compliance with international regulatory requirements and best practices of IOSCO, the Eastern and Southern African Anti-Money Laundering Group (ESAAMLG), the Southern African Development Community (SADC) Committee on Insurance, Securities and Non-bank Administrators (CISNA), the Africa and Middle Eastern Securities Regulatory Committee of IOSCO (AMERC) and other regional and international bodies. DELS is also the contact point for liaison with foreign capital market regulators on information sharing and exchange of information.

### **Legislative developments**

The World Bank, through the Financial Sector support programme being offered to the Zambian Government, has been providing technical assistance for the drafting of statutory instruments required to effect the Act. The World Bank engaged both a local and an international consultant to draft some of the rules and regulations required to operationalise the Act. Some of the draft

statutory instruments included rules and regulations on licensing of capital market intermediaries, the registration of securities, the regulation of self-regulatory organisations and the regulation of collective investment schemes.

The following draft rules and regulations have been finalised and are ready to be subjected to a stakeholder consultative process:

- a) the Securities (Capital Markets Operators) (Licensing and Operations) Rules;
- b) the Securities (Capital Markets Operators) (General Licensing Procedures and Requirements) Regulations;
- c) the Securities (Capital Markets Operators) (Complaints Handling Requirements) Rules;
- d) the Securities (Collective Investment Scheme) Rules;
- e) the Securities (Collective Investment Scheme) Regulations;
- f) the Securities (Compensation Fund) (Amendment) Regulations;
- g) the Securities (Registration of Securities) Regulations;
- h) the Securities (Recognition of Self-Regulatory Organisations) Regulations; and
- i) the Securities (Self-Regulatory Organizations) (General Requirements) Rules.

In a quest to reduce the regulatory cost of doing business and encourage entities to raise as much capital as possible from the capital markets, the Commission undertook a review of the Securities (Licensing, Fees and Levies) Rules and proposed to introduce a minimum and maximum fee that could be charged for the registration of securities. Following a successful stakeholder consultative process, the maximum fee of 6,666,667 fee units of or K 2 million as opposed to the current uncapped fee of 0.125% of the value of the securities being registered was proposed. The draft rules await the finalisation of a regulatory impact assessment before they can be submitted to the Ministry of Justice for finalisation.

Pursuant to section 211 of the Act, the Commission published the Securities (Internal Control Reporting Framework for Issuers of Registered Securities) Guidelines, 2019 and the Securities (Green Bonds) Guidelines, 2019. The former provide guidance to issuers on the application of sections 146, 147 and 149 of the Act and provide clarity to issuers on use of the term “internal control” in the Act. Although the Commission had, in 2018, and in exercise of its powers under section 4 of the Act, exempted persons from the application of section 147 of the Act as there was no framework in place to guide capital markets operators on how to comply with the said section, the exemption is no longer applicable and capital markets operators are expected to comply with all sections of the Act that relate to them. The Guidelines on Green Bonds apply to all issuers of bonds in Zambia which are considered green in accordance with the criteria set out therein. These Guidelines were informed by the Commission’s desire to offer solutions for green products and therefore provide sustainable financing options to help save the planet and effectively sustain life on earth.

### **Enforcement and Legal actions taken**

Since the enactment of the Act in 2016, the Commission has continued to enforce its provisions against defaulting CMOs. Depending on the circumstances of each case, the enforcement actions taken have included private censures, fines and taking various supervisory actions

including the taking of possession of capital markets operators and appointing managers to run its affairs. The Commission has continued to witness a reduction in the number of violations of the Securities laws by individuals and companies following the Commission's initiative to take enforcement action against erring market players.

In exercise of its supervisory powers under section 11 of the Act, the Commission took possession of one of the CMOs and appointed two interim managers to take over the capital markets operator's business affairs. This action was necessitated by an inspection conducted by the Commission on the capital markets operator which raised several regulatory concerns. This resulted in the Commission giving the capital markets operator a prohibition notice precluding it from entering into new securities business. The Commission also gave it notice of the appointment of two Commission staff as interim managers over its affairs for a period of at least three (3) months. At the end of the period, the Commission cancelled the capital markets operator's license as the capital markets operator was unable to resolve its regulatory issues. This was in a bid by the Commission to protect the interests of the investing public.

In addition, the Commission revoked a dealer's representative's licence and an investment adviser's licence and also cancelled a dealer's license. Furthermore, a dealer's representative's licence and an investment adviser's licence were surrendered to the Commission. The Commission also imposed penalties against CMOs for failing to pay annual licence and issuer fees for the period 1<sup>st</sup> January 2019 to 31<sup>st</sup> December 2019, failing to comply with the disclosure requirements of the Act, failing to submit audited financial statements and failing to comply with Commission's December 2018 Directive on Prohibited Product offerings.

### **IOSCO MMoU Compliance**

The events of 9/11 prompted sweeping cross-border co-ordination efforts for securities regulators around the globe. After 9/11, the International Organization of Securities Commissions ("IOSCO") forged the Multilateral Memorandum of Understanding Concerning Consultation and Co-operation and the Exchange of Information ("MMoU") that standardized the protocol for information sharing among participating securities regulators. The resulting cross-border co-operation increases cross-border enforcement and reduces the cost of liquidity provision in the capital markets. These results support the idea that the MMoU helps fill gaps in cross-border regulation that historically exposed investors to information asymmetry, agency costs and expropriation risks.

Since 15<sup>th</sup> January 2018, the Commission is a signatory to the MMoU and has continued to receive and provide assistance to other foreign regulators in a quest to minimize duplication of effort and maximize the protection of investors. DELS is the contact point within the Commission for liaison with foreign capital market regulators on information sharing and exchange of information.

### **MARKET TRANSACTIONS**

In order to ensure there was control on the entities that obtained funds from the public, the Commission is mandated to register securities before they are offered to the public. The

Commission also approves mergers or acquisitions involving entities whose securities are registered with the Commission. During the financial year ending 31<sup>st</sup> December 2019, the Commission through the Market Transactions division received and approved a number of applications from companies including those relating to the registration of securities, mergers and acquisitions. Waivers from certain Securities Act obligations as enshrined in the Act, and other miscellaneous market activities were also considered.

The table below shows the companies, type and number of securities that were approved during the period under review:

DATE	COMPANY	TYPE AND NUMBER OF SECURITIES/OR TRANSACTIONS	DATE APPROVED/ DEFERRED	PURPOSE OF MEETING
25.02.2019	Capricorn Group Plc	Waiver	14.03.2019	Consideration of application for a waiver from making a mandatory offer to Cavmont Capital Holdings Zambia Plc
25.03.2019	ZESCO Limited	Medium Note Programme	25.03.2019	Consideration of the registration of USD 500 million senior secured notes
25.03.2019	Nanga Farms Plc	Ordinary Shares	25.03.2019	Consideration of the application for the de-registration of 6,948,119 ordinary shares
27.08.2019	Zambian Home Loans	Medium Term Note programme	27.08.2019	Consideration of the registration of ZMW 455 million notes
27.08.2019	Weir Group	Authorization	29.08.2018	Consideration of the application for authorization of Employee`

# SECURITIES AND EXCHANGE COMMISSION

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FINANCIAL STATEMENTS 31<sup>ST</sup> DECEMBER 2019

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**SECURITIES AND EXCHANGE COMMISSION**  
**FINANCIAL STATEMENTS – 31 DECEMBER 2019**

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## SECURITIES AND EXCHANGE COMMISSION

### STATEMENT OF COMMISSIONERS' RESPONSIBILITIES

The Securities Act, No. 41 of 2016 requires the commissioners to prepare financial statements for each financial year which give a true and fair view of the financial position of Securities and Exchange Commission and of its financial performance and its cash flows for the period then ended. In preparing such financial statements, the commissioners are responsible for

- designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- selecting appropriate accounting policies and applying them consistently;
- making judgements and accounting estimates that are reasonable in the circumstances; and
- preparing the financial statements in accordance with the applicable financial reporting framework, and on the going concern basis unless it is inappropriate to presume that the Commission will continue in operation.

The commissioners are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Commission and enable them to ensure that the financial statements comply with the Securities Act, No 41 of 2016. They are also responsible for safeguarding the assets of the Commission and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The commissioners confirm that in their opinion

- (a) the financial statements give a true and fair view of the financial position of Securities and Exchange Commission as of 31 December 2019, and of its financial performance and its cash flows for the period then ended;
- (b) at the date of this statement there are reasonable grounds to believe that the Commission will be able to pay its debts as and when these fall due; and
- (c) the financial statements are drawn up in accordance with International Financial Reporting Standards.

This statement is made in accordance with a resolution of the commissioners.

Signed at **Lusaka**

**Chairman**

**Commissioner**



## SECURITIES AND EXCHANGE COMMISSION

STATEMENT OF COMPREHENSIVE INCOME FOR THE TWELVE-MONTH PERIOD  
ENDED 31 DECEMBER 2018

	Note	31 December 2019 ZMW	31 December 2018 ZMW
<b>Income</b>			
Grants and other income	6	<u>14,034,175</u>	<u>18,953,080</u>
<b>Expenditure</b>			
Employee benefits costs		(14,447,653)	(14,497,645)
Depreciation		(618,118)	(646,108)
Other operating expenses		<u>(6,822,429)</u>	<u>(10,450,216)</u>
		<u>(21,474,722)</u>	<u>(25,593,968)</u>
<b>(Deficit)/surplus for the period</b>	7	(7,440,548)	(6,640,888)
<b>Other comprehensive income</b>		—	—
<b>Total comprehensive (loss)/income</b>		<u>(7,440,548)</u>	<u>(6,640,888)</u>

**SECURITIES AND EXCHANGE COMMISSION**

**STATEMENT OF CHANGES IN EQUITY FOR THE TWELVE MONTHS PERIOD  
ENDED 31 DECEMBER 2019**

	<b>Accumulated reserves ZMW</b>	<b>Total ZMW</b>
At 1 January 2018	10,480,935	10,480,935
Total comprehensive loss for the period At 31 December 2018	<u>(6,640,888)</u> 3,840,047	<u>(6,640,888)</u> 3,840,047
Total comprehensive loss for the year At 31 December 2019	<u>(7,440,548)</u> <u>(3,600,501)</u>	<u>(7,440,548)</u> <u>(3,600,501)</u>

## SECURITIES AND EXCHANGE COMMISSION

### STATEMENT OF FINANCIAL POSITION - 31 DECEMBER 2019

	Note	2019 ZMW	2018 ZMW
<b>ASSETS</b>			
<b>Non-current assets</b>			
Motor vehicles, furniture, and equipment	9	<u>2,012,923</u>	<u>2,566,281</u>
		<u>2,012,923</u>	<u>2,566,281</u>
<b>Current assets</b>			
Short term deposit	10	-	5,500,000
Trade and other receivables		11	513,146
1,038,822			
Cash and cash equivalents	12	<u>2,677,853</u>	<u>2,141,487</u>
		<u>3,190,999</u>	<u>8,680,309</u>
<b>Total assets</b>		<u>5,203,921</u>	<u>11,246,590</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Funds and reserves</b>			
Accumulated reserves		<u>(3,752,979)</u>	<u>3,840,047</u>
		<u>(3,752,979)</u>	<u>3,840,047</u>
<b>Current liabilities</b>			
Trade and other payables	13	<u>8,956,901</u>	<u>7,406,543</u>
		<u>8,956,901</u>	<u>7,406,543</u>
<b>Total equity and liabilities</b>		<u>5,203,921</u>	<u>11,246,590</u>

The financial statements on pages 6 to 22 were approved by the Board of Commissioners on and were signed on its behalf by:

) CHAIRMAN  
)  
)  
) COMMISSIONER  
)  
)

## SECURITIES AND EXCHANGE COMMISSION

## STATEMENT OF CASH FLOWS FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2019

	31 December 2019	31 December 2018
	ZMW	ZMW
<b>Cash flows from operating activities</b>		
(Deficit)/surplus for the period	(7,440,548)	(6,640,888)
Depreciation	618,118	646,108
(Profit)/Loss on sale of assets	-	(4,871)
Interest received	-	-
Decrease in trade and other receivables	(1,287,973)	1,801,119
(Decrease)/increase in trade and other payables	<u>4,592,3050</u>	<u>3,382,323</u>
<b>Net cash (outflow)/inflow (on)/from operating activities</b>	<u>(3,518,353)</u>	<u>(816,208)</u>
<b>Investing activities</b>		
Purchase of property, plant, and equipment	-	(1,401,032)
Investments purchased	-	-
Interest received	-	-
Investments redeemed	4,054,719	1,509,741
Proceeds from disposal of assets	<u>-</u>	<u>-</u>
<b>Net cash inflow/(outflow) from/(on) investing activities</b>	<u>536,366</u>	<u>108,710</u>
<b>Increase/(decrease) in cash and cash equivalents</b>	536,366	(707,499)
<b>Cash and cash equivalents at beginning of the period</b>	<u>2,141,487</u>	<u>2,848,986</u>
<b>Cash and cash equivalents at end of the period</b>	<u><b>2,677,853</b></u>	<u><b>2,141,487</b></u>
<b>Represented by:</b>		
Cash in hand and at bank	<u>2,677,853</u>	<u>2,141,487</u>

## SECURITIES AND EXCHANGE COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

1. **The Commission**

The Commission is a body corporate that came into existence by an Act of Parliament, the Securities Act No. 41 of 2016, with the objective of inter-alia regulating and developing the securities market in Zambia.

2. **Basis of preparing the financial statements - going concern basis**

The financial statements have been prepared on a going concern basis which assumes that the Commission will continue in operational existence for the foreseeable future.

The validity of this assumption depends on the Commission being able to generate sufficient funds from its future activities to meet its working capital requirements and the Government of the Republic of Zambia increasing its grants to the Commission.

If the Commission was unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the reporting date values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify equipment and motor vehicles and long-term liabilities as current assets and liabilities.

The Commissioners are of the opinion that it is appropriate for the financial statements to be prepared on a going concern basis.

3. **Principal accounting policies**

The principal accounting policies applied by the Commission in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) **Basis of presentation**

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are presented in accordance with IAS 1 “Preparation of financial statements” (Revised 2007). The Commission has elected to present the “Statement of Comprehensive income” in one statement namely the “Statement of Comprehensive Income”. They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities at fair value through the statement of comprehensive income.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Commission’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

(b) **New and revised standards that are effective for annual periods beginning on or after 1 January 2017**

**Disclosure Initiative (Amendments to IAS 7)**

The amendments to IAS 7 ‘Statement of cashflows, effective 1 January 2017 requires the Commission to provide disclosures about the changes in liabilities from financing activities. The Commission categorises those changes into changes arising from cash flows and non-cash changes with further sub-categories as required by IAS 7.

These amendments do not have a significant impact on these financial statements and therefore the disclosures have not been made.

## SECURITIES AND EXCHANGE COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019 (CONTINUED)

#### 3. Principal accounting policies (continued)

##### (c) Standards, amendments, and interpretations to existing standards that are not yet effective and have not been adopted early by the Commission

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective and have not been adopted early by the Commission. Information on those expected to be relevant to the Commission's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Commission's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations, and amendments not either adopted or listed below are not expected to have a material impact on the Commission's financial statements.

##### **IFRS 9 'Financial Instruments'**

The new Standard for financial instruments (IFRS 9) replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

IFRS 9 also contains new requirements on the application of hedge accounting. The new requirements look to align hedge accounting more closely with entities' risk management activities by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles-based approach to assessing hedge effectiveness.

Management has identified the following areas that are expected to be most impacted by the application of IFRS 9:

- The classification and measurement of the Commission's financial assets. Management holds most financial assets to hold and collect the associated cash flows and is currently assessing the underlying types of cash flows to classify financial assets correctly. Management expects the majority of held-to-maturity (HTM) investments to continue to be accounted for at amortised cost. However, a number of available-for-sale (AFS) investments and financial assets are likely to be measured at fair value through profit or loss as the cash flows are not solely payments of principal and interest.
- The impairment of financial assets applying the expected credit loss model. This will apply to the Commission's trade receivables and investments in debt-type assets currently classified as HTM or AFS (unless classified as at fair value through profit or loss). For contract assets arising from IFRS 15 and trade receivables, the Commission applies a simplified model of recognizing lifetime expected credit losses as these items do not have a significant financing component.

## SECURITIES AND EXCHANGE COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019

#### 3. Principal accounting policies (continued)

##### (c) Standards, amendments, and interpretations to existing standards that are not yet effective and have not been adopted early by the Commission (continued)

###### IFRS 9 'Financial Instruments' (continued)

- The measurement of equity investments at cost less impairment. All such investments will instead be measured at fair value with changes in fair value presented either in profit or loss in other comprehensive income. To present changes in other comprehensive income requires making an irrevocable designation on initial recognition or at the date of transition to the new Standard. Currently, the Commission is not intending to elect to present changes in the equity investment in other comprehensive income but will account for its equity investments at fair value through profit or loss.
- The recognition of gains and losses arising from the Commission's own credit risk. If the Commission continues to elect the fair value option for certain financial liabilities fair value movements from changes in the Commission's own credit risk will be presented in other comprehensive income rather than profit or loss.

###### IFRS 16 'Leases'

IFRS 16 will replace IAS 17 'Leases' and three related Interpretations. It completes the IASB's long running project to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability.

IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. Management is yet to fully assess the impact of the Standard and therefore is unable to provide quantified information. However, in order to determine the impact, the Commission is in the process of:

- performing a full review of all agreements to assess whether any additional contracts will become lease contracts under IFRS 16's new definition of a lease
- deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices
- assessing current disclosures for finance leases and operating leases as these are likely to form basis of the amounts to be capitalized as right-of-use assets
- determining which optional accounting simplifications are available and whether to apply them
- considering the IT system requirements and whether a new leasing system is needed. This is being considered in line with implementing IFRS 9 so the Commission only has to undergo one set of system changes
- assessing the additional disclosures that will be required

## SECURITIES AND EXCHANGE COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019 (CONTINUED)

#### 3. Principal accounting policies (continued)

(d) **Fee income**

Licensing fee income is recognised upon issue of a licence. Registration fee income is recognised once securities are registered. Authorisation fee income on a takeover or merger transactions is recognised when the transaction is duly authorised. The LuSE trade commission is credited to the statement of comprehensive income on an accrual basis.

(e) **Interest**

Interest income is recognised on an accrual basis.

(f) **Motor vehicles, furniture, and equipment**

Motor vehicles, furniture and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Commission and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the revaluation surplus in the accumulated fund. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in accumulated fund; all other decreases are charged to the statement of comprehensive income. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation surplus to the accumulated fund.

Depreciation is calculated to write down the assets to residual amounts on a straight-line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose, which are consistent with those of the previous year, are: -

	%
Motor vehicles	25
Office equipment	20
Computer hardware	33 1/3
Office furniture	25

The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the statement of comprehensive income in the other operating income. When revalued assets are sold, the amounts included in the revaluation surplus relating to these assets are transferred to retained earnings.



## SECURITIES AND EXCHANGE COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019 (CONTINUED)

#### 3. Principal accounting policies (continued)

(g) **Leased assets**

Where property, plant and equipment are financed by leasing agreements which give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest; the capital element is applied to reduce the outstanding obligations and the interest element is charged to the profit and loss account over the period of the lease so as to produce a constant periodic rate of interest in the remaining balance of the liability under the lease agreement for each accounting period. All other leases are operating leases and the annual rentals are charged to the profit and loss account on a straight-line basis over the lease term.

Depreciation on the relevant assets is charged to the profit and loss account over their useful lives.

(h) **Lease payments**

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. The Commission during the period under review had no running lease.

(i) **Financial assets**

The Commission classifies its investments into the following categories: financial assets at fair value through profit or loss, trade and other receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition and re-evaluate this at every reporting date.

(i) *Financial assets at fair value through income*

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.

A financial asset is classified into the 'financial assets at fair value through income' category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit taking, or if so designated by management.

Financial assets designated as at fair value through profit or loss at inception are those that are:

- held in internal funds to match investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- managed and whose performance is evaluated on a fair value basis. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

## SECURITIES AND EXCHANGE COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019 (CONTINUED)

#### 3. Principal accounting policies (continued)

##### (i) Financial assets (continued)

##### (ii) *Trade and other receivables*

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Commission intends to sell in the short term or that it has designated as at fair value through income or available for sale. Trade and other receivables are recognised at fair value, less provision for impairment. A provision for impairment of Trade and other receivables is established when there is objective evidence that the Commission will not be able to collect all amounts due according to their original terms

##### (iii) *Held-to-maturity financial assets*

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities other than those that meet the definition of trade and other receivables that the Commission's management has the positive intention and ability to hold to maturity. These assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Commission will not be able to collect all amounts due according to their original terms.

##### (iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Commission has also transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Held-to-maturity financial assets are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available for sale are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as net realised gains or losses on financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of comprehensive income.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Commission establishes fair value by using valuation techniques.

## SECURITIES AND EXCHANGE COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019 (CONTINUED)

#### 3. Principal accounting policies (continued)

##### (j) Impairment of assets

###### (i) *Financial assets carried at amortised cost*

The Commission assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Commission about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it is becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Commission, including:
  - Adverse changes in the payment status of issuers or debtors in the Commission; or
  - National or local economic conditions that correlate with defaults on the assets in the Commission.

The Commission first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Commission determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract.

## SECURITIES AND EXCHANGE COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019 (CONTINUED)

#### 3. Principal accounting policies (continued)

##### (j) Impairment of assets (continued)

###### (i) *Financial assets carried at amortised cost*

If in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of comprehensive income.

###### (ii) *Financial assets carried at fair value*

The Commission assesses at each reporting date whether there is objective evidence that an available-for-sale financial asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not subsequently reversed. The impairment loss is reversed through the statement of comprehensive income, if in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

###### (iii) *Impairment of other non-financial assets*

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

##### (k) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments and balances held with banks. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents.

## SECURITIES AND EXCHANGE COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019 (CONTINUED)

#### 3. Principal accounting policies (continued)

##### (l) Foreign currencies

###### (i) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Commission operates (the 'functional currency'). The financial statements are presented in Zambian Kwacha, which is the Commission's presentation currency.

###### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the rates of exchange prevailing at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

##### (m) Employee benefits

###### (i) *Provision for retirement benefits*

The Commission has a plan with National Pension Commission Authority (NAPSA) where the Commission pays an amount equal to the employee's contributions. Employees contribute 5% of their gross earnings up to a ceiling set annually.

###### (ii) *Provisions for leave pay and long service bonus*

Provisions for leave pay are made in respect of all staff. In addition, all employees are entitled to gratuity and a provision is made thereon.

##### (n) Trade and other payables

Trade and other payables are stated at cost.

#### 4. Critical accounting estimates and judgements

The Commission makes estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying Commission's accounting policies, management has made judgements in determining:

- (a) the classification of financial assets;
- (b) whether assets are impaired;
- (c) estimation of provision and accruals; and
- (d) recoverability of trade and other receivables.

## SECURITIES AND EXCHANGE COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019 (CONTINUED)

#### 5. Management of financial risk

##### 5.1 Financial risk

The Commission is exposed to a range of financial risks through its financial assets. The most important component of this financial risk is credit risk. These risks arise from open positions in the interest rate and business environments, all of which are exposed to general and specific market movements. The Commission manages these positions with a framework that has been developed to monitor its customers and return on its investments.

##### 5.1.1 Credit risk

The Commission has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key area where the Commission is exposed to credit risk is trade and other receivables and investments.

The Commission structures the levels of credit risk it accepts by placing limits on its exposure to the level of credit given to or investment made in a single entity.

##### 5.1.2 Foreign currency risk

Most of the transactions for the Commission are carried out in Zambian Kwacha. The exposure to foreign currency risk is low.

##### 5.1.3 Capital management

The Commission's objective when managing capital is to safeguard the Commission's ability to continue as a going concern so that it can continue to provide benefits to stakeholders.

The Commission's capital is supported by grants from the Government of the Republic of Zambia (GRZ) and its internally generated fees.

#### 6. Income

The main sources of income were:

	<b>2019</b>		<b>2018</b>	
	<b>ZMW</b>	<b>(%)</b>	<b>ZMW</b>	<b>(%)</b>
Grants from GRZ	5,921,653	42	10,150,205	54
Registration of securities	1,585,176	11	896,646	5
LuSE trade commissions	1,635,794	12	2,962,140	16
Other fees and revenues	<u>4,891,552</u>	35	<u>4,944,089</u>	26
	<u>14,034,174</u>		<u>18,953,080</u>	

#### 7. (Deficit)/surplus for the period

Surplus for the year is stated after charging: -

Depreciation	<u>618,118</u>	<u>646,108</u>
Auditors' remuneration:		
Internal audit	115,000	60,000
External audit	<u>113,361</u>	<u>135,000</u>
	<u>228,361</u>	<u>195,000</u>
Commissioners' and committee expenses	<u>998,305</u>	<u>1,086,950</u>

**SECURITIES AND EXCHANGE COMMISSION**
**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019 (CONTINUED)**
**8. Income tax expense**

The Commission is exempt from income tax.

**9. Motor vehicles, furniture, and equipment**

Note 9	31-Dec-19					
	Motor Vehicle	Office equipme	Office Furnitu	Computer equipn	CWIP	Total
	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW
<b>Cost</b>						
At 1 January 2018	2,221,537	256,889	436,910	588,422	1,041,081	4,544,839
Additions	-	54,999	88,470	216,481	-	359,950
Disposals	(417,543)	(5,000)	-	(7,830)	-	(430,373)
At 31 December 2018	<b>1,803,994</b>	<b>306,888</b>	<b>525,380</b>	<b>797,073</b>	<b>1,041,081</b>	<b>4,474,416</b>
Additions	-	-	-	45,561	28,378	73,939
Disposals	-	-	-	-	-	-
At 31 December 2019	<b>1,803,994</b>	<b>306,888</b>	<b>525,380</b>	<b>842,634</b>	<b>1,069,459</b>	<b>4,548,355</b>
<b>Depreciation</b>						
At 1 January 2018	869,330	85,144	315,800	417,256	-	1,687,530
Charge for the period	415,155	53,257	60,727	116,968	-	646,107
Disposals	(417,543)	(4,479)	-	(3,480)	-	(425,502)
At 31 December 2018	<b>866,942</b>	<b>133,922</b>	<b>376,527</b>	<b>530,744</b>	-	<b>1,908,135</b>
Charge for the period	386,729	58,002	62,683	119,886	-	627,300
Disposals	-	-	-	-	-	-
At 31 December 2019	<b>1,253,671</b>	<b>191,924</b>	<b>439,210</b>	<b>650,630</b>	-	<b>2,535,435</b>
<b>Net Book Value</b>						
At 31 December 2019	<b>550,323</b>	<b>114,964</b>	<b>86,170</b>	<b>192,004</b>	<b>1,069,459</b>	<b>2,012,920</b>
At 31 December 2018	<b>937,052</b>	<b>172,965</b>	<b>148,853</b>	<b>266,329</b>	<b>1,041,081</b>	<b>2,566,281</b>

## SECURITIES AND EXCHANGE COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019 (CONTINUED)

	2019 ZMW	2018 ZMW
10. <b>Short term deposit</b>		
Standard Chartered Bank PLC	-	-
Barclays Bank PLC	-	<u>5,500,000</u>
	=	<u>5,500,000</u>
11. <b>Trade and other receivables</b>		
GRZ Grant	-	805,667
Issuers fees	-	141,325
Trade Commissions	29,102	-
Accrued income – interest	105,840	215,616
Prepayments and deposits	<u>26,211</u>	<u>54,761</u>
	221,153	1217,369
Staff debtors	351,992	707,121
17,073		
Provisions for doubtful debts	<u>(60,000)</u>	<u>(885,668)</u>
	<u>453,146</u>	<u>1,038,822</u>
12. <b>Cash and cash equivalents</b>		
Cash in hand and at bank	<u>2,1677,853</u>	<u>2,141,487</u>
13. <b>Trade and other payables</b>		
Provisions and accruals	4,258,429	4,312,245
Deferred Income	539,500	800,000
Market Development Fund	380,681	380,681
Capital Markets Tribunal	-	1,059,305
Amount due to Compensation Fund	147,120	168,148
Napsa	220	46,165
Due to Zambia Revenue Authority	<u>3,539717</u>	<u>639,999</u>
	<u>8,865,664</u>	<u>7,406,543</u>



## SECURITIES AND EXCHANGE COMMISSION

### NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019 (CONTINUED)

#### 14. Financial assets and liabilities

##### Financial assets

The Commission's principal financial assets are investments, prepayments, bank balances and cash. The Commission maintains its bank accounts with major banks in Zambia of high credit standing. Prepayments are stated at their nominal value reduced by appropriate allowances for estimated irrecoverable amounts.

##### Financial liabilities

The Commission's financial liabilities are creditors and accruals. Financial liabilities are classified according to the substance of the contractual arrangements entered into and are stated at their nominal value.

##### (a) Credit risk

Credit risk is the risk of financial loss to the Commission if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from trade receivables and other receivables.

In order to manage this risk, the Commission has a defined credit policy which is documented and forms the basis of all credit decisions. The Commission also makes allowance for impairment against non-performing accounts, where recovery is doubtful.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was: -

##### Classes of financial assets

	<u>Carrying amount</u>	
	31 December 2019 ZMW	31 December 2018 ZMW
Short term deposits	-	5,500,000
Trade and other receivables	513,146	1,038,822
Cash and cash equivalents	<u>2,677,853</u>	<u>2,141,487</u>
	<u>3,190,999</u>	<u>8,680,309</u>

## SECURITIES AND EXCHANGE COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019 (CONTINUED)

## 14. Financial assets and liabilities (continued)

## (a) Credit risk (continued)

The credit risk for cash and cash equivalents and short-term deposits is considered negligible since the counterparts are reputable banks with high quality external credit ratings.

The credit risk for investments is considered to be low, since the Fund Manager is a reputable group.

In respect of trade and other receivables, the Commission is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good.

The aged analysis of trade receivables which were not impaired at the reporting date are as follows:

	2019 ZMW	2018 ZMW
<b>Days</b>		
0 – 30	29,102	61,324
	-	48,106
61 – 90	-	-
Over 90	-	-
	<u>29,102</u>	<u>61,324</u>

## (b) Interest rate risk

The Commission is exposed to interest rate risk to the extent of the balance of any loans and other borrowings taken and outstanding.

During the period under review, the commission was not subject to any interest rate risks as it had no any loans, and other borrowings taken and outstanding (2016: +/- 1%). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	<u>Surplus for the year</u>		<u>Equity</u>	
	+1%	-1%	+1%	-1%
	ZMW	ZMW	ZMW	ZMW
31 December 2019	-	-	-	-
31 December 2018	-	-	-	-

## SECURITIES AND EXCHANGE COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019 (CONTINUED)

## 14. Financial assets and liabilities (continued)

## (c) Liquidity risk

Liquidity risk is the risk that the Commission will be unable to meet its obligations as they fall due. The contractual maturities of financial liabilities as at 31 December 2019 is summarised below:

*At 31 December 2019:*

	Within 6 months ZMW	Within 6 to 12 months ZMW	1 to 5 years ZMW
<b>Non-derivative Financial liabilities</b>			
Trade and other payables	<u>2,020,156</u>	<u>3,296,987</u>	<u>3,548,521</u>
<b>Total</b>	<u>3,097,084</u>	<u>3,296,987</u>	<u>3,548,521</u>

*At 31 December 2018:*

	Within 6 months ZMW	Within 6 to 12 months ZMW	1 to 5 years ZMW
<b>Non-derivative Financial liabilities</b>			
Trade and other payables	<u>3,097,084</u>	<u>2,393,541</u>	<u>1,915,919</u>
<b>Total</b>	<u>3,097,084</u>	<u>2,393,541</u>	<u>1,915,919</u>

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

## (d) Cash flow risk

In the opinion of the directors, the risk that future cash flows may not be sufficient to meet its working capital requirements is medium.

## (e) Fair value

The carrying amounts of financial assets and liabilities are representative of the Commission's position as of 31 December 2019 and are in the opinion of the directors not significantly different from their respective fair values due to generally short periods to maturity dates.

*Interest-bearing loans and borrowings*

Fair value is calculated based on expected future principal and interest cash flows.

*Trade and other receivables/payables*

For receivables/payables the carrying amount is deemed to reflect the fair value.

## SECURITIES AND EXCHANGE COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019 (CONTINUED)

## 14. Financial assets and liabilities (continued)

## (f) Categories of financial instruments

*At 31 December 2019*

	<b>Receivables ZMW</b>	<b>Fair value ZMW</b>
<b>Financial assets</b>		
Receivables	513,146	513,146
Short term deposit	-	-
Cash and cash equivalents	<u>2,677,853</u>	<u>2,677,853</u>
Total financial assets	<u>3,190,999</u>	<u>3,190,999</u>
<b>Financial liabilities at amortised Cost ZMW</b>		
<b>Financial liabilities</b>		
Trade payables	<u>8,865,664</u>	<u>8,865,664</u>
Total financial liabilities	<u>8,865,664</u>	<u>8,865,664</u>
<b>Net position</b>	<u>(5,674,665)</u>	<u>(5,674,665)</u>

*At 31 December 2018*

	<b>Receivables ZMW</b>	<b>Fair value ZMW</b>
<b>Financial assets</b>		
Receivables	1,038,822	1,038,822
Short term deposit	5,500,000	5,500,000
Cash and cash equivalents	<u>2,141,487</u>	<u>2,141,487</u>
Total financial assets	<u>8,680,309</u>	<u>8,680,309</u>
<b>Financial liabilities at amortised Cost ZMW</b>		
<b>Financial liabilities</b>		
Trade payables	<u>7,406,543</u>	<u>7,406,543</u>
Total financial liabilities	<u>7,406,543</u>	<u>7,406,543</u>
<b>Net position</b>	<u>1,273,766</u>	<u>1,273,766</u>

## SECURITIES AND EXCHANGE COMMISSION

## NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2019 (CONTINUED)

15. **Related party transactions**

The following transactions were carried out with related parties:

	<b>2019</b>	<b>2018</b>
	<b>ZMW</b>	<b>ZMW</b>
<i>(i) Key management compensation</i>		
Salaries and other short-term benefits	3,451,740	3,154,720
Defined contribution pension Commissions	<u>41,386</u>	<u>35,820</u>
	<u><u>3,493,126</u></u>	<u><u>3,190,540</u></u>
<i>(ii) Commissioners' remuneration</i>		
Fees for service as Commissioners	<u>527,360</u>	<u>425,600</u>
<i>(iii) Loans to key management</i>	=	<u>300,000</u>

16. **Capital commitments**

There were no capital commitments either contracted or authorised at 31 December 2019 (2018 – ZMW nil).

17. **Contingent liabilities**

The Commission has engaged a legal Counsel to represent it in litigation against the Commission. The Counsel estimate legal fees of ZMW 182,400 which are yet to be agreed with the Commission - (2018: ZMW160,000). This amount has not been provided for in these financial statements.

18. **Events subsequent to the reporting date**

There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the Commissioners, to affect substantially the operations of the Commission, the results of those operations or the financial position of the Commission.

**SCHEDULE**

**SECURITIES AND EXCHANGE COMMISSION**

**DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2019**

	<b>2019</b>	<b>2018</b>
	<b>ZMW</b>	<b>ZMW</b>
<b>INCOME</b>		
<b>Grants</b>		
Revenue grants	<u>5,921,653</u>	<u>10,150,205</u>
<b>Fees and other income</b>		
Authorisation fees	398,332	452,202
Commission – LuSE trades	1,635,794	2,962,140
Licensing fees	1,085,353	1,214,009
Registration fees	1,585,176	896,646
Scrutiny fees	233,335	150,002
Sundry income	183,269	217,982
Interest received	9,240	-
Issuers fees	1,100,000	1,020,000
Investment income	309,525	1,022,089
Inspection fees	141,120	5,670
Annual fees	75,363	100,453
Levy on Collective Investment Commissions (CIS)	829,934	618,720
Interest staff loans	27,847	71,962
Administrative Fines	493,813	71,000
CISI Center Fees	4,420	-
	<u>8,112,522</u>	<u>8,802,875</u>
<b>Total income</b>	<u>14,034,175</u>	<u>18,953,080</u>
<b>EXPENDITURE</b>		
Advertising expenses	95,252	383,811
Audit fees	228,361	195,000
Bank charges	51,619	67,103
Bad debts provision	60,000	885,668
Board and committee expenses	998,305	1,086,950
Consultancy fees	224,691	309,647
Depreciation	618,118	646,108
Employee benefits costs	14,447,653	14,497,645
Entertainment	-	24,060
Finance charges	-	-
Insurance	456,852	710,942
Motor vehicle expenses	353,003	276,583
Office operational costs	249,215	314,339
Postage and telephones	318,542	325,024
Electricity and water	132,598	42,625
Printing and stationary	96,677	118,059
Publicity and Education	211,360	1,532,130
Rent	1,612,244	1,310,153
Repairs and maintenance	68,983	86,141
Security	259,060	145,146
Subscriptions and publications	692,739	614,887
Workshops and seminars	<u>299,450</u>	<u>2,005,660</u>
	<u>21,474,722</u>	<u>25,599,968</u>
<b>(Deficit)/surplus for the year</b>	<u>(7,440,548)</u>	<u>(6,640,888)</u>

## Appendix I The SEC Staff in 2019



Name	Position	Date Left
Mr. Phillip K. Chitalu	Chief Executive Officer	-
Mrs. Diana Sichone	Commission Secretary/Director - Enforcement and Legal Services	-
Ms. Mutumboi Mundia	Director - Market Supervision and Development	-
Mr. Bruce Mulenga	Manager - Market Transactions and Investments	-
Mr. Mateyo Lungu	Manager – Finance	-
Mr. Saul Nyalugwe	Manager – Administration	-
Mr. Abraham Alutuli	Manager – Market Supervision	-
Mr. Nonde Sichilima	Manager – Market Supervision	-
Mrs. Dingase Makumba	Manager – Market Development	-
Mr. Lubunda Ngala	Manager – Law Reform and Enforcement	-
Mr. Mubanga Kondolo	Manager – Financial Inclusion	-
Mrs. Sitali Mugala	Product Development and Market Research Officer	-
Ms. Racheal M. Banda	Human Resource Officer	-
Mrs. Leah Simasiku	Surveillance Officer	-
Mrs. Veronica O. Sichone	Legal Officer	-
Mr. Thomas Thole	Investigations Officer	-
Ms. Gertrude Buyungwe	Analyst/Inspection Officer	-
Mr. Benson Mwileli	Analyst/Inspection Officer	-
Mr. Sydney Katumba	Information Technology Officer	-
Mrs. Theresa Chimbila	Accounts Assistant	-
Ms. Priscilla Mwale	Personal Assistant to the CEO	-
Ms. Siberia T. Siamayuwa	Pool Secretary	-
Mr. Saviour Mooya	Driver	-
Mr. Alexander Tondo	Office Assistant	-

## Appendix II

### List of Authorised Capital Market Players for 2019

In order to ensure that only fit and proper persons and entities are allowed to offer securities services to the investing public, the Commission approved the applications of the following entities to conduct securities business in the categories shown below:

#### Dealer's Licenses

The following corporate entities held a Dealer's license during the period under review:

Item	Company Name	2020		2019	
		Yes	No	Yes	No
1.	Aflife Capital Zambia Limited	✓		✓	
2.	Aflife Holdings Zambia Limited	✓		✓	
3.	Aflife Private Wealth	✓		✓	
4.	ABC Investment Services Limited	✓		✓	
5.	ABC Zambia Limited	✓		✓	
6.	African Life Financial Services	✓		✓	
7.	Altus Capital	✓		✓	
8.	Autus Securities Zambia Limited	✓		✓	
9.	Barclays Bank Plc	✓		✓	
10.	Citibank Zambia Limited	✓		✓	
11.	Equity Capital Resources Plc.	✓		✓	
12.	Finance Securities Limited	✓		✓	
13.	First National Bank Zambia Limited	✓		✓	
14.	Hobbiton Investments Services Limited	✓		✓	
15.	Investrust Bank Plc	✓		✓	
16.	Kukula Capital Plc	✓		✓	
17.	Laurence Paul Investment Services Ltd	✓		✓	
18.	Longhorn Associates Limited	✓		✓	
19.	Madison Asset Management Company Ltd	✓		✓	
20.	Pangaea Renaissance Securities Ltd	✓		✓	
21.	Prudential Life Assurance Limited	✓		✓	
22.	Stanbic Bank (Z) Limited	✓		✓	
23.	Standard Chartered Bank (Z) Limited	✓		✓	
24.	Stockbrokers Zambia Limited	✓		✓	
25.	Thirty Thirty Capital Limited	✓		✓	
26.	Zambia National Commercial Bank Plc.	✓		✓	

#### Dealer's Representative Licenses

The following persons held a Dealer's representative's license during the period under review:

Item	Name of Representative	Dealer	2020		2019	
			Yes	No	Yes	No
1.	Mukudzei-Ishe Zhou	Aflife Capital	✓		✓	



Item	Name of Representative	Dealer	2020		2019	
			Yes	No	Yes	No
2.	Fortunate Ngatsha	Aflife Holdings	✓		✓	
3.	Danny Mulenga	African Banking Corporation Investment Services Limited	✓		✓	
4.	Nicholas Kabaso	African Banking Corporation Investment Services Limited	✓		✓	
5.	Zangose Mwanza	African Banking Corporation Investment Services Limited	✓		✓	
6.	Michelle M. Musonda	African Banking Corporation Investment Services Limited	✓		✓	
7.	Clifford Muzoka	African Banking Corporation Investment Services Limited	✓		✓	
8.	Richard Ndhlovu	African Banking Corporation (Z) Limited	✓		✓	
9.	Christopher K Mwelo	African Banking Corporation (Z) Limited	✓		✓	
10.	Theresa Chiluba	African Banking Corporation Limited	✓		✓	
11.	Mubanga Bwalya	African Banking Corporation Limited	✓		✓	
12.	Geoffrey Musekiwa	African Life Financial Services Limited	✓		✓	
13.	Vannessa K. Wright	African Life Financial Services Limited	✓		✓	
14.	Jones Phiri	African Life Financial Services Limited	✓		✓	
15.	Mumba Musunga	African Life Financial Services Limited	✓		✓	
16.	Valerie M. Mwiinga	African Life Financial Services Limited	✓		✓	
17.	Nasilele Ngumbi	African Life Financial Services Limited	✓		✓	
18.	Munakupya Hantuba	Aflife Private Wealth	✓		✓	
20.	Ken Simwaba	Altus Capital Limited	✓		✓	
21.	Cecilia Kamba Siabusu	Altus Capital Limited	✓		✓	
22.	Fumanikile Bbuku	Autus Securities Zambia Limited	✓		✓	
23.	Joseph Simate	Autus Securities Zambia Limited	✓		✓	
24.	Mataka Nkhoma	Autus Securities Zambia Limited	✓		✓	
25.	Aaron Phiri	Barclays Bank Zambia	✓		✓	
26.	Boston Nkuname	Barclays Bank Zambia	✓		✓	
27.	Lesu Mulenga	Barclays Bank Zambia	✓		✓	
28.	Hanakoma Hamubwatu	Barclays Bank Zambia	✓		✓	
29.	Stanley Kaweme Tamele	Barclays Bank Zambia	✓		✓	
30.	Mukelebai Wambulawae	Barclays Bank Zambia	✓		✓	
31.	Selorm Kwami Andre	Barclays Bank Zambia	✓		✓	
32.	Ngosa Mary Kafwembe	Citibank Zambia Limited	✓		✓	
33.	Steven Chitete	Citibank Zambia Limited	✓		✓	
34.	Cornwell Fungai Musana	Equity Capital Resource Plc	✓		✓	
35.	Sabera Khan	Equity Capital Resources Plc	✓		✓	
36.	Nathan DeAssis	Equity Capital Resources Plc	✓		✓	
37.	Barkat Ali	Finance Securities Limited	✓		✓	
38.	Gerald Ndhlovu	First National Bank	✓		✓	
39.	Kapumpe Chola Kaunda	First National Bank	✓		✓	
40.	Ignatius Innocent Kashoka	First National Bank	✓		✓	
41.	Naomi Hara Palale	First National Bank	✓		✓	
42.	Chali Maria Mulenga	First National Bank	✓		✓	

Item	Name of Representative	Dealer	2020		2019	
			Yes	No	Yes	No
43.	Mwangala B Mwiya	Hobbiton Investment Management Services Limited	✓		✓	
44.	Celine P. Chauwa	Hobbiton Investment Management Services Limited	✓		✓	
45.	Richard Mutukwa	Investrust Bank Plc Limited	✓		✓	
46.	Jito Kayumba	Kukula Capital Plc	✓		✓	
47.	Tue Andersen	Kukula Capital Plc	✓		✓	
48.	Martyn Banda	Laurence Paul Investment Services Limited	✓		✓	
49.	Namoonga Malambo	Laurence Paul Investment Services Limited	✓		✓	
50.	Chiwoni Soteli	Longhorn Associates Limited	✓		✓	
51.	Mercedes Mwansa	Madison Asset Management Company Limited	✓		✓	
52.	Blessing Chilombe	Madison Asset Management Company Limited	✓		✓	
53.	Mupanga Chilungu	Madison Asset Management Company Limited	✓		✓	
54.	Claire Machila Lungwe	Madison Asset Management Company Limited	✓		✓	
55.	Siphiwe Nkunika	Madison Asset Management Company Limited	✓		✓	
56.	Nkumbu P Pelekamoyo	Madison Asset Management Company Limited	✓		✓	
57.	Ceaser Siwale	Pangaea Securities Limited	✓		✓	
58.	Tidale Mwale-Chisunka	Pangaea Securities Limited	✓		✓	
59.	Wendy Nsamwa Nglazi-Tembo	Pangaea Securities Limited	✓		✓	
60.	Matete M. Sichizya	Prudential Life Assurance Zambia Limited	✓		✓	
61.	Prabhleen Kohli	Prudential Life Assurance Zambia Limited	✓		✓	
62.	Alinani Simbule	Stanbic Bank Zambia Limited	✓		✓	
63.	Chenge Besa Mwenechanya	Stanbic Bank Zambia Limited	✓		✓	
64.	Chitemwe Ng'ambi Kapaya	Stanbic Bank Zambia Limited	✓		✓	
65.	Dean Nathaniel Onyambu	Stanbic Bank Zambia Limited	✓		✓	
66.	Mwila Pascal Mwenya	Stanbic Bank Zambia Limited	✓		✓	
67.	Musenge Komeki	Stanbic Bank Zambia Limited	✓		✓	
68.	Prudence Khumbo Mhango	Stanbic Bank Zambia Limited	✓		✓	
69.	Veronica Sinkala	Stanbic Bank Zambia Limited	✓		✓	
70.	Victor Chileshe	Stanbic Bank Zambia Limited	✓		✓	
71.	Mintu Chitebe	Stanbic Bank Zambia Limited	✓		✓	
72.	Benjamine N. Mulenga	Standard Chartered Bank (Z) Plc	✓		✓	
73.	Chimuka Muyovwe	Standard Chartered Bank (Z) Plc	✓		✓	
74.	Davy Nanduba	Standard Chartered Bank (Z) Plc	✓		✓	

Item	Name of Representative	Dealer	2020		2019	
			Yes	No	Yes	No
75.	Derek Bobo	Standard Chartered Bank (Z) Plc	✓		✓	
76.	Dorothy N. K Moono	Standard Chartered Bank (Z) Plc	✓		✓	
77.	Edna Towela Lungu	Standard Chartered Bank (Z) Plc	✓		✓	
78.	Joseph Chibwe Ngesa	Standard Chartered Bank (Z) Plc	✓		✓	
79.	Kabwe Mwaba	Standard Chartered Bank (Z) Plc	✓		✓	
80.	Kayeba Mwenechanya	Standard Chartered Bank (Z) Plc	✓		✓	
81.	Mubanga Yvonne Mukuka	Standard Chartered Bank (Z) Plc	✓		✓	
82.	Muchindu Lombe	Standard Chartered Bank (Z) Plc	✓		✓	
83.	Mulolwa Nkata Kamana	Standard Chartered Bank (Z) Plc	✓		✓	
84.	Mwali Chisala	Standard Chartered Bank (Z) Plc	✓		✓	
85.	Oluseggun M. Omoniwas	Standard Chartered Bank (Z) Plc	✓		✓	
86.	Sampa David Shiyunga	Standard Chartered Bank (Z) Plc	✓		✓	
87.	Ravi Kapadia	Standard Chartered Bank (Z) Plc	✓		✓	
88.	Tamara M. Bbuku	Standard Chartered Bank (Z) Plc	✓		✓	
89.	Wiggins Mupango	Standard Chartered Bank (Z) Plc	✓		✓	
90.	Valarie M. Chulu	Standard Chartered Bank (Z) Plc	✓		✓	
91.	Fred C. Kabombo	Standard Chartered Bank (Z) Plc	✓		✓	
92.	Bwalya Kasito	Standard Chartered Bank (Z) Plc	✓		✓	
93.	Kangwa Chola Chengo	Standard Chartered Bank (Z) Plc	✓		✓	
94.	Kamungoma Mate	Stockbrokers Zambia Limited	✓		✓	
95.	Maxime Chiluba Harlaar	Stockbrokers Zambia Limited	✓		✓	
96.	Charles Mate	Stockbrokers Zambia Limited	✓		✓	
97.	Jack Kanyanga	Stockbrokers Zambia Limited	✓		✓	
98.	Boniface Mwamba	Stockbrokers Zambia Limited	✓		✓	
99.	Kadidja M Sidibe	Thirty Thirty Capital Limited	✓		✓	
100.	Austin Hamukonka Chijikwa	Zambia National Commercial Bank	✓		✓	
101.	Charles Kamungu	Zambia National Commercial Bank	✓		✓	
102.	Cliff George Sakala	Zambia National Commercial Bank	✓		✓	
103.	Fredrick Mulenga Kaputo	Zambia National Commercial Bank	✓		✓	
104.	Kaluba Gloria Kaulugombe	Zambia National Commercial Bank	✓		✓	
105.	Kunda Catherine Chikumbi	Zambia National Commercial Bank	✓		✓	
106.	Virginia L. Mwalilino	Zambia National Commercial Bank	✓		✓	
107.	Lishala Clarence Situmbeko	Zambia National Commercial Bank	✓		✓	
108.	Tiyeze Chilembo	Zambia National Commercial Bank	✓		✓	
109.	Nana Mukwiza	Zambia National Commercial Bank	✓		✓	
110.	Mudenda Sikapoto	Zambia National Commercial Bank	✓		✓	
111.	Ivor Chambwe	Zambia National Commercial Bank	✓		✓	
112.	Nyangu Florence Mkalipi	Zambia National Commercial Bank	✓		✓	
113.	Roy Mwambai	Zambia National Commercial Bank	✓		✓	
114.	Chewe Mwila	Zambia National Commercial Bank	✓		✓	
115.	Jibinga Kelly Jibinga	Zambia National Commercial Bank	✓		✓	
116.	Kennedy Zeula	Zambia National Commercial Bank	✓		✓	

## Investment Adviser's License

The following corporate entities held an Investment Advisors license during the period under review:

Item	Company	2020		2019	
		Yes	No	Yes	No
1.	Charles Sichangwe	✓		✓	
2.	Riscura Limited	✓		✓	
3.	DeVere and Partners Investment Services (Z) Limited	✓		✓	
4.	Allied Securities and Asset Management Limited	✓		✓	
5.	Enock Bwalya	✓		✓	
6.	Benefit Consulting Services Limited	✓		✓	
7.	Errol Neal Molver	✓		✓	
8.	Simon Kalunga	✓		✓	
9.	Vunani Asset Management Limited	✓		✓	

## Investment Adviser's Representative License

The following persons held an Investment Advisors Representatives license during the period under review:

Item	Company Name	Investment Advisor	2020		2019	
			Yes	No	Yes	No
1.	Joost Groenveld	Allied Securities and Asset Management Limited	✓		✓	
2.	Chibamba Nyangu	deVere and Partners International Limited	✓		✓	
3.	Lynda Syamunyangwa	deVere and Partners International Limited	✓		✓	
4.	Maureen Nabulyato	deVere and Partners International (Z) Limited	✓		✓	
5.	Gift Kapande	deVere and Partners International (Z) Limited	✓		✓	
6.	Julian Visser	deVere and Partners International (Z) Limited	✓		✓	
7.	Arthur Kalumba	deVere and Partners International (Z) Limited	✓		✓	
8.	Dennis Nyirongo	deVere and Partners International (Z) Limited	✓		✓	
9.	Wenu Mutiti	deVere and Partners International (Z) Limited	✓		✓	
10.	Ms. Lwiindi Muzongwe	deVere and Partners International (Z) Limited	✓		✓	
11.	Mr. Mosses M Sibongo	deVere and Partners International (Z) Limited	✓		✓	
12.	Ms. Zamiwe Ndhlovu	deVere and Partners International (Z) Limited	✓		✓	
13.	Ms. Michelle T. M. Banda	deVere and Partners International (Z) Limited	✓		✓	

Item	Company Name	Investment Advisor	2020		2019	
			Yes	No	Yes	No
14.	Ms. Theresa Gumbo	deVere and Partners International (Z) Limited	✓		✓	
15.	Charity Siwale	Riscura Zambia Limited	✓		✓	
16.	Cindy Waheeb Taudrous	Riscura Zambia Limited	✓		✓	
17.	Collina B. Halwampa	Benefits consulting	✓		✓	
18.	Kandiye T. Liweleya	Benefits consulting	✓		✓	
19.	Munyumba Mutwale	Vunani Asset Management Limited	✓		✓	

### Securities Exchange Licenses

The following exchanges were operational during the period under review:

Item	Company Name	2020		2019	
		Yes	No	Yes	No
1.	Bonds and Derivatives Exchange Zambia Plc	✓		✓	
2.	Lusaka Securities Exchange Plc	✓		✓	
3.	Pan African Exchange Limited		✗	✓	

## Appendix III Contact Details of Capital Market Players

### Stock Exchange Contact Details

<u>LuSE PLC</u>	<u>BaDEx PLC</u>	<u>PANEX PLC</u>
<p><b>Chief Executive Officer:</b> Mrs. Priscilla Sampa</p> <p><b>Address (physical):</b> Lusaka Securities Exchange 2<sup>nd</sup> floor, Mamco House Plot 316B, Independence Avenue</p> <p><b>Address (postal):</b> P.O. Box 34523 <b>Lusaka</b></p> <p><b>Telephone:</b> +260 (211) 228391/228537 <b>Facsimile:</b> +260 (211) 225969 <b>E-mail:</b> <a href="mailto:info@luse.co.zm">info@luse.co.zm</a></p>	<p><b>Chief Executive Officer:</b> Mr. Peter Situmulaho</p> <p><b>Address (physical):</b> Bonds and Derivatives Exchange Zambia Plc Plot No 7450, Katopola Road Rhodespark, Off Great East Road</p> <p><b>Address (postal):</b> Post. Net Box 334 Private bag E10 Arcades <b>Lusaka</b></p> <p><b>Telephone:</b> +260 (211) 220537 <b>Facsimile:</b> +260 (211) 220574 <b>E-mail:</b> <a href="mailto:info@badex.co.zm">info@badex.co.zm</a></p>	<p><b>Chief Executive Officer:</b> Mr. Jacob Maaga</p> <p><b>Address (physical):</b> Pan African Exchange Zambia Plc 17A, Paseli Road, Northmead</p> <p><b>Telephone:</b> +260 976 507 423 <b>E-mail:</b> <a href="mailto:jmaaga@panexchange.com">jmaaga@panexchange.com</a></p>

### Dealers' Contact Details

#### a) *Members of the LuSE*

##### **Autus Securities Limited**

The Colosseum  
Block A, Ground floor  
Bwinjifumu Road  
**Lusaka**  
P. O. Box 320308  
Tel: +260 (211) 220460  
Fax: +260 (211) 841033  
Email: [joshua@autussecurities.com](mailto:joshua@autussecurities.com)

##### **Equity Capital Resources**

4<sup>th</sup> Floor Godfrey House  
Kabelenga Road  
**Lusaka**  
Tel: +260 955 37 84 89  
Email: [fungai@ecrzambia.com](mailto:fungai@ecrzambia.com)

Website: [www.ecrzambia.com](http://www.ecrzambia.com)

**Intermarket Securities limited**

Ground Floor, Farmers House Central park  
P.O. Box 35832, Cairo Road

**Lusaka**

Tel: +260 (211) 227227-8

Fax: +260 (211) 231334

Email: [joseph.mazila@intermarket.co.zm](mailto:joseph.mazila@intermarket.co.zm)

**Madison Asset Management Company Ltd**

Plot 316, Independence Avenue  
P.O. Box 37013

**Lusaka**

Tel: +260 (211) 233940/16

Fax: +260 (211) 233936

Email: [likonge@madisonassets.co.zm](mailto:likonge@madisonassets.co.zm)

**Pangaea Renaissance Securities Ltd**

Pangaea Securities Limited  
2nd Floor, Pangaea Office Park  
Stand 2374  
Great East Road

**Lusaka**

Tel: +260 (211) 220707

Fax: +260 (211) 220925

Email: [wtembo@pangaea.co.zm](mailto:wtembo@pangaea.co.zm)

**Stockbrokers Zambia Limited**

32 Lubu Road  
Longacres  
P O Box 38956, Cairo Road

**Lusaka**

Tel: +260 (211) 227303/232456

Fax: +260 (211) 224055

Email: [bmwamba@sbz.com.zm](mailto:bmwamba@sbz.com.zm)

Website: [www.sbz.com](http://www.sbz.com)

**b) Non-Members of the LuSE**

**ABC Investment Services Limited**

Ground Floor, Pyramid Plaza  
Corner Church and Nasser Roads  
P.O. Box 39501

**Lusaka**

Tel: +260 (211) 257980

Fax: +260 (211) 257970-6

E-mail: [abcz@africanbankingcorp.com](mailto:abcz@africanbankingcorp.com)

Website: [www.africanbankingcorp.com](http://www.africanbankingcorp.com)

**African Life Financial Services**

Independence Avenue  
Mpile Office Park  
**Lusaka**  
P. O. Box 51331  
Tel: +260 (211) 252265/253772  
Fax: +260 (211) 253112  
E-mail: [info@aflife.co.zm](mailto:info@aflife.co.zm)

**Minet Zambia Consulting Limited (Formerly Aon Zambia Pension Fund Administrators Limited)**

Acacia Park  
Plot 22768  
Thabo Mbeki Road, Arcades  
**Lusaka**  
P. O. Box 35403  
Tel: +260 (211) 367288  
E-mail: [info@minet.co.zm](mailto:info@minet.co.zm)

**Barclays Bank Zambia Plc**

Elunda Office Park  
Plot 4643 / 4644  
Addis Ababa round about, Rhodes Park  
**Lusaka**  
Private Bag E308  
Tel: + (260) (211) 366150 / 169  
Fax: + (260) (211) 225553  
Email: [customerservice.zambia@barclays.com](mailto:customerservice.zambia@barclays.com)  
Website: [www.home.barclays.co.zm](http://www.home.barclays.co.zm)

**Citibank Zambia Limited**

Citibank House  
Stand No. 4646  
Addis Ababa Roundabout  
**Lusaka**  
P. O. Box 30037  
Tel: +260 (211) 444400  
Fax: +260 (211) 226064  
Email: [public.affairs.zambia@citi.com](mailto:public.affairs.zambia@citi.com)  
Website: [www.citigroup.com](http://www.citigroup.com)

**Credit Rating Agency**

Suite 5, Third Floor  
Farmers House, Central Park  
**Lusaka**  
P.O. Box 320445  
Telephone: +260 0977 365094  
Email: [info@creditratingagency.net](mailto:info@creditratingagency.net)  
Website: [www.creditratingagency.net](http://www.creditratingagency.net)

**Focus Financial Services Limited**

1<sup>st</sup> floor, Building 3  
Acacia Park  
Thabo Mbeki Road



**Lusaka**

P. O. Box 345536  
Tel: +260 (211) 291310-14  
Fax: +260 (211) 291311  
Website: [www.focus.co.zm](http://www.focus.co.zm)

**Grofin Zambia Limited**

No. 1 Chila Road  
Kabulonga  
P.O.Box 33758  
**Lusaka**  
Tel: +260 211 295875/6  
Fax: +260 211 295876  
Email: [info.zambia@grofin.com](mailto:info.zambia@grofin.com)  
Website: [www.grofin.com](http://www.grofin.com)

**Investrust Bank Plc**

Investrust House  
Plot 4527/8 Freedom Way  
**Lusaka**  
P O Box 32344  
Tel: (0211) 238733-5  
Email: [investrust@investrustbank.co.zm](mailto:investrust@investrustbank.co.zm)

**Kukula Capital Plc**

Office 101  
1<sup>st</sup> floor Foxdale Court Office Park  
Plot 609 Zambezi Road,  
Roma,  
**Lusaka**  
Tel: +260 211 295792  
Email: [info@kukulacapital.com](mailto:info@kukulacapital.com)

**Laurence Paul Investment Services Limited**

5<sup>th</sup> Floor, Design House  
Dar es Salaam Place (off Cairo Road)  
P O Box 35008  
**Lusaka**  
Tel: (0211) 220302/3  
Fax: (0211) 220454  
E-mail: [info@laurencepaul.com](mailto:info@laurencepaul.com)  
Website: [www.laurencepaul.com](http://www.laurencepaul.com)

**Professional Life Assurance Limited**

Professional Life Assurance  
Finsbury Park, Kabwe Round About  
**Lusaka**  
E-mail: [ho@proflife.com.zm](mailto:ho@proflife.com.zm)  
Website: [www.proflife.co.zm](http://www.proflife.co.zm)

**Stanbic Bank Zambia Limited**

Stanbic House

Head Office  
Plot 2375, Addis Ababa Drive  
**Lusaka**  
P. O. Box 31955  
Tel: +260 (211) 370000 – 18  
Fax: +260 (211) 258439  
Website: [www.stanbicbank.co.zm](http://www.stanbicbank.co.zm)

**Standard Chartered Bank Zambia Plc**  
Standard Chartered House  
Cairo Road-South End  
P O Box 31934  
**Lusaka**  
Tel: (0211) 229242/229260/229772  
Fax: (0211) 222092/225337  
E-mail: [customer.first@zm.standardchartered.com](mailto:customer.first@zm.standardchartered.com)  
Website: [www.standardchartered.com/zm](http://www.standardchartered.com/zm)

**Zambia National Commercial Bank Plc**  
Head Office Building  
Cairo Road-South End  
P O Box 33611  
**Lusaka**  
Tel: + 260 (211) 228979/ 221355/ 221380/ 221404  
Fax: + 260 (211) 223084  
E-mail: [customerservice@zanaco.co.zm](mailto:customerservice@zanaco.co.zm)

## Investment Advisors' Contact Details

**Benefits Consulting Services Limited**  
Mpile Office Park  
74 Independence Avenue  
**Lusaka**  
P. O. Box 31986  
Tel: +260 (211) 254517/252265/250190  
Fax: +260 (211) 251926  
E-mail: [info@bencon.co.zm](mailto:info@bencon.co.zm)  
Website: [www.bencon.co.zm](http://www.bencon.co.zm)

**Charles Sichangwe**  
Wits Limited  
4<sup>th</sup> Floor, Godfrey House,  
Kabelenga Road  
**Lusaka**  
Tel: +260 (211) 226441/5  
Fax: +260 (211) 227116  
Email: [wits@zamnet.zm](mailto:wits@zamnet.zm)

**deVere and Partners Investment Services Zambia Limited**  
Plot 284 Cnr Joseph Mwilwa Road and Great East Road  
Rhodes Park

**Lusaka**

Tel: +260 211 295999

Fax: 260 211 257114

Email: [deVere@devere-group.com](mailto:deVere@devere-group.com)

Website: [www.devere-group.com](http://www.devere-group.com)

**Entrust Financial Services Limited**

Plot 377a/6a, Alstone Cottage

Bishops Road, Kabulonga

**Lusaka**

P. O. Box 31252

Tel: +260 (211) 260260/260800

Fax: +260 (211) 266399

Email: [info@holbornservices.com](mailto:info@holbornservices.com)

Website: [www.holbornservices.com](http://www.holbornservices.com)

**Imara ECR Asset Management Limited**

12 Mushemi Road off Lubu Road

Rhodespark

**Lusaka**

P. O. Box 37184

Tel: +260 (211) 840313

Email: [info@ecrzambia.com](mailto:info@ecrzambia.com)

Website: [www.imara.com](http://www.imara.com)

**Profin Limited**

17 Matandani Road

Rhodespark

**Lusaka**

P.O.Box 31425

Tel: +260 (211) 257913

Fax: +260 (211) 254360

Email: [zambia@theprofiningroup.com](mailto:zambia@theprofiningroup.com)

Website: [www.theprofiningroup.com](http://www.theprofiningroup.com)

**Riscura Zambia Limited**

Figtree house Plot No. 1

Warthog Road, Kabulonga

**Lusaka**

P.O.Box 320181, Lusaka

Tel: +260 (211) 262 773

Fax: +260 (211) 262 773

Email: [Zambia@riscura.com](mailto:Zambia@riscura.com)

Website: [www.risura.com](http://www.risura.com)

**Listed Companies' Contact Details****African Explosives Limited (AEL) Zambia Plc**

Plot 1168/M

Kitwe-Mufulira Road

P.O. Box 40092

**Mufulira**

Tel: +260 (966) 990945-9

Fax: +260 (212) 412749

Website: [www.ael.co.za](http://www.ael.co.za)

**Listed on 23<sup>rd</sup> October, 2006**

**Airtel (formerly Celtel) Zambia Plc**

Stand 2375

Addis Ababa drive

**Lusaka**

Tel: +260 (977) 915000

Website: [www.Africa.airtel.com/zambia](http://www.Africa.airtel.com/zambia)

**Listed on 11<sup>th</sup> June, 2008**

**Bata Shoe Company Plc**

Stand 6437, Mukwa Road

Heavy Industrial Area

**Lusaka**

P.O. Box 30479

Tel: +260 (211) 244397/242328

Fax: +260 (211) 244254

E-mail: [batashoe@zamnet.zm](mailto:batashoe@zamnet.zm)

Website: [www.bata.co.zm](http://www.bata.co.zm)

**Listed on 31<sup>st</sup> March, 2009**

**British American Tobacco (BAT) Zambia Plc**

Plot 20992, Kafue Road

**Lusaka**

P.O. Box 30162

Tel: +260 (211)272264/272287

Fax: +260 (211) 272271

E-mail: [batzam@bat.com](mailto:batzam@bat.com)

Website: [www.bat.com](http://www.bat.com)

**Listed on 15<sup>th</sup> December, 1996**

**Cavmont Capital Holdings Zambia Plc**

Unit C, Counting House Square (behind Arcades Shopping Centre)

Thabo Mbeki Road

P O Box 32322

**Lusaka**

Tel: (0211) 257772/256055/256064

Fax: (0211) 256074

E-mail: [contact@cavmont.com.zm](mailto:contact@cavmont.com.zm)

Website: [www.cavmont.com.zm](http://www.cavmont.com.zm)

**Listed on 13<sup>th</sup> September, 2006**

**Copperbelt Energy Corporation Plc**

23<sup>rd</sup> Avenue, Nkana East

**Kitwe**

P.O. Box 20819

Tel: +260 (212) 244000/244281

Fax: +260 (212) 223445/244040  
E-mail: [info@cec.com.zm](mailto:info@cec.com.zm)  
Website: [www.copperbeltenergy.com](http://www.copperbeltenergy.com)  
**Listed on 21<sup>st</sup> January, 2008**

**Investrust Bank Plc**

Investrust House  
Plot 4527/8 Freedom Way  
**Lusaka**  
P O Box 32344  
Tel: (0211) 238733-5  
E-mail: [investrust@investrustbank.co.zm](mailto:investrust@investrustbank.co.zm)  
**Listed on 21<sup>st</sup> June, 2007**

**Lafarge Cement Plc**

Farm No. 1880  
Kafue Road  
**Chilanga**  
P.O. Box 30162  
Tel: +260 (211) 367400/600  
Fax: +260(211) 278134  
E-mail: [cement.enquiries@lafarge-zm.lafarge.com](mailto:cement.enquiries@lafarge-zm.lafarge.com)  
Website: [www.lafarge.com](http://www.lafarge.com)  
**Listed on 22<sup>nd</sup> May, 1995**

**Madison Financial Services Plc**

Plot 316 Independence Avenue  
P.O.Box 37013  
**Lusaka**  
Tel:378700-5  
Email: [info@madison.co.zm](mailto:info@madison.co.zm)  
Website: [www.madisonshares.com](http://www.madisonshares.com)  
**Listed on 1<sup>st</sup> September 2014**

**Metal Fabricators of Zambia (ZAMEFA) Plc**

Plot 1400 Cha Cha Cha Road  
**Luanshya**  
P.O. Box 90295  
Tel: +260(212) 510599  
Fax: +260 (212) 229003/4  
Website: [www.pdic.com](http://www.pdic.com)  
**Listed on 9<sup>th</sup> September, 2004**

**National Breweries Plc**

Plot No. 1609/10, Sheki Sheki Road  
**Lusaka**  
P.O. Box 35135  
Tel: +260 962 249 210  
Fax: +260 (211) 246326  
Website: [www.ab-inbev.com](http://www.ab-inbev.com)  
**Listed on 16<sup>th</sup> March, 1998**

**Pamodzi Hotels Plc**

Pamodzi Hotel Complex  
Plot 463, Church Road  
P.O. Box 35450

**Lusaka**

Tel: +260 (211) 254455/250995  
Fax: +260 (211) 254005  
E-mail: [pamodzi.lusaka@tajhotels.com](mailto:pamodzi.lusaka@tajhotels.com)  
Website: [www.tajhotels.com](http://www.tajhotels.com)

**Listed on December 21<sup>st</sup>, 2001**

**Prima Reinsurance Plc**

Plot 187C Namamboli Road  
Fairview

**Lusaka**

Postnet box 658  
P/Bab E891  
Tel: +260 (211) 221159  
Email: [primare@zamnet.zm](mailto:primare@zamnet.zm)  
Website: [www.prima-re.com](http://www.prima-re.com)

**Listed on 21<sup>st</sup> December, 2004**

**Puma Energy Plc**

**(formerly BP Zambia)**

Airtel House  
Stand No. 2375, Addis Ababa Drive

**Lusaka**

P.O. Box 31999  
Tel: +260 (211) 376100  
Fax: +260 (211) 376149  
E-mail: [zambia@pumaenergy.com](mailto:zambia@pumaenergy.com)  
Website: [www.pumaenergy.com](http://www.pumaenergy.com)

**Listed on 18<sup>th</sup> July, 2002**

**Real Estate Investments Zambia Plc**

**(formerly Farmers House)**  
Farmers House, Central Park  
Cairo Road

**Lusaka**

P.O. Box 30012  
Tel: +260 (211) 227684-89  
Fax: +260 (211) 222906  
E-mail: [robin.miller@zamsaf.co.zm](mailto:robin.miller@zamsaf.co.zm)  
Website: [www.reiz.co.zm](http://www.reiz.co.zm)

**Listed on 27<sup>th</sup> September, 1997**

**Shoprite Holdings Plc**

Plot 19255 Cnr, Great East and Manchinchi Roads  
Manda Hill Centre

Tel: +260 (211) 251155  
Website: [www.shopriteholdings.co.za](http://www.shopriteholdings.co.za)

**Listed on 19<sup>th</sup> February, 2003**

**Standard Chartered Bank Zambia Plc**

Standard Chartered House  
Cairo Road-South End  
P O Box 31934

**Lusaka**

Tel: (0211) 229242/229260/229772  
Fax: (0211) 222092/225337  
E-mail: [customer.first@zm.standardchartered.com](mailto:customer.first@zm.standardchartered.com)  
Website: [www.standardchartered.com/zm](http://www.standardchartered.com/zm)

**Listed on 30<sup>th</sup> November, 1998**

**Zambeef Products Plc**

Plot 4970 Manda Road  
Industrial Area

**Lusaka**

P/Bag 17, Woodlands  
Tel: +260 (211) 369000  
Fax: +260 (211) 369050  
E-mail: [info@zambeef.co.zm](mailto:info@zambeef.co.zm)  
Website: [www.zambeefplc.com](http://www.zambeefplc.com)

**Listed on 5<sup>th</sup> April 2005**

**Zambian Breweries Plc**

Mungwi Road, Plot 6438  
Heavy Industrial Area

**Lusaka**

P.O. Box 30237  
Tel: +260 (211) 246555  
Fax: +260 (211) 242124  
E-mail: [zambrew@zambrew.com.zm](mailto:zambrew@zambrew.com.zm)  
Website: [www.ab-inbev.com](http://www.ab-inbev.com)

**Listed on 9<sup>th</sup> June, 1997**

**Zambia National Commercial Bank Plc**

Head Office Building  
Cairo Road-South End  
P O Box 33611

**Lusaka**

Tel: + 260 (211) 228979/ 221355/ 221380/ 221404  
Fax: + 260 (211) 223084  
E-mail: [customerservice@zanaco.co.zm](mailto:customerservice@zanaco.co.zm)  
Website: [www.zanaco.co.zm](http://www.zanaco.co.zm)

**Listed on 27<sup>th</sup> November, 2008**

**Zambia Sugar Plc**

Nakambala Sugar Estate  
Livingstone Road  
P O Box 670240

**Mazabuka**

Tel: +260 (213) 231103/231106  
Fax: +260(213) 230385

E-mail: [administrator@zamsugar.zm](mailto:administrator@zamsugar.zm)  
Website: [www.illovosugar.co.za](http://www.illovosugar.co.za)  
**Listed on 28<sup>th</sup> August, 1996**

**ZCCM Investment Holdings Plc**

ZCCM-IH Office Park  
Stand No. 16806, Alick Nkhata Road  
Mass Media Complex Area

**Lusaka**

P O Box 30048  
Tel: +260(211) 220654/221023  
Fax: +260 (211) 220449/221057  
E-mail: [corporate@zccm-ih.com.zm](mailto:corporate@zccm-ih.com.zm)  
Website: [www.zccm-ih.com.zm](http://www.zccm-ih.com.zm)  
**Listed on 24<sup>th</sup> January, 1996**

**Quoted Companies' Contact Details**

**Barclays Bank Zambia Plc**

Elunda Office Park  
Plot 4643 / 4644  
Addis Ababa round about, Rhodes Park

**Lusaka**

Private Bag E308  
Tel: + (260) (211) 366150 / 169  
Fax: + (260) (211) 225553  
**Quoted on 9<sup>th</sup> March, 2005**

**Chambishi Metals Plc**

Sub-division L and M of Lot No. 10/M  
Kitwe-Chingola Road

**Chambishi**

P.O. Box 21151 (Kitwe)  
Tel: +260 (212) 744006/7  
Fax: +260 (212) 744035  
E-mail: [info@chambishi.com.zm](mailto:info@chambishi.com.zm)  
**Quoted on 25<sup>th</sup> January, 2000**

**Chibuluma Mines Plc**

Off South Downs Airport Road  
Lufwanyama  
P.O. Box 260499  
Tel: +260 (212) 749 – 333/777/110  
Fax: +260 (212) 749799/749299  
E-mail: [bsinkala@chib.com.zm](mailto:bsinkala@chib.com.zm)  
Website: [www.metorexgroup.com](http://www.metorexgroup.com)  
**Quoted on 22<sup>nd</sup> December, 1999**

**Finance Bank Zambia Plc**

Finance House, Cairo Road



P.O.Box37102, Lusaka, Zambia  
Tel: +260 (211) 229733-42  
Fax: +260 (211) 227544  
**Website:** [www.financebank.co.zm](http://www.financebank.co.zm)  
**Quoted on 13<sup>th</sup> January 2015**

**Kansanshi Mining Plc**

Mine Site

**Solwezi**

P.O. Box 110835  
Tel: +260 (212) 658000  
Fax: +260 (212) 658300  
E-mail: [Sean.whittome@fqml.com](mailto:Sean.whittome@fqml.com)  
Website: [www.first-quantum.com/our-business/operating-mines/kansanshi](http://www.first-quantum.com/our-business/operating-mines/kansanshi)

**Quoted on 29<sup>th</sup> June, 1999 (as Cyprus Amax Kansanshi Plc)**

**Konkola Copper Mines Plc**

Stand M/1408

Fern Avenue

**Chingola**

P/Bag KCM (c) 2000  
Tel: +260 (211) 350604  
E-mail: [corporate.communications@kcm.co.zm](mailto:corporate.communications@kcm.co.zm)  
Website: [www.kcm.co.zm](http://www.kcm.co.zm)

**Mopani Copper Mines Plc**

Corporate Office

Central Street Nkhana West

**Kitwe**

P.O. Box 22000  
Tel: +260 (212) 247012/247847  
Fax: +260 (212) 247445  
E-mail: [mopani@mopani.com.zm](mailto:mopani@mopani.com.zm)  
**Website:** [www.mopani-copper-mines](http://www.mopani-copper-mines)

**Professional Life Plc**

Finsbury park, Cairo road

Northend

Lusaka

**P.O. Box 31357**

Tel:+260 (211) 222223/4  
E-mail: [ho@proflife.co.zm](mailto:ho@proflife.co.zm)  
Website: [www.picz.co.zm](http://www.picz.co.zm)

**Quoted on 9<sup>th</sup> December 2014**

**Veritas General Insurance Plc**

Plot 6/60 Kapilingila House

Kabulonga Road, Kabulonga

**Lusaka**

P. O. Box 31965, Lusaka  
Tel: + (260) (955) 359 873  
Fax: + (260) (211)266366  
Email: [veritas@veritasgeneral.com](mailto:veritas@veritasgeneral.com)

**Quoted on 19th February, 2015**

**Engineering Institute of Zambia Properties Plc**

CL/7 Brentwood drive

Longacres

**Lusaka**

P.O. Box 51084 (Lusaka)

Tel:+260 (211)255161/256205

E-mail: [eiz@coppernet.zm](mailto:eiz@coppernet.zm)

**Quoted on 9th April 2015**

**Nanga Farms Plc**

P.O. Box 670079

**Mazabuka**

Tel: +260 (211) 251894 & 260 (213) 235340/41

Fax: +260 (213) 235341 & 260(211) 251894

E-mail: [nanga@zamnet.zm](mailto:nanga@zamnet.zm) or [nanga@iwayafrica.com](mailto:nanga@iwayafrica.com)

**Quoted on 20th February 2007 and de-registered on 25<sup>th</sup> March 2019**

**Professional Insurance Corporation Zambia Plc**

Finsbury Park, Kabwe Roundabout

P.O. Box 34264 Lusaka

Tel: +260 (211) 366703

E-mail: [customerservice@picz.co.zm](mailto:customerservice@picz.co.zm)

Website: [www.picz.co.zm](http://www.picz.co.zm)

**Quoted on 24th September 2014**

**Ikulileni Investments Plc**

Building 3, Acacia Park

Stand 22768. Thabo Mbeki Road

P.O. Box 35464 (Lusaka)

Tel: +260 (211)370140-5

Fax: +260 (211) 370018-20

Website: [www.stanbic.co.zm](http://www.stanbic.co.zm)

**Quoted on 18th April, 2015**

**Details of Companies with Listed Debt Securities**

**Bayport Financial Services - Debt securities listed on 24<sup>th</sup> April 2014**

Plot 68 Independence Avenue

**Lusaka**

P.O. Box 33819

Tel: +260 (211) 257243

Fax: +260 (211) 257432

E-mail: [jchola@bayportfinance.com](mailto:jchola@bayportfinance.com)

Website: [www.bayportfinance.com](http://www.bayportfinance.com)

**Focus Financial Services Limited - Debt securities listed on 24<sup>th</sup> April 2014**

1<sup>st</sup> floor, Building 3

Acacia Park

Thabo Mbeki Road  
**Lusaka**  
P. O. Box 345536  
Tel: +260 (211) 291310-14  
Fax: +260 (211) 291311  
Website: [www.focus.co.zm](http://www.focus.co.zm)

**Investrust Bank Plc - Debt securities listed on 30<sup>th</sup> November 2009**

Investrust House  
Plot 4527/8 Freedom Way  
**Lusaka**  
P O Box 32344  
Tel: (0211) 238733-5  
E-mail: [investrust@investrustbank.co.zm](mailto:investrust@investrustbank.co.zm)  
Website: [www.investrustbank.com](http://www.investrustbank.com)

**Izwe Loans Zambia Limited - Debt securities listed on 15<sup>th</sup> July 2013 and 1<sup>st</sup> August 2013**

Ground Floor, South Wing  
Lubuto House, Lubuto Road  
**Rhodes Park**  
P. O .Box 35087  
**Lusaka**  
Tel: +260 (211) 235273  
Email: [info@izwezambia.com](mailto:info@izwezambia.com)  
Website: [www.izwezambia.com](http://www.izwezambia.com)

**Real Estate Investments Zambia Plc - Debt securities listed on 12<sup>th</sup> November 2010**

(formerly Farmers House)  
Farmers House, Central Park  
Cairo Road  
**Lusaka**  
P.O. Box 30012  
Tel: +260 (211) 227684-89  
Fax: +260 (211) 222906  
E-mail: [robin.miller@zamsaf.co.zm](mailto:robin.miller@zamsaf.co.zm)  
Website: [www.reiz.co.zm](http://www.reiz.co.zm)

**Ulendo Road Infrastructure Road Programme (RINP) - Debt securities listed on 11th December, 2015**

2nd Floor, Pangaea Office Park  
Stand No. 2374 Great East Road  
Lusaka  
P.O. Box 34536 (Lusaka)  
Tel:+260 (211)291310-14  
Fax:+260 (211) 291312  
Website: [www.focus.co.zm](http://www.focus.co.zm)

**Madison Finance Services Limited - Debt securities listed on 1st September, 2014**

Madison House  
Plot 318, Independence Avenue  
Thabo Mbeki Road  
Lusaka  
P. O. Box 34366

Tel: +260 (211)252248/49  
Email: [customerservice@mfinance.co.zm](mailto:customerservice@mfinance.co.zm)  
Website: [www.mfinance.co.zm](http://www.mfinance.co.zm)

**Stanbic Bank Zambia Limited Plc - Debt securities listed on 31st October, 2014**

Stanbic House  
Plot 2375, Addis Ababa House  
Lusaka  
P O Box 31955 (Lusaka)  
Tel: (0211) 370000  
E-mail: [zambiacallcentre@stanbic.com](mailto:zambiacallcentre@stanbic.com)  
Website: [www.stanbic.co.zm](http://www.stanbic.co.zm)

**International Finance Corporation (IFC) - Debt securities listed on 29th September, 2013**

746B Pyramid Plaza, Church Road Lusaka  
P. O. Box 35410  
Tel: +260 (211) 373268  
Fax: +260 (211)373249  
Email: [gchisanga@ifc.org](mailto:gchisanga@ifc.org)  
Website: [www.ifc.org](http://www.ifc.org)

