



SECURITIES AND EXCHANGE COMMISSION
Protecting Investors in the Capital Markets

**SECURITIES AND EXCHANGE COMMISSION
ZAMBIA**

**Annual Report
2021**





Securities and Exchange Commission


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About SEC

Vision

A dynamic Regulator that protects investors and promotes capital markets development

Mission

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

Values

The Commission depends on the following core values in the performance of its staff by which their conduct and behaviour is anchored:

- Transparency** – We are open in the execution of our mandate
- Accountability** – We take responsibility for our actions and decisions
- Confidentiality** – We do not disclose privileged information to unauthorised persons
- Impartiality** – We treat all our stakeholders fairly
- Team work** – We are committed to pursuing our common goal while showing support and concern for each other
- Professionalism** – We perform our duties with the highest level of dedication and competence
- Integrity** – We exhibit strong moral standards and honesty in the execution of our duties

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The Securities and Exchange Commission (SEC) was established pursuant to section 3 of the repealed Securities Act, Cap 354 of the Laws of Zambia and its existence has been continued under the new Securities Act, No. 41 of 2016.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.

The principle function of the SEC is to regulate the capital markets so as to foster fair and efficient trading. The specific functions of the Commission as provided under section 9 of the Act are as follows:

- a) ensure compliance with the Act and regulations or rules made in accordance with the Act;
- b) license securities exchanges, regulate the activities of securities exchanges and the settlement of securities transactions;
- c) license and regulate capital markets operators;
- d) license and regulate clearing and settlement agencies and other participants in the capital markets;
- e) license and regulate credit rating agencies and provide conditions for the issuing of credit ratings;
- f) approve the constitutions, charters, articles, by-laws and rules governing and pertaining to securities exchanges, clearing and settlement agencies and other participants in the capital markets;
- g) promote and encourage high standards of investor protection and integrity among members of securities exchanges, capital markets operators, clearing and settlement agencies, self-regulatory organisations and other participants in the capital markets;

- h) support the operation of a free, orderly, fair, secure and properly informed capital markets;
- i) regulate the manner and scope of securities transactions;
- j) regulate margin requirements, capital adequacy requirements, disclosure and reporting requirements and clearing and settlement requirements, as may be prescribed;
- k) take all reasonable steps to safeguard the interest of persons who invest in securities and guard against illegal and improper practices as provided in the Act;
- l) authorise the establishment of collective investment schemes and other schemes;
- m) regulate the activities of managers, trustees and custodians;
- n) authorise and regulate the establishment of venture capital funds;
- o) consider and suggest proposals for the reform of the Act and rules and regulations made in accordance with the Act;
- p) promote and develop a system of self-regulation by securities exchanges, clearing and settlement agencies, self-regulatory organisations, other participants in the capital markets and capital markets operators, as maybe prescribed;
- q) encourage the development of securities and securities exchanges and the increased use of such exchanges;
- r) provide, promote or otherwise support financial education, awareness and confidence with regard to financial products, institutions and services;
- s) prescribe certification standards and accreditation for licensees;
- t) co-operate with, provide assistance to, receive assistance from, and exchange information with other regulatory bodies and trade organisations in Zambia and elsewhere; and
- u) exercise and perform such other functions as may be conferred or imposed upon it by or in accordance with the Act or any other written law.



IOSCO Core Objectives

In exercising its statutory mandate, the Securities and Exchange Commission is guided by the following three core objectives of securities regulation set by the International Organisation of Securities Commissions (IOSCO):

- investor protection;
- ensuring markets are fair, efficient and transparent; and
- reduction of systemic risk.

SEC Commissioners in 2021

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



Board Chairperson (until November 2021)

Mr. Amos Siwila

Mr. Siwila, a legal practitioner, was the SEC Board Chairperson until the expiry of his tenure of office on 26th November 2021. 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 Associates and he represented the Law Association of Zambia (LAZ) on the Board.



Board Vice-Chairperson (until February 2021)

Mr. George Nonde

Mr. Nonde, a chartered accountant, was the Board's elected Vice-Chairperson since June 2017 until the expiry of his tenure of office on 28th February 2021. He had served on the SEC Board as a Member since September 2014. He is the Finance Director for CFAO Zambia and Honorary Treasurer for Zambia Chamber of Commerce and Industry (ZACCI). He represented ZACCI on the Board and also chaired the Board's Staff and Remuneration Committee.



Board Vice-Chairperson

Mrs. Ruth Mugala

Mrs. Ruth Simwanza Mugala, a seasoned Accountant and business consultant, is the Board's elected Vice-Chairperson since March 2021. She brings to the Board a wealth of knowledge and experience in the financial and advisory fields gained in the public and private sectors with a career spanning over 35 years. She is a holder of a Bachelor degree in Accountancy and holder of the Association of Chartered Certified Accountants (ACCA) of UK and a Fellow of the Zambia Institute of Chartered Accountants (ZICA). She is currently Executive Director of Massy Capital Services and Massy Wellness Services and chairs the Board's Risk and Audit Committee.

Mr. Paul Nkhoma



Commissioner

Mr. Nkhoma, a development economist, with a wealth of management, arbitration and insurance knowledge, has been a Board Member since 10th March 2021. He is a founding member of Hollard Insurance, one of Zambia's largest insurance companies and is now the Group Chief Executive Officer for Hollard Holdings Zambia. He represents the Zambia Chamber of Commerce and Industry (ZACCI) on the Board and chairs the Staff and Remuneration Committee.

Mr. Mulele Maketo Mulele



Commissioner

Mr. Mulele, an economist, modeler, statistician and planner and is currently serving as Director-Economic Management Department in the Ministry of Finance since February 2020. Mr. Mulele has been a SEC Board Member since May, 2020 representing the interest of the Ministry of Finance and Government at large. Considering his vast work and professional experience from both development planning and economic management as well as policy analysis, he brings with him a wealth of knowledge to the SEC Board required in providing direction towards the development of the capital markets under the jurisdiction of SEC.

Dr. Jonathan Chipili



Commissioner (until November 2021)

Dr. Chipili, an economist at the Bank of Zambia (BoZ), was a SEC Board Member since August 2012 until the expiry of his tenure of office on 26th November 2021. Dr. Chipili is the Director of Economics at BoZ and represented the Central Bank on the Board. He chaired the Market Transactions Committee of the Board.



Commissioner

Ms. Mainza Masole

Ms. Masole, a social security professional, 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.



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 in 2021

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



Chief Executive Officer

Phillip K. Chitalu

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.



*Commission Secretary and Director –
Enforcement & Legal Services*

Diana Sichone

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.



*Director - Market Supervision &
Development*

Mutumboi Mundia

Ms. Mundia, a fellow of the Association of Chartered Certified Accountants (ACCA), has been with the Commission since January 2013. She is a Chevening Scholar and 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.

Bruce Mulenga



Manager – Market Transactions & Investments

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.

Mateyo Lungu



Manager – Finance

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.

Saul Nyalugwe



Manager – Administration

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.

Abraham Alutuli



Manager – Market Supervision

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.

Nonde Sichilima



Manager – Market Supervision

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).

Dingase Makumba



Manager -Market Development

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

Mubanga Kondolo



Manager – Financial Inclusion

Mr. Kondolo has been with the Commission since 2017. He holds a BA (Hons) in Business and Management from University of Sunderland and various certifications from the Cambridge Centre for Alternative Finance, Chartered Institute for Securities and Investments, Toronto Centre and Zambia College of Pensions and Insurance Trust.



Dubholukulu Mulondiwa

Ms. Mulondiwa, a legal practitioner, has been with the Commission since 2020. She holds a Bachelor’s degree in law from Oxford Brookes University and she is also an advocate of the High Court for Zambia and a qualified legislative drafter.

Manager – Law Reform and Enforcement



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

Vice-Chairperson's Review



I am glad, on behalf of the Commission, to present the 2021 annual report. This report is a requirement of the Securities Act, Number 41 of 2016 and the Public Finance Management Act, No. 1 of 2018.

In line with the Securities Act, No. 41 of 2016, the Commission is required to report on several issues including, but not limited to, 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 on regular basis reviewed its performance in line with the expectations of the Securities Act's requirements. To this end, and as with previous annual reports, we report below the Commission's performance based on the areas listed above. This report has also reported on other activities and projects embarked on in the year under review. It is our view that all these activities contributed to achieving our statutory mandate.

The Commission believes in investor education and awareness as one of the tools for achieving investor protection and market development. As such, during the year, the Commission, despite covid-19 disruptions to the normal way of doing our regulatory services, continued awareness programmes as an aware (informed) society is the beginning of investor protection. The Commission further believes that a protected investor can attract more people to save or invest and thus help grow and develop our markets. To this end and taking into consideration covid-19 general guidelines, virtual townhall meetings were held every last Thursday of the month. In these townhall meetings, the public was not only made aware of the risks associated with making investments but was informed of other capital market initiatives and opportunities.

In the quest to further develop the markets, I am glad to report further progress was made in 2021 on the Green Bonds and Sandbox Guidelines implementation. We can confirm that the race

to having Zambia's debut green bond is on and also there is work in progress for a potential green outcomes fund on the backdrop of a partnership of players. This is commendable and, on its part, the Commission has continued to engage policy makers on various matters that will help position the country as a preferred destination for green funds. In this vein, the Commission has continued engaging relevant stakeholders and other players pursuing green funding for projects such as solar power generation. We are hopeful that before too long, Zambia will witness at least one green project funded through capital markets.

On the innovations front, it is gratifying to note that what was a mere dream is now a reality as we witness SME financing platforms now testing their innovations under our Sandbox environment. The Commission believes that SMEs, the engine of our economy, will have alternative access to funding at a lower cost going forward.

With regard to our overarching supervisory methodology, the Commission has made notable progress on the journey to transition the Zambian capital markets to Risk-Based Supervision (RBS). After being in development for the last three years, it is anticipated that in 2022, the Commission will shift its supervisory model to RBS. With the supervisory philosophy anchored on addressing the inherent risks in Capital Markets Operators' (CMOs) significant activities, the Commission will use its limited resources to address those areas with the highest risk and impact on the CMO and thus the market. Suffice to mention, the Commission completed a pilot of the RBS on selected CMOs. The pilot results provided further insights into key areas of focus as the market and we the regulator continue on the RBS trajectory.

The Commission, in the same quest, further progressed with the development of Rules/Regulations and also issued several Guidelines that will further enhance our capital markets oversight role. The process to finalise the Rules and Regulations delayed due to the covid-19 pandemic that restricted the holding of physical meetings. However, the Commission used alternative stakeholder engagement strategies through electronic platforms which proved slower but still effective for the purposes of meeting the requirements of the Law for enacting Rules and Regulations.

I am also glad to report that the Commission's 2019 Directive on the reporting of bond trades has revealed that secondary market bond trading was very active in 2021. The collected data has given the Commission enough information to assess activity in the GRZ bonds secondary market trading. The Commission is still analysing the data which we hope to start publishing within 2022 for the information of the public especially on the pricing of bonds, which is currently not readily available. The Commission strongly believes information on bond price will aid investor decision making.

In looking ahead, the Commission is desirous of seeing capital markets further contributing to the efficient allocation of savings in a safe environment. Notwithstanding the progress made on green financing, SME financing through the Sandbox innovations, and other regulatory tools such as the RBS model and the Rules and Regulations, the Commission finalized the development of the Capital Markets Master Plan (CMMP) with the direction of the Ministry of Finance and National Planning as well as the Financial Sector Deepening Africa (FSDA). The Ministry of Finance and National Planning has since approved the CMMP, and this strategy document is expected to be approved by Cabinet within 2022. This policy document, once

approved and implemented, will anchor the country's long term capital markets development strategy. In the same vein, we are working on a five-year 2022 to 2026 Commission strategic plan which will be anchored on the CMMP and other national policy positions. The Commission will engage various stakeholders in the development of the 2022 to 2026 strategic plan.

With all the exciting things and the progress made on a number of fronts as reported above, the Commission continued to deliver on its mandate of investor protection and market development in a challenged environment. It is our view that most of these challenges which centre around the Commission's funding model will be addressed with the adoption and implementation of the CMMP. The CMMP will only succeed with adequate allocation of financial resources. The limitation in funding affects the mobilisation of adequate human capital, supervisory tools, and adequate office space for a conducive working environment. The Commission is however indebted on the continued support that government, through the Ministry of Finance and National Planning continues to give to the Commission in enhancing the Securities Act, Regulations and Rules.

In conclusion, on behalf of the Board, management, and staff, the Commission continues to thank the Ministry of Finance and National Planning, supporting partners and all capital market players for the cordial and supportive environment that has characterized capital markets.

We also wish to thank the Commission's former Chairperson, Mr. Amos Siwila, the former Vice Chairperson of the Board Mr. George Nonde, and Dr. Jonathan Chipili, a Board Member all of who retired from the Board during the year after having served their two 3-year terms. These Commissioners tirelessly contributed to shaping the Commission into a financial services sector regulator that the public has now become aware of and looks up to as an investor protection entity. We wish them well.

I thank you.

Ruth S. Mugala (Mrs)
VICE BOARD CHAIRPERSON

Chief Executive's Statement



The Commission's dual mandate of investor protection and market development depends on effective operational efficiencies. These operational efficiencies are largely achieved when the Commission can undertake strategic and routine activities supported by a sound financial performance.

While the Chairman's report has covered several strategic activities and forward-looking plans that the Commission embarked on during 2021 extending into 2022, we report below the Commission's operational performance for the year ended 31st December 2021. On the backdrop of the operational challenges faced in 2020, it is gratifying to report that the Commission's financial performance including cash flows in 2021 were better than in 2020. It is the Commission's view that while financial performance is key to achieving other strategic initiatives, poor funding negatively affects the delivery of that which the Commission was established to

provide to the public. Therefore, the improved 2021 cash flows and thus expenses cover ratios helped the Commission have a better operational performance with more awareness initiatives and some strategic plan activities undertaken.

The Commission's operational performance, as a service sector player also depends on a healthy work force. In this regard, compared to 2020, the Commission's staff were not as affected as in 2020 by covid-19 effects due to better preparedness and thus better managed adherence and other work-from-home procedures. While the country experienced covid-19 outbreaks, the Commission's experiences from the 2020 attacks when about half the work force was affected by the illness were avoided in 2021. To a great extent, the effects of covid-19 did not affect the Commission's operational efficiencies in 2021 as the Commission continued to adhere to health guidelines and its Work-from-Home Policy. The Commission had also designed and tested remote working tools and procedures during the 2020 disease outbreaks which helped with continuing to provide the markets oversight role and the mandate to develop the market even when the country experienced covid-19 flare ups and mandatory needs to either work from home or rotate staff.

As reported above, the Commission's financial performance, which is an enabler for good operational efficiency continued to improve on the backdrop of improved securities trading fee income, the Commission's human capital, a key service delivery component, was still below that required to effectively supervise and thus protect investors and develop the capital markets. Of

the Commission's staff establishment, the staffing levels were 50% below the numbers needed to effectively deliver on the 2018- 2021 strategic plan. It is envisaged that the Commission's graduate trainee programme as well as the approvals to employ more staff within the approved establishment given by Board in Q4 of 2021 will improve staffing levels going forward. This is part of the Commission's drive to supervise the markets more effectively.

While the Commission continued to hold townhall meetings as part its drive to have an informed market, the year under review continued to experience increased reports of Ponzi like financial schemes. It is sad to note that members of the public continued to invest in very risky and unregulated products. With limited resources such as human capital as reported above and the fact that the Commission does not have a mandate to prosecute, a number of these scams were investigated and cases referred to relevant law enforcement agencies for appropriate action to be taken. The increasing number of these scams continued to put pressure on the Commission's limited surveillance, supervision, and enforcement resources. In a bid to reduce the risks associated with these scams, at least six townhall virtual meetings were held for the Commission's continued awareness efforts which are meant to educate members of the public as a way of making the public become smart investors and thus with awareness, the public's uptake of unregulated products could be reduced in future.

This report, as required by the Securities Act Number 46 of 2016, and as reported in the Chairperson's section, gives an update on the Commission's performance in 2021. While the Commission's main mandate is to protect investors in the capital markets and ensure that capital markets are developed, this is only possible in an environment where the limited financial and other resources are efficiently and effectively utilised. To this end, the Commission presents below financial statements for the year ended 31st December 2021. This is in line with both the requirements of the Public Finance Management Act and the Securities Act as well as good corporate governance principles. It is a resolve by the Board to continue to demonstrate that the Commission's financial resources are continually managed in a prudent and efficient manner and reported on to the relevant stakeholders.

The Commission achieves its investor protection role by ensuring that the K69billion of savings (about 18% of GDP) by ensuring that the performance of the equity, corporate debt, and Collective Investment schemes (CIS) segments of the capital markets sector remained sound. These areas under the supervision of the Commission, are all important as they demonstrate the capital markets prowess of channelling of savings into various economic sectors in Zambia. We now report below the performance of these savings vehicles.

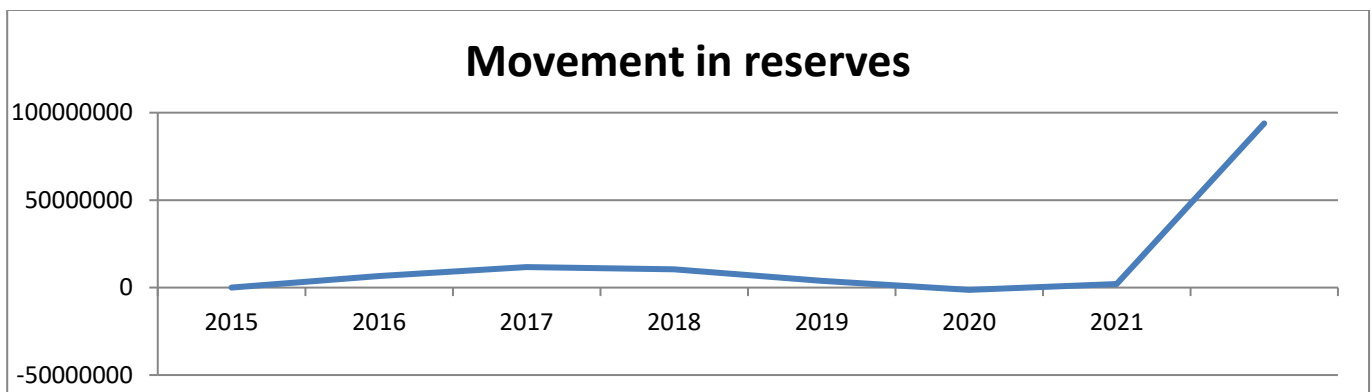
Financial Performance of the Commission

To safeguard savings made through the capital markets, government continued to support the Commission in meeting operational costs. The Commission also continued to support government efforts by generating revenues that support the Commission's 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 31st December 2021, the Commission recorded an operating surplus of K 91,765,563 (2020 – K3,478,168) from a combined income of K 118,130,318 (2020-K28,784,660) against total operating costs of K 26,364,815 (2020 K25,306,552). The Commission during the year met all its obligations on time by utilizing the available cashflows. The surplus in the year is mainly attributed to the bond trade commissions and the GRZ Grants which was fully funded.

Reserves

The Commission’s accumulated fund (reserves) position at 31st December 2021 stood at K 93,854,762 compared to K 2,089,199 recorded at 31st December 2020. This increase, as explained above, was due to the trade commission received from both the sell and buy side of the trade from the market the diagram below shows that since 2014, 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 declined as depicted below. However, the position has since changed post 2020 where there has been an upward trend.



Income Earned

During the year ended 31st December 2021, the Commission internally generated 92% of its income while GRZ grant support accounted for 8%. This is on the backdrop of subdued market activities as explained above and due to the Covid 19 pandemic.

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 31st December 2021, the Commission’s total staff costs were 67% (2020 – 69%) 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	2021 ZMW	2020 ZMW
Computer hardware	118,383	69,575
Office equipment	66,568	-
Office furniture	-	-
Motor vehicles	-	-
Land and Buildings	-	-
Total	118,383	69,9575

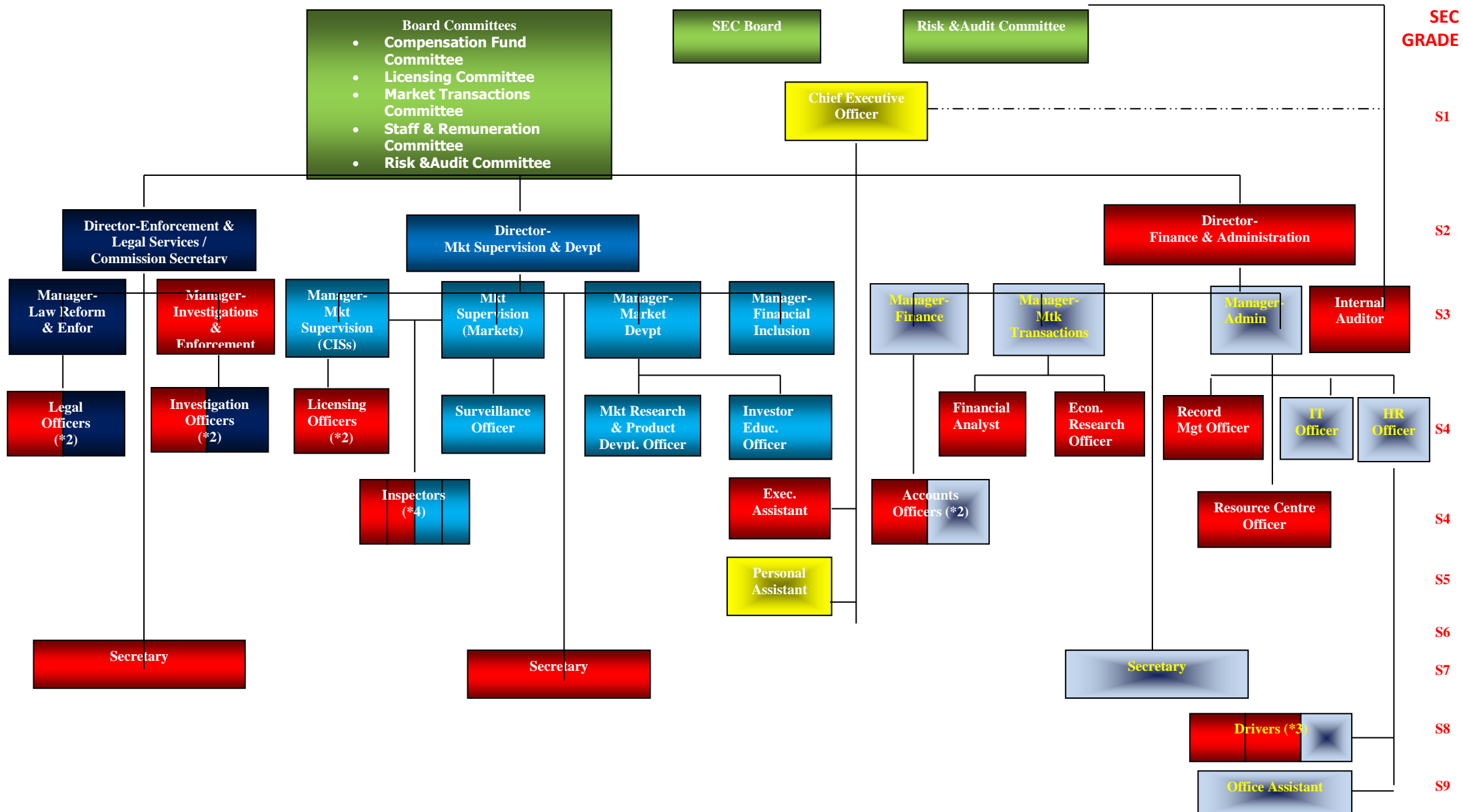
Staff Complement and staff matters

During the review period, the Commission's staff complement remained at 24 compared to an approved structure of 43 staff as per the 2018–2021 Strategic Plan. This staff head count is below the minimum required to effectively run with the Commission's legal mandate of protecting investors in the capital markets.

At the request of the Board, staff consented to the Commission suspending certain aspects of the Conditions of Service as a way of keeping the operating costs within the Commission's cash flows. This move was necessary for the Commission to continue in operational existence following the financial resource challenges that started in 2018 and became more pronounced in 2019. With this and other operational rationalisations, the Commission, was one of the few entities that did not experience staff going without pay in 2020.

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



Training and Workshops

The Commission continues to prioritise staff training and capacity building as a deliberate policy to ensure staff are aware of the developments in this ever-changing capital markets environment. The following table indicates the staff members that attended online and with one exception, a physical course:

Course	Location	Dates	Attended by
Fintech and Regulatory Innovation	Online	September to December 2021	Mutumboi Mundia, Diana Sichone, Abraham Alutuli, Bruce Mulenga, Mubanga Kondolo, Nonde Sichilima, Dingase Makumba, Dubholukulu Mulondiwa, Thomas Thole, Leah Simasiku, Sichone Chanda
Toronto international Securities	Online	5 th May to 14 th May 2021	Mubanga Kondolo
FATF Standards Training Course	Online	24 th May to 3 rd June 2021	Diana Sichone
FIC/Milken Institute	USA	August 2021 to April 2022	Gertrude Buyungwe

Multi-national and Regional Conferences and Summits Attended by Commission Staff

The advent of COVID-19 pandemic disrupted the regular way of doing things. With the world under lockdown, most international institutions opted to use technology to conduct their meetings on online platforms such as Microsoft Teams and Zoom. Consequently, the Commission did not send any of its staff for conferences but instead attended them virtually.

Phillip K. Chitalu
CHIEF EXECUTIVE OFFICER

Corporate Governance



The new normal

The corporate governance landscape for the Commission in 2021 did not materially change despite several challenges such as the prevailing COVID-19 pandemic that prevented in-person meetings. The achievement of the Commission's regulatory dual mandate and objective of investor protection and capital market development has been made possible by leveraging on the use of electronic meeting platforms to conduct its committee and board meetings.

Governance and the Commission

The Commission takes governance very seriously and considers corporate governance as a key tool that ensures that the Commission is properly managed and controlled. The Commission Board therefore ensures that the distinct roles of management and the Board oversight are not confused. The latter function is highlighted in Section 8 of the Securities Act, No. 41 of 2016, which provision constitutes the Commission Board and

highlights its roles and functions as well as the power to delegate its functions to the Chief Executive Officer or a Committee of the Board. The exercise of these functions not only ensures the attainment of the three key objectives of securities regulation being investor protection, ensuring markets are fair, efficient and transparent as well as the reduction of system risk but they also ensure that the governance principles of transparency, responsibility, accountability and fairness are complied with.

Further, the clear and objective statement of the Commission's responsibilities in the Securities Act is in line with the International Organisation for Securities Commissions Objectives and Principles of Securities Regulation, which is international best practice. 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, among other things. 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

Appointment

Section 8(2) and (3) of the Securities Act prescribes the Commission Board's composition to be eight (08) Members. The Act requires the Commission's Chief Executive Officer to be an ex-officio Member of the Board and also empowers the Minister responsible for finance to appoint the other seven Members as non-executive Board Members from a nomination made by each of the following institutions:

- 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.

Gender mainstreaming and election of Chair and Vice-Chair of the Board

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. The Minister does not appoint any of the Members to be the Board Chairperson or Board Vice-Chairperson. Instead, the Act empowers the Members to elect, from amongst their number, a Chairperson and Vice-Chairperson of the Board.

Changes to Board Composition

There were four changes to the composition of the Board in 2021 as follows:

Name of Board Member	Institution Represented	Date of change	Reason for change
Mr. George Nonde	Zambia Chamber of Commerce and Industry	28 th February 2021	End of 2 nd term of office
Mr. Paul Nkhoma	Zambia Chamber of Commerce and Industry	10 th March 2021	New appointment to replace Mr. George Nonde
Mr. Amos Siwila	Law Association of Zambia	26 th November 2021	End of 2 nd term of office
Dr. Jonathan Chipili	Bank of Zambia	26 th November 2021	End of 2 nd term of office

2021 Board Composition

During the period under review, the Commission Board consisted of the following Members:

Name of Board Member	Institution Represented	Position	Appointment date
Mr. Amos Siwila*	Law Association of Zambia	Chairperson	28.08.2018
Mr. George Nonde**	Zambia Chamber of Commerce and Industry	Vice-Chairperson	01.09.2017
Mr. Paul Nkhoma***	Zambia Chamber of Commerce and Industry	Vice-Chairperson	10.03.2021

Name of Board Member	Institution Represented	Position	Appointment date
Mr. Mulele M. Mulele	Ministry responsible for finance	Member	29.05.2020
Mrs. Natasha N. Kalimukwa	Ministry responsible for justice	Member	13.03.2018
Dr. Jonathan Chipili****	Bank of Zambia	Member	28.08.2018
Ms. Mainza Masole	Pensions and Insurance Authority	Member	12.06.2020
Mrs. Ruth S. Mugala	Zambia Institute of Chartered Accountants	Member	02.10.2018
Phillip K. Chitalu	SEC Chief Executive Officer	ex-officio Member	-

* Mr. Amos Siwila's tenure of office came to an end on 26th November 2021.

** Mr. George Nonde's tenure of office came to an end on 28th February 2021.

*** Mr. Paul Nkhoma was appointed on 10th March 2021 as the new representative for the Zambia Chamber of Commerce and Industry.

**** Dr. Jonathan Chipili's tenure of office came to an end on 26th November 2021.

Board Meetings

The Board held four scheduled meetings in March, July, September and December 2021. In addition, the Board held two Special Meetings in March and December, respectively, in order to deal with urgent regulatory matters. The following table highlights the Board attendance at the scheduled and special meetings:

NAME	5 th March (Special Meeting)	25 th March (Scheduled Meeting)	1 st July (Scheduled Meeting)	30 th September (Scheduled Meeting)	17 th December (Scheduled Meeting)	30 th December (Special Meeting)
Mr. Amos Siwila	✓	✓	✓	✓	N/A	N/A
Mr. Paul Nkhoma	N/A	✓	✓	✓	✓	✓
Mr. Mulele M. Mulele	✓	✓	✓	✓	✓	✓
Mrs. Natasha N. Kalimukwa	✓	✓	✓	✓	✓	✓
Dr. Jonathan Chipili	✓	✓	✓	✓	N/A	N/A
Ms. Mainza Masole	✓	✓	✓	✗	✓	✓
Mrs. Ruth S. Mugala	✓	✓	✓	✓	✓	✓
Mr. Phillip K. Chitalu	✓	✓	✓	✓	✓	✓

✓ Meeting attended

✗ Meeting not attended and apology given

N/A Member not yet appointed as Board Member or no longer on the Commission Board

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 –

- the Compensation Fund Committee;
- the Licensing Committee;
- the Market Transactions Committee;
- the Risk and Audit Committee;
- the Staff and Remuneration Committee; and
- the Property Acquisition and Development Committee (*ad hoc*).

Compensation Fund Committee

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.

Licensing Committee

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.

Market Transactions Committee

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.

Risk and Audit Committee

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.

Staff and Remuneration Committee

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.

Property Acquisition and Development Committee

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. This Committee did not hold any meetings in the period under review.

Decision-making timeframes

In order to enhance efficient decision-making, the Securities Act of 2016 has introduced timeframes within which particular decisions, such as the grant of a license, should be made. The Board has therefore pursuant to section 14 of the Act delegated final decision-making powers with respect to time-sensitive matters such as those relating to the grant of different categories of licences to the Licensing Committee and final decisions on market transactions including registration of securities for capital raising and other authorisations to the Market Transaction Committee. The delegated function ensures that decisions are expeditiously made without having to wait for the Board to approve the decisions at its next scheduled quarterly Board meeting.

Other Statutory Committees

Although the Procurement Committee is not a Board Committee as per the Public Procurement Act, No. 12 of 2008 which places the procurement function on a procurement unit that is headed by the Chief Executive of an institution, this Committee is important to highlight as it is procedurally operated in compliance with the governance principles of transparency, responsibility, accountability and fairness.

The Committee composition in 2021 was as follows:

COMMITTEE	MEMBERSHIP REPRESENTATION	MEMBER
LICENSING COMMITTEE	Board Member representing MoF and Committee Chairperson	Mr. Mulele M. Mulele
	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
MARKET TRANSACTIONS COMMITTEE	Board Member representing BoZ and Committee Chairperson	Dr. Jonathan Chipili
	Board Member representing ZACCI	Mr. George Nonde/Paul Nkhoma
	Board Member representing MoF	Mr. Mulele M. Mulele
	CCPC Representative	Mr. Chilufya P. Sampa
	PACRA Representative	Mr. Anthony Bwembya
	ZDA Representative	Mr. Mukula Makasa
	Ex-officio Board Member	Mr. Phillip K. Chitalu
STAFF AND REMUNERATION COMMITTEE	Board Member representing ZACCI and Committee Chairperson	Mr. George Nonde/Mr. Paul Nkhoma
	Board Member representing BoZ	Dr. Jonathan Chipili
	MoJ Representative	Mr. Joe Simachela
	ZIHRM Representative	Mrs. Beatrice N. Mwila
RISK AND AUDIT COMMITTEE	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	Ms. Namaambo Kaliyangile
	LAZ Representative	Ms. Matilda C. Kaoma
COMPENSATION FUND COMMITTEE	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. Ndiilila
	LAZ Representative	Ms. Abigail Chimuka

COMMITTEE	MEMBERSHIP REPRESENTATION	MEMBER
	MoF Representative	Mrs. Mwila K. Zulu
PROCUREMENT COMMITTEE	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
PROPERTY ACQUISITION AND DEVELOPMENT COMMITTEE	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

Audit and corporate governance

The audit function plays an integral role in the Commission's corporate governance environment. Audit is therefore one of the controls that the Commission Board uses to ensure that the Commission 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, therefore, uses audit as one of the most important oversight tools of its corporate governance.

Internal Audit function

The Commission has both an internal and external audit function. Due to the size of the Commission, the internal audit function is not performed by a member of staff engaged as an internal auditor but has been outsourced to an audit firm. From around 2018 when a substantial increase in audit fees was caused through the enactment of the Accountants (Client Fees) Regulations, Statutory Instrument No. 34 of 2018, the Commission resolved to suspend the engagement of the firm providing the internal audit function and consequently the Risk and Audit Committee of the Board took up an interim oversight internal audit role to enhance the Commission's adherence to internal controls, procedures and processes. During the period under review, however, the Commission resolved to engage the audit firm to conduct internal the Commission's internal audit function.

In essence, 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.

External Audit function

Section 10 of the First Schedule to the Securities Act requires the Commission's external auditors to be 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.

Commission Secretary

Appointment of 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 section 17 of the Securities Act.

The Commission Secretary and Corporate Governance

The Commission Secretary, among other roles, is responsible for advising the Commission Board on good corporate governance practices as well as the Commission's compliance with rules and regulations that affect it. Additionally, the Commission Secretary assists the Board and its Committees to function effectively in line with the Securities Act and the Board Charter that outlines Terms of Reference for the Board and each Committee. The Commission Secretary is therefore an important link between the oversight functionality of the Board of Directors and the operational aspects of the Commission through the Management and staff.

Board Performance Self-Evaluation

Mandate for performance self-evaluation

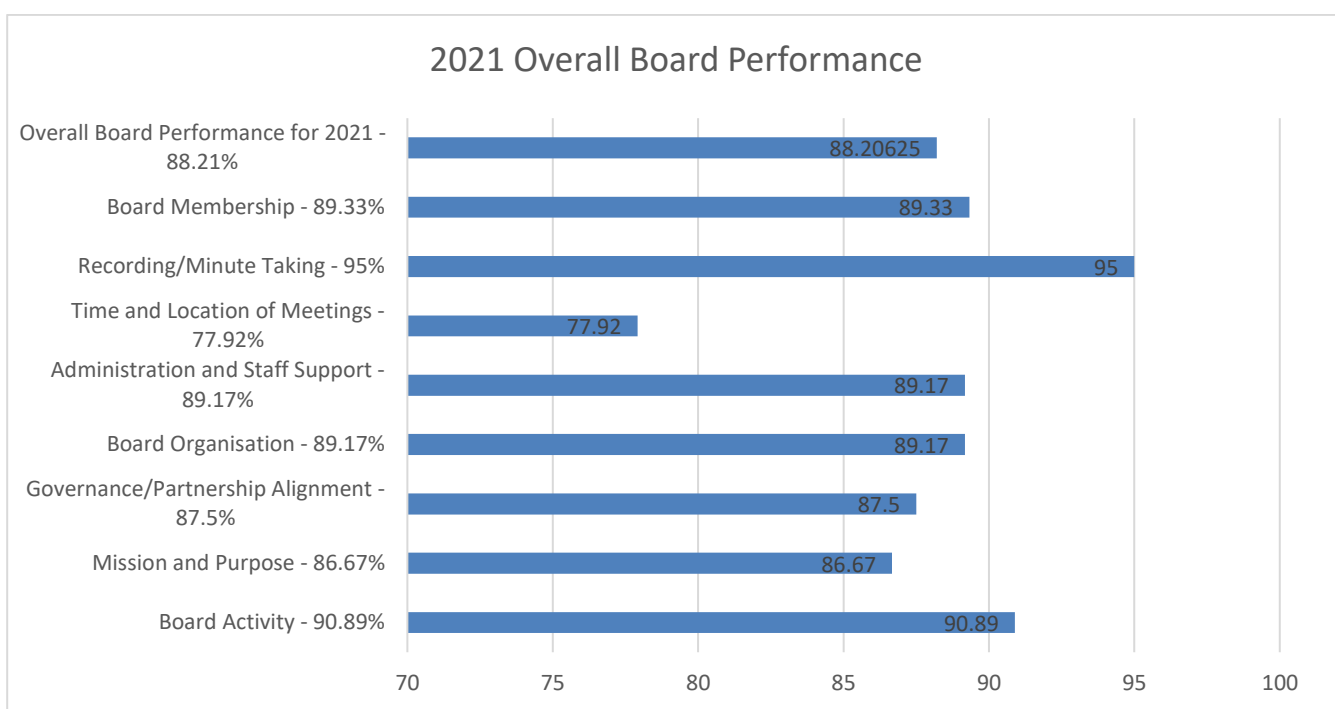
Section 11 of the Commission's Board Charter mandates the Board and its Committees to undertake a performance self-evaluation in order to assess the effectiveness of the Board, its Committees, and its individual Board Members. The Board has over the last six years been undertaking an annual performance self-evaluation, in the last quarter of the financial cycle, as a corporate governance performance monitoring tool.

The performance self-evaluation is a collective, introspective, and comprehensive reflection by the Board to assess how the Board can be made more effective. The evaluation process is meant to identify strengths and weaknesses, to flag areas for improvement, and to plan for further action as appropriate. For the process to be effective, Board members are required to be open and submit positive ideas and opinions. The Board has developed an appropriate methodology to conduct the Performance Evaluations through a questionnaire that has been developed and which is required to be filled in by each Board Member. The responses are then collated and the results of the evaluation presented to the Board for further consideration.

During the period under review, the self-evaluation exercise was based on the submissions and views of six respondents because two of the Board Members were no longer on the Board as their tenure of office had come to an end at the time of the assessment. The Board performance self-evaluation was done for the following eight major areas: 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 analysis of each of these areas was done and the results for each area assessed.

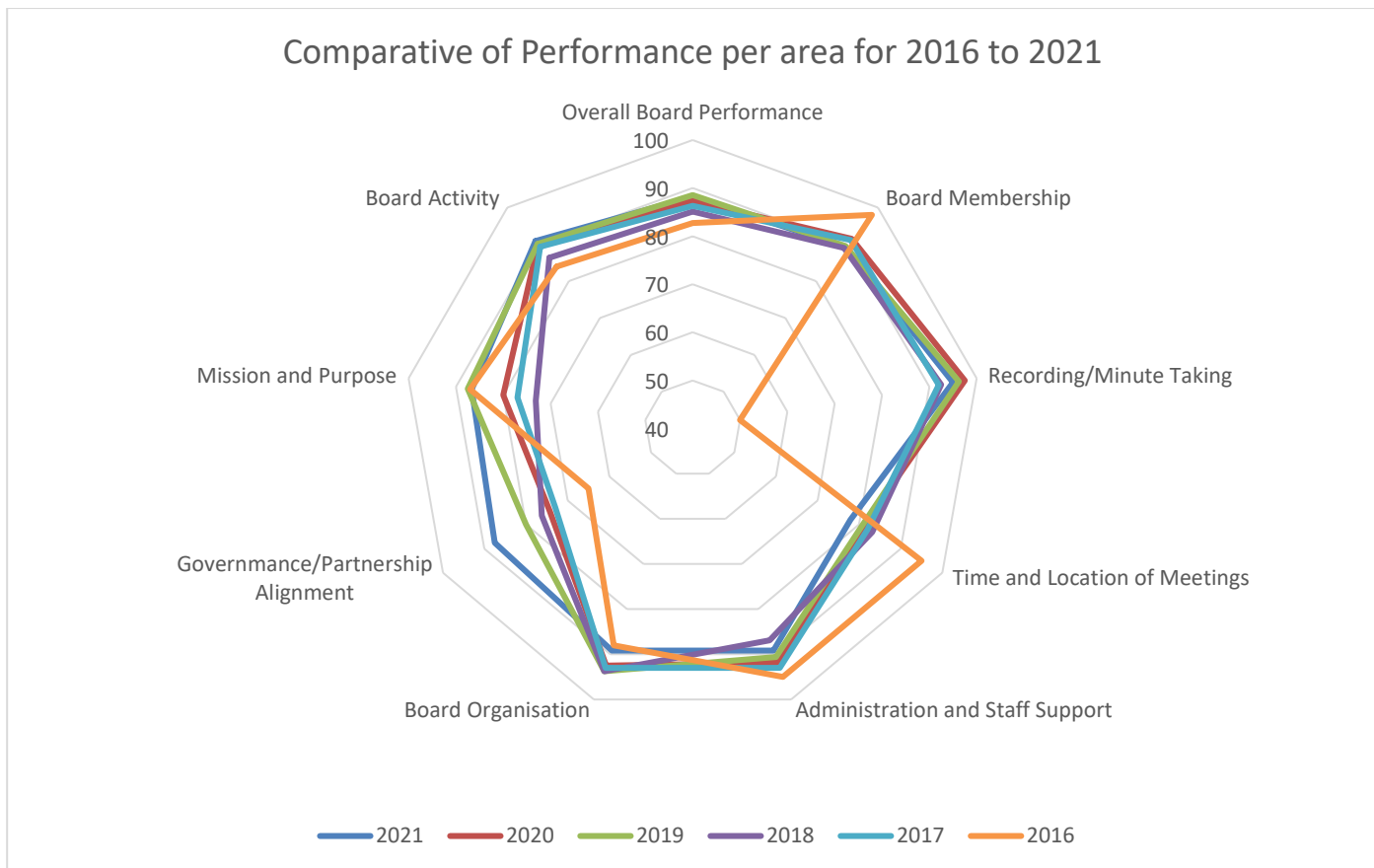
Results of the self-evaluation

The self-evaluation revealed that there had been a marginal increase in the Board’s performance for 2021 of 0.87% from 87.34% in 2020 to 88.21% in 2020. The lowest rating was recorded for the area of Time and Location of Meetings at 77.92% whilst the highest rated area was the assessment of Recording/Minute Taking at 95%.

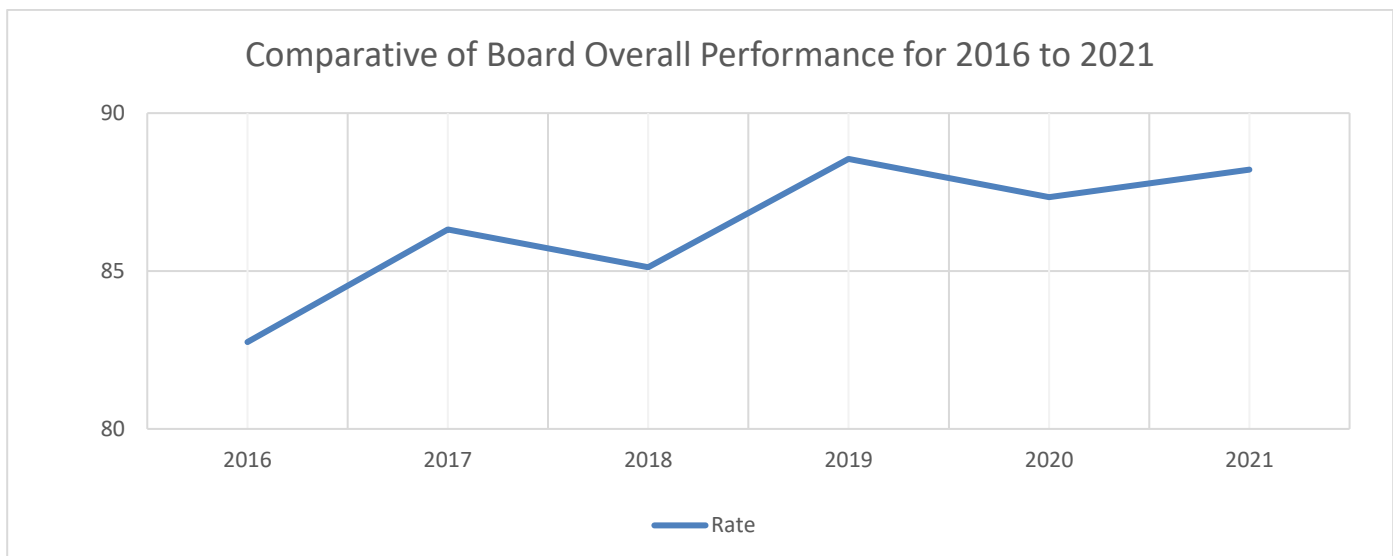


Comparative analysis of Board performance over six-year period

A comparative analysis of the Board’s performance over the last six years for which the Board Performance Self-Evaluation has been conducted is shown in the following charts:



Five of the eight areas assessed have indicated a reduction in performance rates on a comparative basis with the assessment done for 2020 with the overall Board performance recording a **marginal increase in performance of 0.87%** from **87.34%** in 2020 to **88.21%** in 2021.



Individual Board Committee Performance for 2017 to 2021 period

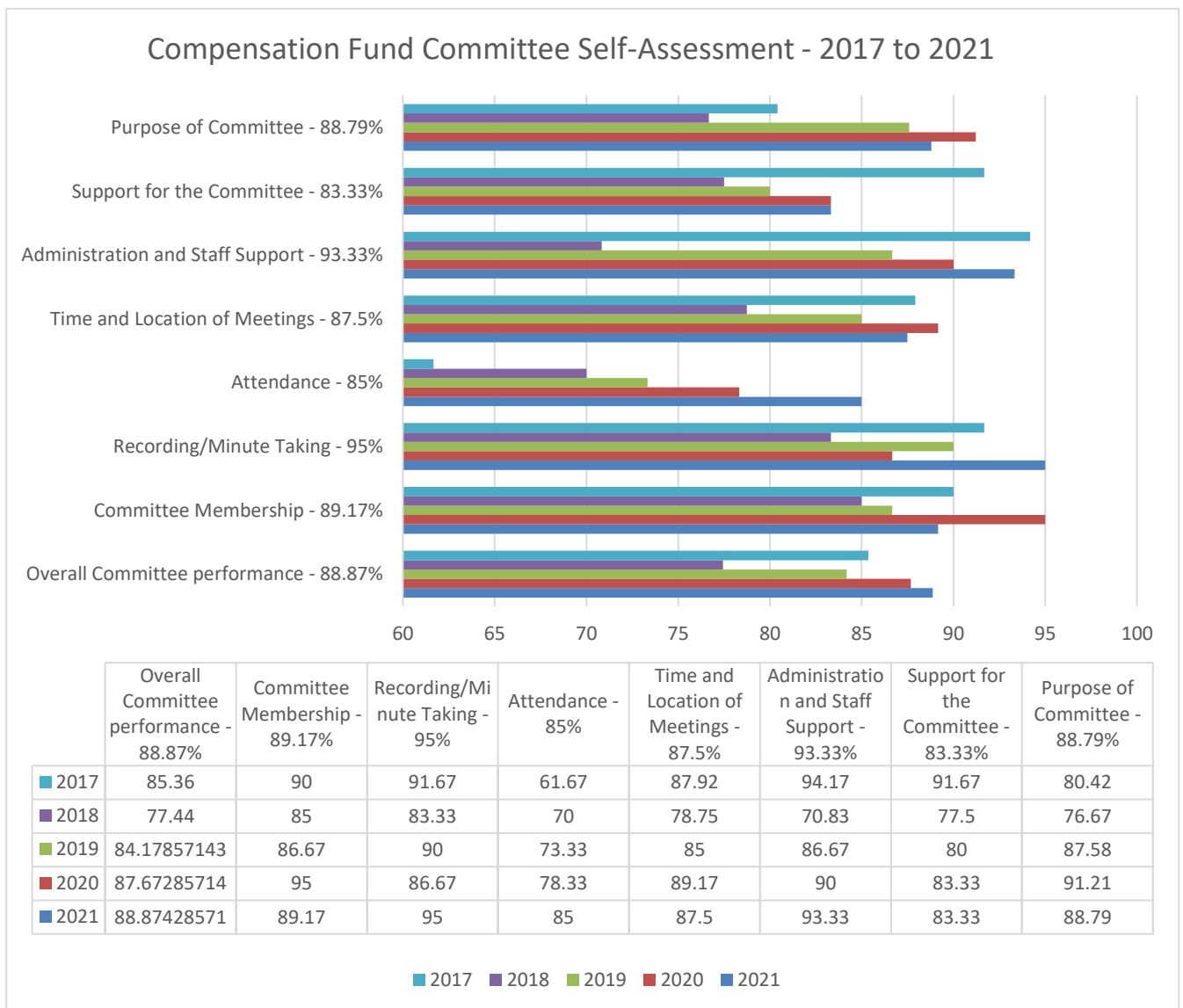
The Commission Board has five standing and one *ad hoc* Committee. The five standing Committees’ performance was assessed using the same methodology adopted for the Board

and which was aimed at identifying strengths and weaknesses, flagging areas for improvement and planning for further action as appropriate. The Committee Performance of the Property Acquisition and Development Committee was not assessed in 2021 for a third year in a row as the Committee only had one meeting in the year and an assessment of the annual performance could not be conducted on that basis.

The self-evaluation was conducted for the following seven major areas: Purpose of the Committee; Support for the Committee; Administration and Staff Support; Time and Location of Meetings; Attendance; Recording/Minute Taking; and Membership.

Compensation Fund Committee Self-assessment

The self-assessment of the Compensation Fund Committee revealed the following results:

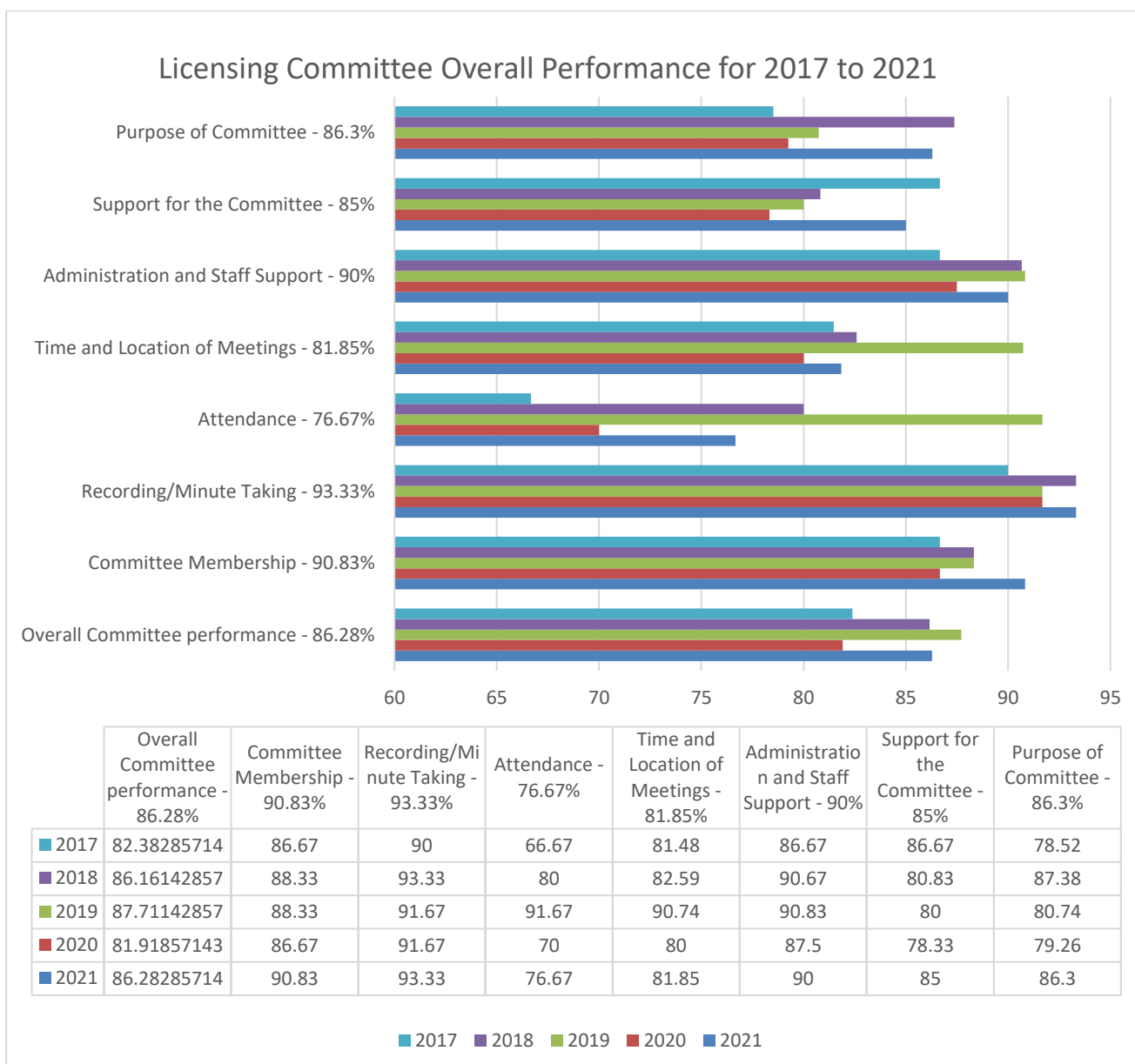


From the assessment, the Compensation Fund Committee’s overall performance for 2021 was 88.87% compared to the 2020 assessment rate of 87.67%. Comparatively, the assessment rates for 2019, 2018 and 2017 were 84.18%, 77.44% and 85.36%, respectively. In this assessment, the

highest rated area is Recording/Minute Taking at 95% while the lowest rated area is Support for the Committee at 83.33%.

Licensing Committee Self-assessment

The self-assessment of the Licensing Committee revealed the following results:

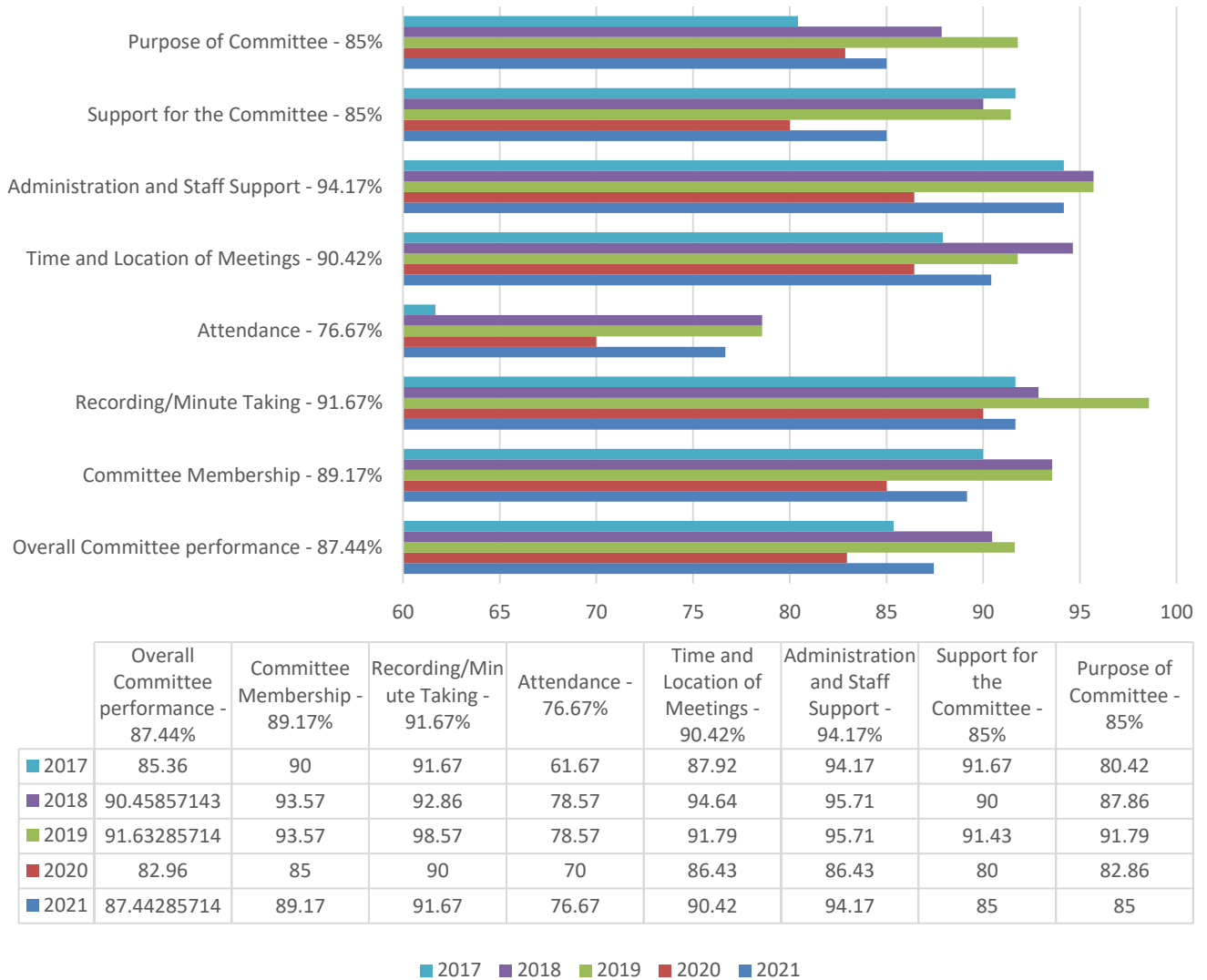


From the assessment, the Licensing Committee’s overall performance for 2021 was assessed to be 86.28% which was an increase from the 2020 assessment rate which was at 81.92%. Comparatively, the overall Committee performance as assessed in 2019, 2018 and 2017 was 87.71%, 86.16% and 82.38%, respectively. The areas rated the highest and lowest have been consistent as assessed in the 2020 period. The highest rated area in 2021 was Recording/Minute Taking at 93.33% while the lowest rating was Attendance at 76.67%.

Market Transactions Committee Self-assessment

The self-assessment of the Market Transactions Committee revealed the following results:

Market Transactions Committee Self-Assessment for 2017 to 2021



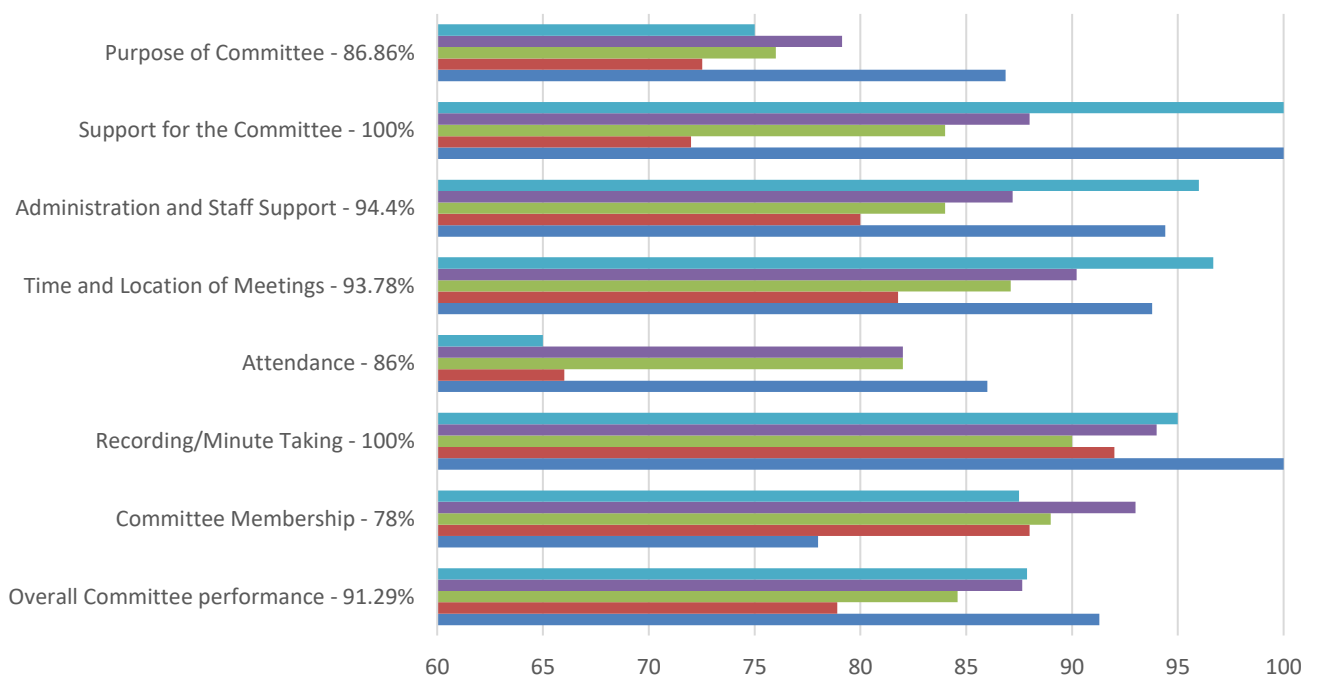
From the assessment, the Market Transactions Committee’s overall performance for 2021 was found to be at 87.44% which is an increment from the 2020 overall assessment rate of 82.96%. comparatively, the Committee’s overall performance for 2019, 2018 and 2017 were 91.63%, 90.46% and 85.36%, respectively.

The area with the highest rating was Administration and Staff Support at 94.17% while the lowest rated area was Committee Member Attendance at 76.67%.

Risk and Audit Committee Self-assessment

The self-assessment of the Risk and Audit Committee revealed the following results:

Risk and Audit Committee Self-Assessment for 2017 to 2021



	Overall Committee performance - 91.29%	Committee Membership - 78%	Recording/Minute Taking - 100%	Attendance - 86%	Time and Location of Meetings - 93.78%	Administration and Staff Support - 94.4%	Support for the Committee - 100%	Purpose of Committee - 86.86%
■ 2017	87.88142857	87.5	95	65	96.67	96	100	75
■ 2018	87.65142857	93	94	82	90.22	87.2	88	79.14
■ 2019	84.58714286	89	90	82	87.11	84	84	76
■ 2020	78.90142857	88	92	66	81.78	80	72	72.53
■ 2021	91.29142857	78	100	86	93.78	94.4	100	86.86

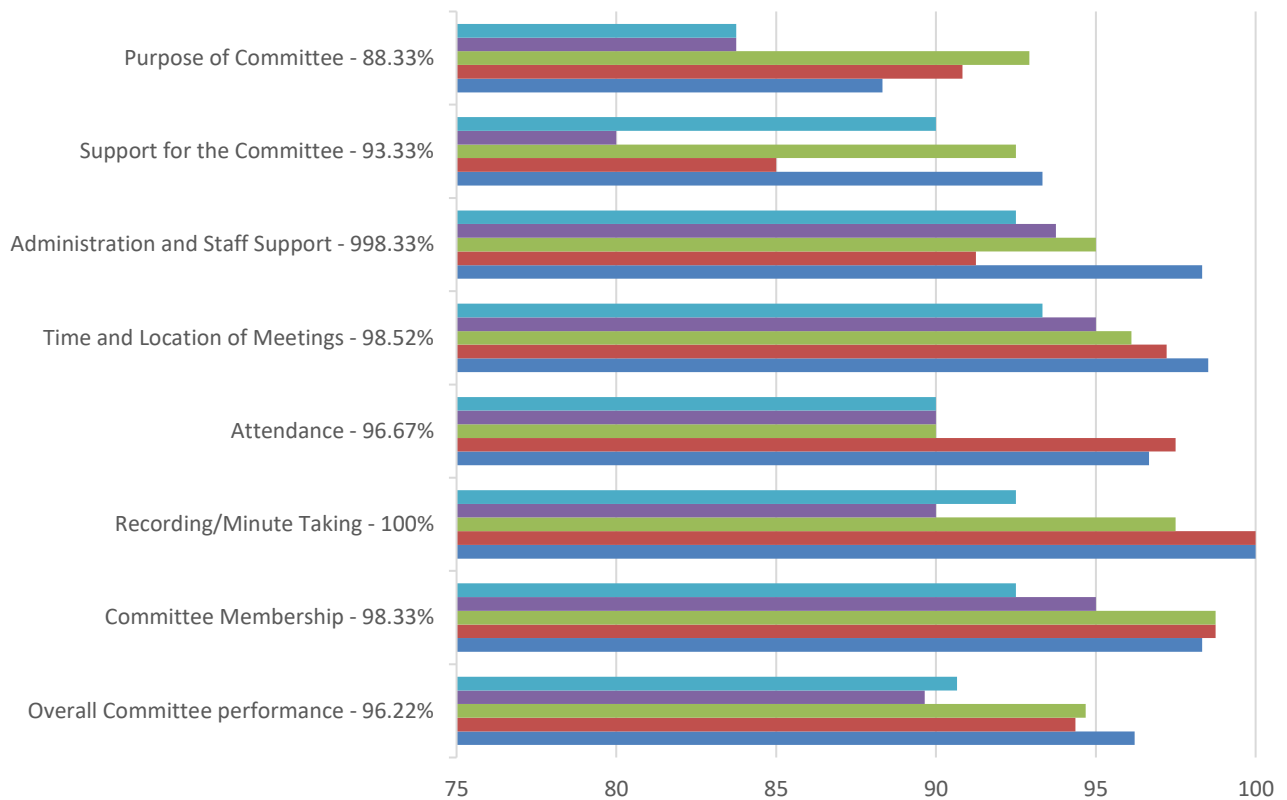
■ 2017 ■ 2018 ■ 2019 ■ 2020 ■ 2021

From the assessment, the Risk and Audit Committee’s overall performance for 2021 was found to be at 91.29%, an increase from the 2020 assessment rate of 78.9%. The Table also indicates the rates for the 2019, 2018 and 2017 periods at 84.58%, 87.65% and 87.88%, respectively. The highest rating was made for Recording/Minute Taking and Support for the Committee at 100% while the lowest rating was Attendance at 86%.

Staff and Remuneration Committee Self-assessment

The self-assessment of the Staff and Remuneration Committee revealed the following results:

Staff and Remuneration Committee Self-Assessment from 2017 to 2021



	Overall Committee performance - 96.22%	Committee Membership - 98.33%	Recording/Minute Taking - 100%	Attendance - 96.67%	Time and Location of Meetings - 98.52%	Administration and Staff Support - 99.33%	Support for the Committee - 93.33%	Purpose of Committee - 88.33%
2017	90.65428571	92.5	92.5	90	93.33	92.5	90	83.75
2018	89.64285714	95	90	90	95	93.75	80	83.75
2019	94.68285714	98.75	97.5	90	96.11	95	92.5	92.92
2020	94.36428571	98.75	100	97.5	97.22	91.25	85	90.83
2021	96.21571429	98.33	100	96.67	98.52	98.33	93.33	88.33

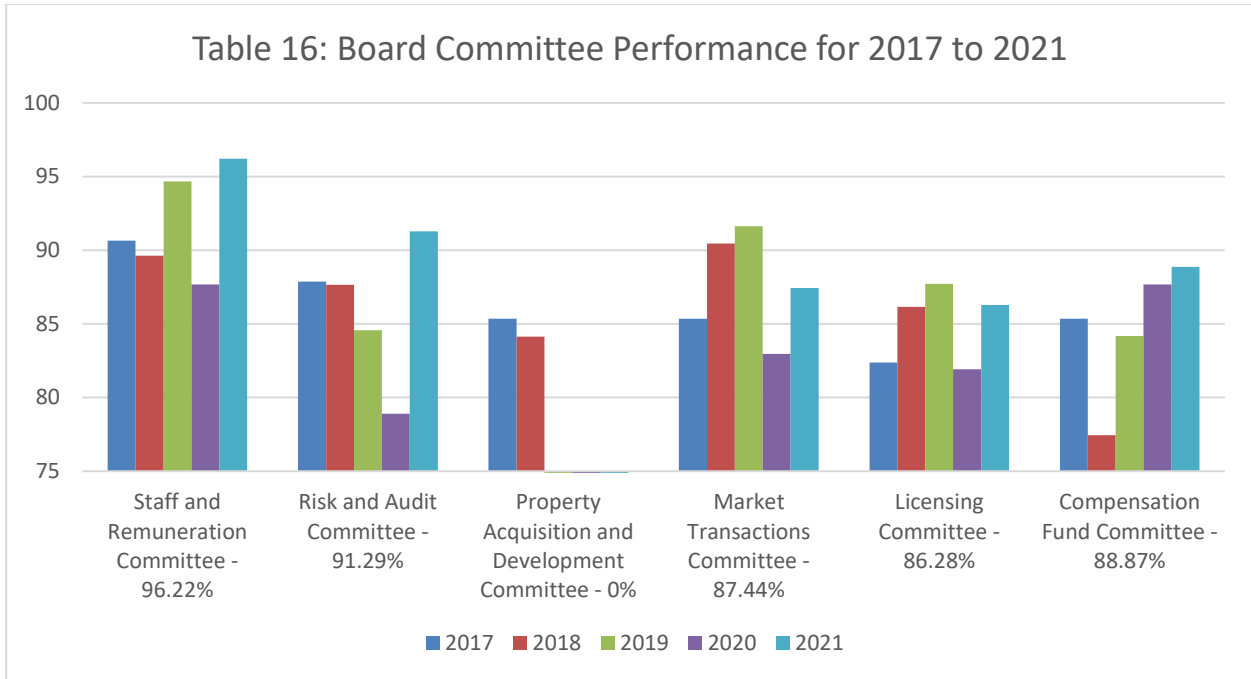
■ 2017 ■ 2018 ■ 2019 ■ 2020 ■ 2021

From the assessment, the Staff and Remuneration Committee’s overall performance for 2021 was 96.22% which is a marginal increase from the 2020 assessment rate of 94.36%. Comparatively, the Committee’s overall performance for 2019, 2018 and 2017 were 94.68%, 89.64% and 90.65%, respectively. The highest rated category was the assessment for Recording or Minute Taking at 100% while the lowest rating was Purpose of the Committee at 88.33%.

Overall Board Committee Performance for 2017 to 2021 period

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

Table 16: Board Committee Performance for 2017 to 2021



Conclusion

The Board has found the conduct of performance self-evaluation exercise to be a beneficial one and it has helped to streamline processes and made the Board more efficient with the conduct of its business.

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 report on its regulatory and operational efficiency as part of the reporting requirements introduced by the Securities Act of 2016 and include this information in its Annual Report.

Thus, the Commission is required to highlight the following:

- a) 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;
- b) the actual and projected cost savings to the Government, if any, resulting from the operations of the Commission;
- c) 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;
- d) the nature of the working relationship between the securities exchanges, clearing and settlement facilities and the Commission;
- e) 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
- f) 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

Section 8 of the Securities Act empowers the Board to oversee 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 Board, which is comprised of Members representing different institutions as required under the Securities Act, therefore, has the statutory mandate under the Securities Act to implement the provisions of the Act. In addition, the Board has also constituted Committees to which it has delegated some of its decision-making functions so as to assist the Board in exercising its statutory functions.

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.

In addition, the Commission has been able to implement its oversight functions by undertaking regulatory actions in response to infringements, by capital market operators, of the legal and regulatory framework. Some of these regulatory actions include the taking of supervisory possessions and the imposition of administrative sanctions including fines, censures and recompense directives, among others.

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 prudently manages its resources to achieve its strategic objectives and therefore does not spend outside the approved budgets including in the review period.

Cost to the Nation for not having the Commission

In pursuance of its investor protection mandate, the Commission was protecting over ZMW69 billion worth of investments as at 31st December 2021. The investments were in products ranging from shares or stocks, corporate bonds as well as assets under management in collective investment schemes. These investments are made directly by not less than 260,000 investors and indirectly much more considering that the pension schemes and other institutional investors invest in the capital markets on behalf of the Zambian public.

As the majority of the institutional investors are pension funds which invest employee contributions into several investment portfolios including the capital markets, the investments of these funds would be susceptible to fraud and other criminal activities without the Commission being present.

Thus, in order to effectively undertake its investor protection mandate over the savings or investments earlier highlighted, the Commission requires issuers to make prompt and full disclosure of non-public price-sensitive information by a company's directors to the general public which disclosures enable investors and the general public to make informed decisions. With the large pool of savings subject to which the Commission exercises its regulatory investor protection mandate, the Commission's importance or relevance cannot be overemphasised as the savings could be lost, eroded or misapplied without the Commission's oversight function. This would have an adverse impact on financial market confidence as well as the capacity of the capital markets to play the important function of savings mobilization.

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 2021 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:

1. increase the capital market investor base from 140,000 to 123,326 by December 2021;
2. complete the issuance of ten Rules and Regulations by December 2021;
3. issue the Venture Capital (VC) and Exchange Traded Funds (ETFs) Guidelines by the end of June 2021;
4. address and resolve 70% of complaints received in 2021; and
5. enhance revenue mobilisation by achieving targets set in the 2021 budget (i.e. K25 million).

The implementation of some of these performance indicators was adversely affected by factors including limited human resource and the COVID-19 pandemic that prevented physical consultative meetings from being convened to consult the market on the draft laws. However, the Commission was able to see the number of investors increase by over 120,000 and was able to complete the stakeholder consultative process, which is the most critical part of the law review process.

The draft laws including the regulatory impact assessment prepared as required under the Business Regulatory Act, No. 3 of 2014 were ready for submission to the Business Regulatory Agency post the reporting period. Additionally, the extended stakeholder consultations with respect to the Venture Capital and Exchange Traded Funds Guidelines caused by the need to virtually and not physically consult stakeholders entailed that the Guidelines were only finalised post the reporting period. It is anticipated that once the Rules, Regulations and Guidelines come into effect, the capital markets disclosure regime will be more pronounced leading to further enhancements of the Commission's investor protection mandate.

Despite the highlighted challenges, 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



Capital Markets Association of Zambia

The Commission has a very good working relationship with the capital market operators represented by the Capital Markets Association of Zambia (CMAZ) to which each capital market operator is, by law, required to be a member of. The Commission holds regular stakeholder meetings with the market as well as with the public at large through holding of monthly townhall meetings at which topical issues affecting capital markets are presented and discussed. These meetings have been highly interactive and facilitate the exchange of information from the Commission to the relevant stakeholders including the capital market operators.

Immediate and Projected capabilities of the Commission



The Commission has, as one of its strategic objectives, the enhancement of regulatory capacity for the Commission staff. In 2021, the Commission continue to leverage on partnerships with cooperating partners such as Toronto Centre, CISI and IOSCO to undertake training of Commission staff in topical areas including risk-based supervision. The Commission also took advantage of electronic platforms made necessary by the unfolding COVID-19 pandemic to enhance the regulatory capacity of Commission staff with the majority of the staff being trained in fintech and regulatory innovation that was run by the University of Cambridge Judge Business School.

The trainings and capacity building that Commission staff underwent in 2021 have ensured that the Commission is always in tune with current developments in the capital markets space. For instance, the full roll out of the RBS framework that was in its final year of implementation would ensure that the Commission uses the limited resources it has to address the riskiest areas of the market.

Operational Activities

In 2021, like most public institutions, the Securities and Exchange Commission (SEC) was affected by the COVID-19 pandemic. However, despite the adverse effects of the pandemic on the Commission, the Commission was able to execute its dual mandate of market supervision and market development under the ‘new normal’ leveraging on technology and electronic meeting platforms to ensure that the performance of the Commission’s investor protection and market development mandate could continue as seamlessly as possible despite the adverse effects of the pandemic.

In undertaking its investor protection mandate, the Commission ensures that the markets are free, fair and transparent by requiring 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.

DIRECTORATE OF MARKET SUPERVISION AND DEVELOPMENT ANNUAL REPORT - 2021

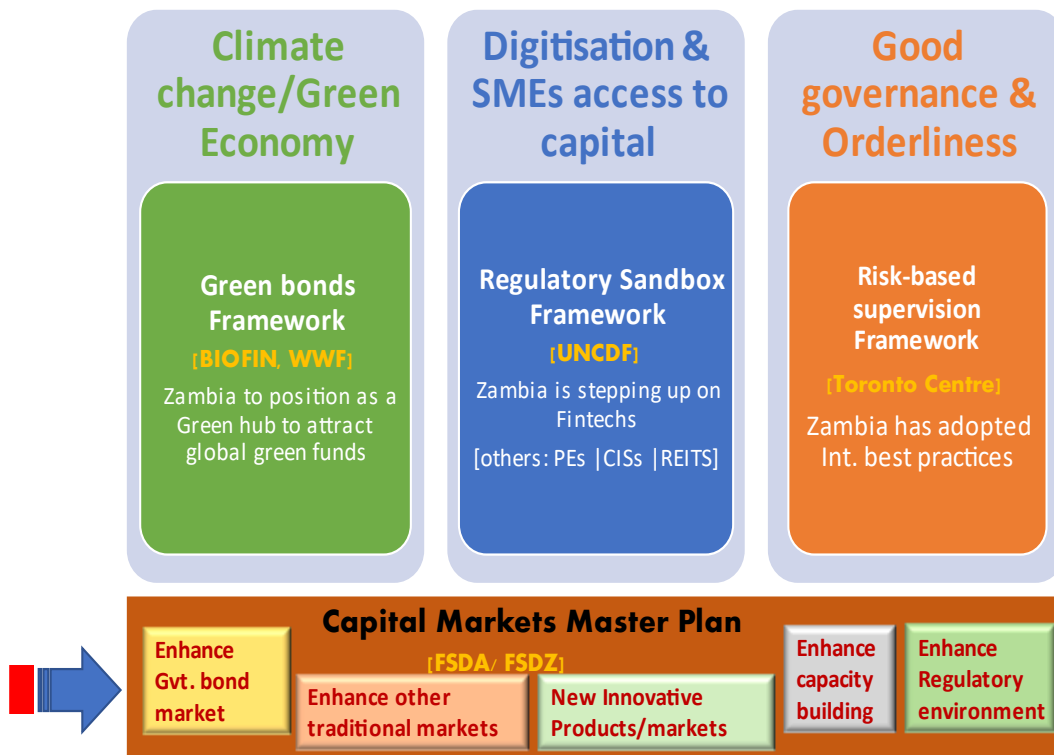
MARKET DEVELOPMENT

The Directorate of Market Supervision and Development (DMSD) had a busy and remarkable 2021. Primarily the directorate continued to champion a number of the Commission’s key strategic initiatives both with regard to the market supervision function specifically and market development generally. Pursuant to the Commission 2018 -2021 Strategic Plan, these initiatives were premised on a clear path aimed to progress beyond key milestones achieved in past years. Among these initiatives are four key projects which include:

1. Capital Markets Master Plan Project
2. Risk-Based Supervision Project
3. Green Bonds & Sustainability Project
4. Regulatory Sandbox Project

With a new Government in place following the August 2021 general elections the Commission found itself to be in good stead owing to the fact that its strategic direction was in line with the broad areas of focus by the new Government. These include: 1) Good Governance 2) Sustainable environments and greening of the Economy 3) Enhancing Digitization and 4) Small and Medium Entities support. It is pleasing to note that the SEC, in collaboration with a number of cooperating partners and market players, were already spearheading key projects that fall within the foregoing focus areas.

Figure 1: Capital Markets Alignment to Key National Agendas



Development of the Capital Markets Master Plan (“CMMP”)

In 2021, we continued to pursue the development of the Capital Markets Master Plan (CMMP), which is poised to serve as the primary roadmap for developing the capital markets over the next ten (10) years. Building on progress made in the previous year, the Commission made notable strides as shared below;

- **CMMP Stakeholders workshop** - we coordinated a multisectoral stakeholders (public and private sector) workshop to adopt the draft CMMP and to solicit a collective consensus on the implementation plan. During the workshop, key submissions were made and incorporated in the draft CMMP document.
- **Ministerial approval of the CMMP** – Following the workshop, we updated the CMMP document and submitted it to the Ministry of Finance and National Planning (“Ministry”) for approval to be considered by Cabinet. In this regard, the draft document was approved by the Honourable Minister of Finance and National Planning, Dr. Situmbeko Musokotwane, MP.

The CMMP Vision

“To reposition the Zambian Capital Markets to become an attractive international destination for long-term investment and be the primary source of long-term capital for Zambia that will enable sustainable growth, development, and stability of the country”.

While the draft CMMP document awaits Cabinet approval (earmarked for Quarter 2 – 2022), we have made good progress on other major projects that align with both the national development goals as well as the CMMP aspirations, especially that it is cross cutting. As such, we have made advancements towards implementing major projects that we believe shall form foundational building blocks for the CMMP development areas which are depicted in **Figure 1** below. These projects include; the Risk-Based Supervision Project, the Green Bonds Project, and the Regulatory Sandbox Project.

Figure 1 – CMMP Development Areas and Building Blocks

Development Area	Building Blocks
<p>① Enhancing the government bond market</p>	<p>Enhance primary market issuance and transparency</p> <p>Develop secondary market trade</p> <p>Develop secondary market post-trade</p>
<p>② Enhancing other traditional security markets</p>	<p>Develop the corporate bond market</p> <p>Enhance the equity market</p> <p>Develop collective investment schemes</p>
<p>③ Development of new and innovative products/markets</p>	<p>Enhance the private equity, debt and venture capital markets</p> <p>Tracking and supporting of capital market developments</p> <p>Developing ETFs, REITs and retail bonds</p> <p>Developing securitisation and mortgage refinancing</p> <p>Developing the market for green bonds</p>
<p>④ Enhancing capacity building across the capital markets</p>	<p>Enhance the capacity among regulators and stakeholders</p> <p>Enhance investor education</p> <p>Develop sustainable funding models across the capital markets</p>
<p>⑤ Enhancing the capital market regulatory environment</p>	<p>Enhance regulation to empower regulatory oversight</p> <p>Enshrine investor protection</p> <p>Develop sound investing and reporting guidelines</p>

At the same time, the Joint CMMP Secretariat (the Ministry and the Commission) continued to liaise over the establishment of a CMMP Secretariat that will be mandated to coordinate the implementation of the Masterplan. Our anchor partners on the Project, the Financial Sector Development Africa (FSDA), have re-affirmed their continued support.

The CMMP launch is envisaged for Quarter One, 2022. Suffice to mention that the Governance approach proposed was to have a multi-sectoral governance structure that would ensure full participation of both private sector and public sector stakeholders.

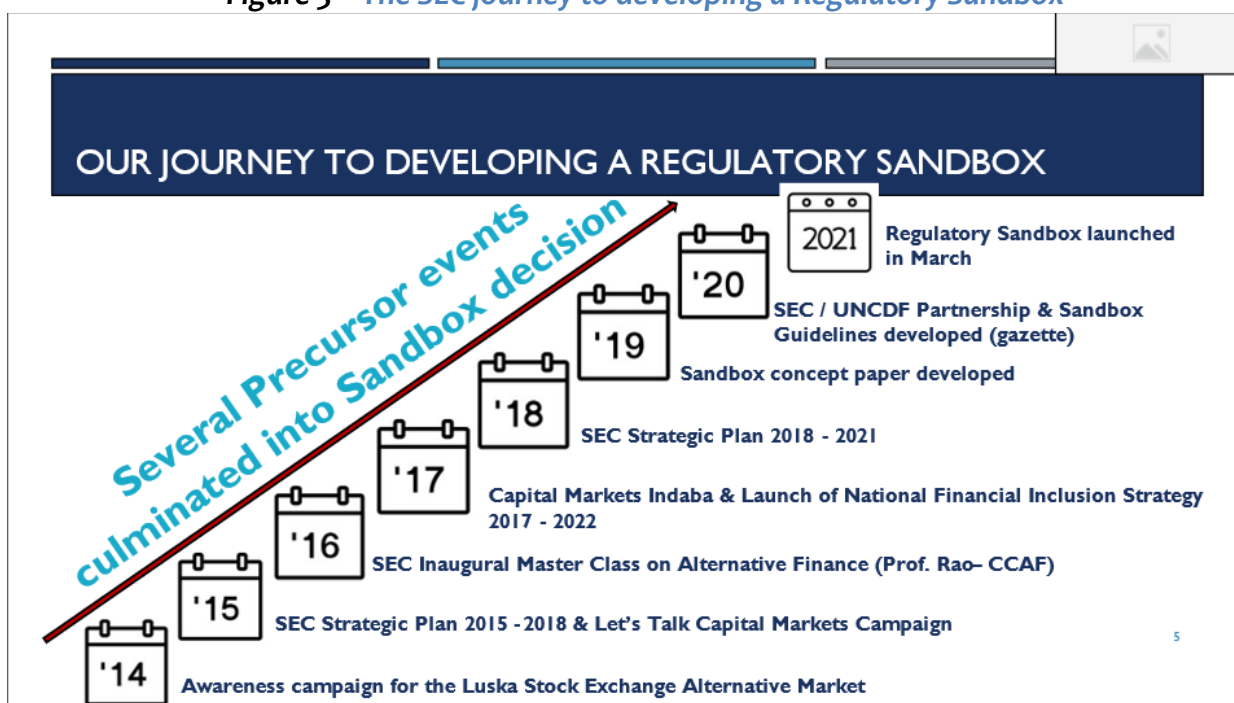
Remarks by Ms. Mutumboi Mundia, Director – Market Supervision & Development
“This first ever master plan for the Zambian capital markets is worth our commitment and dedication as capital markets stakeholders. We have introspected enough and have a fair

understanding of what has worked or not worked in our market. We also have taken stock of our strengths and weaknesses. It is now time to address the challenges with a view of fixing what needs fixing, whilst embracing new ‘normals’ as well as the upsurge in innovations that entail ways of doing things. Indeed, it is an exciting time of our markets’ development trajectory!”

Regulatory Sandbox Framework for Capital Markets – Innovation and Digitisation

The Regulatory Sandbox Framework is a novelty that enables regulators like the SEC to allow the live testing of financial innovations in a safe manner, as well as understand their development and scrutinise their application. The key objective of having such a framework is to embrace innovation while upholding investor protection.

Figure 3 – The SEC journey to developing a Regulatory Sandbox



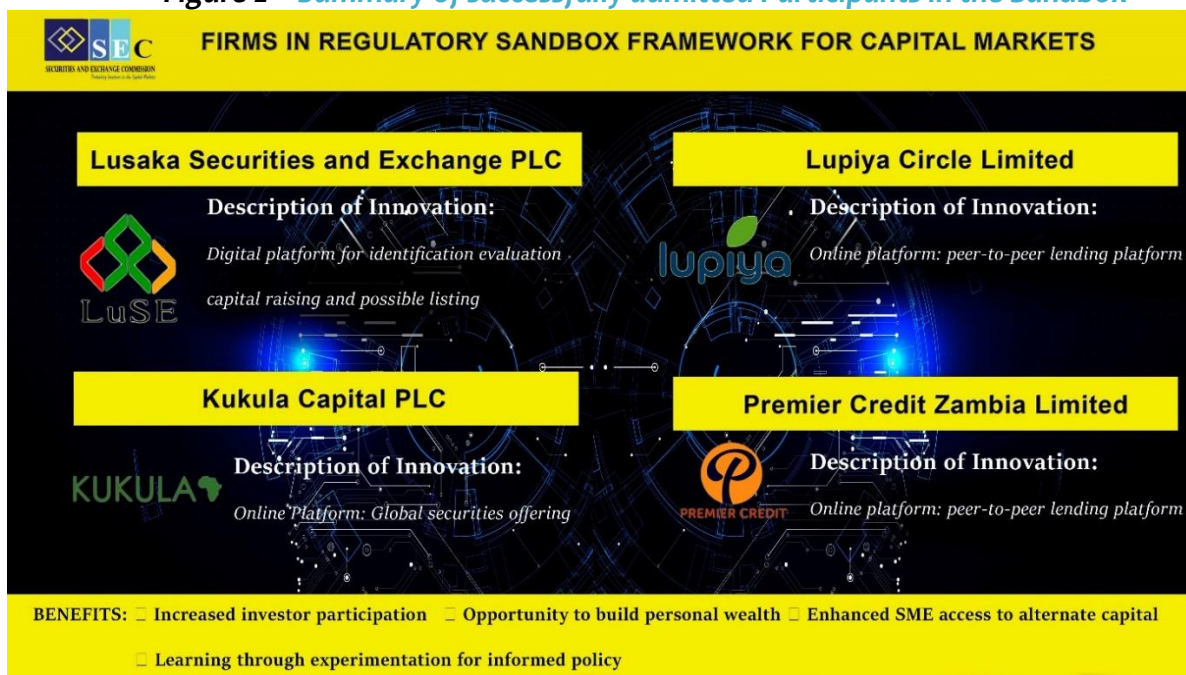
Picture: A group photo taken during the launch of the live Testing phase

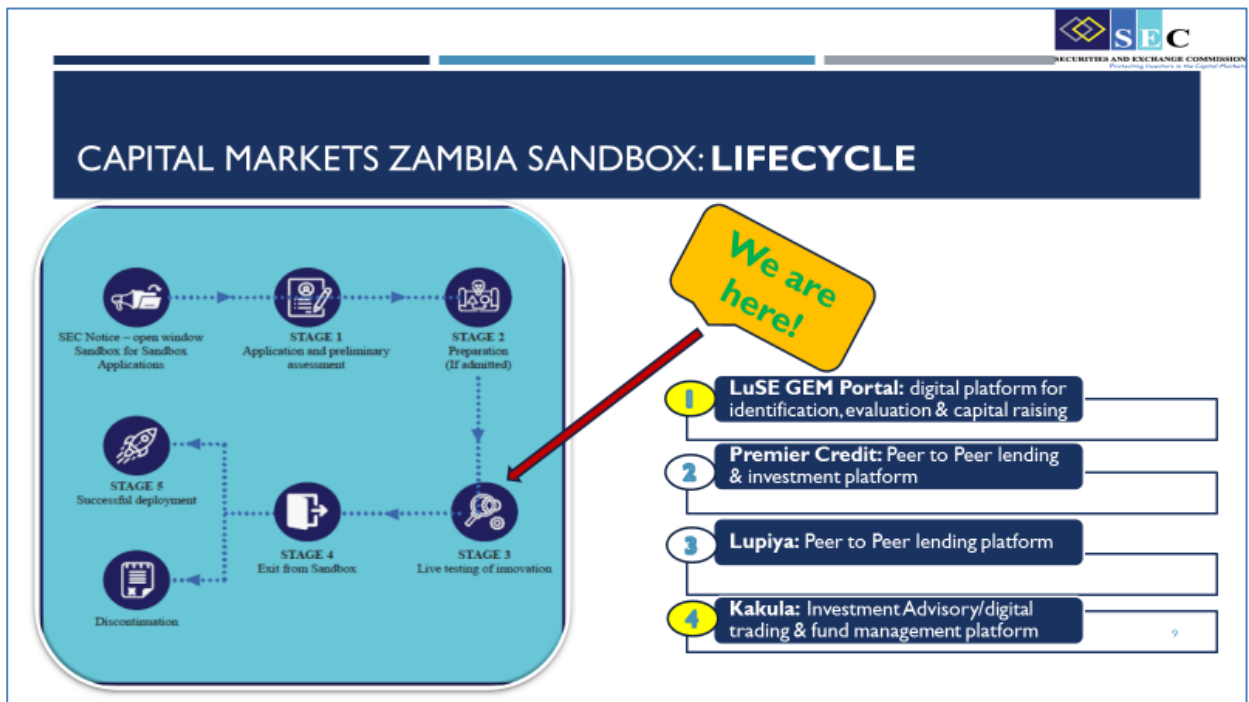
The Regulatory Sandbox (“Sandbox”) Guidelines for Capital Markets were developed and issued in record time within 2020. In 2021, the Commission officially launched the Framework on 17th March 2021 and has since continued to advance efforts in Zambia’s digital economy agenda. Thus, the following milestones were achieved in 2021;

- **Established the Sandbox Technical Committee** – we facilitated the setup of a multi-sectoral committee charged with oversight responsibilities in the Sandbox. The committee comprises of representatives from the SEC, the Bank of Zambia (BoZ), the Pensions and Insurance Authority (PIA), the United Nations Capital Development Fund (UNCDF) and the Capital Markets Association of Zambia (CMAZ). The committee is also supported by resources from the pool of former SEC interns (who also make up a SEC initiative – the Capital Markets Think Tank) and Bongohive Innovation and Technology Hub.

- **Launch of the Sandbox framework on 17th March 2021** – we opened the public window for applications to participate in the first (1st) Sandbox cohort.
- **Successfully admitted 4 participants** – firms admitted in the 1st cohort were as follows; Kukula Capital PLC, Lupiya Circle Ltd, Lusaka Securities Exchange PLC, and Premier Credit Zambia Ltd. More details on their innovations are provided in **Figure 2** below.
- **Launch of Sandbox webinar series** – as part of the preparation phase of the Sandbox, we held weekly webinars with the Sandbox participants covering various Securities Regulations. The objective of the webinars was to help participants acquaint themselves with the Securities Regulations and thus, enable them to be compliant and identify areas that would require regulatory flexibility.
- **Launch of Live Testing Phase** – we held a hybrid event (virtual and physical) to launch the live Testing phase for the four (4) Sandbox innovations at Mulungushi International Conference Centre. The event was graced by the Honourable Minister for Technology and Science, Mr. Felix C. Mutati MP and included some of the following highlights:
 - ✓ Sharing of the SEC journey to developing a Sandbox
 - ✓ Presentations on insights concerning the Sandbox innovations
 - ✓ A keynote address by the Honourable Minister, Mr. Felix Mutati,
 - ✓ A signing ceremony of certificates of collaboration between the SEC and two innovation hub partners namely: BongoHive Technology and Innovation Hub and Zanaco Innovation Lab.

Figure 2 – Summary of successfully admitted Participants in the Sandbox





- **Regulatory navigation for Zambian Fintechs** – The SEC alongside other regulatory partners namely BoZ, PIA and Zambia Information and Communications Technology Authority collaborated with the UNCDF to develop a Regulatory Playbook for Zambian Fintechs (“Playbook”). The Playbook is targeted at Zambian Fintechs with the aim of simplifying and demystifying the regulatory navigation process and as such outlines Zambia’s current regulatory environment and highlights pertinent issues that Fintechs must be aware of as they seek to operate in the Zambian market.

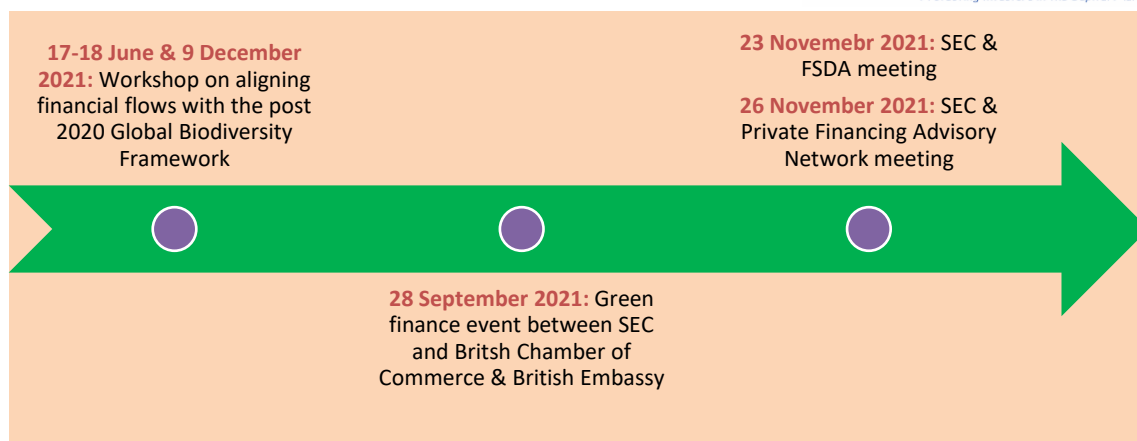
- **Exposure and Peer exchange visit** – the SEC participated in a UNCDF organised exposure and peer exchange visit to Ghana. The objective of the programme was to learn how digital financial services can better be delivered to underserved and unserved people, enabling for example digital payments for utilities and other critical products and services.

Green Bonds Projects and other greening efforts

To advance the readiness in the agenda of greening the economy, the SEC engaged the Honourable Minister of Green Economy and Environment, Mr. Collins Nzovu MP., who assured the Ministry’s support of the Commission’s vision to position Zambia as an international green investments’ hub. The Green Bonds Guidelines provide the necessary infrastructure for which the SEC has provided a platform through new or existing projects to raise funding to finance projects that generate climate or other environmental benefits that conform to green guidelines and standards. It is envisaged that these bonds will help cushion the financial burden on the part of government to finance for biodiversity related projects. The issuers of these bonds will include but not restricted to stakeholders from the Manufacturing, Agriculture, Mining, Banking and other applicable sectors of the economy.



In efforts to pursue Zambia’s debut green bonds issuance, the SEC, in collaboration with the Capital Markets Association of Zambia (CMAZ), the United Nations Biodiversity Finance Initiative (BIOFIN) and the Worldwide Fund for Nature (WWF), held several stakeholder engagements including a meeting with members of the British Chamber of Commerce and British Embassy officiated by the Hon. Minister of Green Economy & Environment.



Another development on the front of greening efforts is the joint effort as financial sector regulators in the creation of a mainstreaming green finance working group. The working group comprising of representatives from the SEC, the BoZ and the PIA is mandated to spearhead a coordinated approach to mainstreaming green finance in the Zambia financial sector. BIOFIN is providing technical assistance to the working group and was recently joined by Commonwealth & Development Office (FCDO). Key workstreams include the following:

Working Group Workstreams:	Capital Markets - <i>Green bonds venture capital</i>	Banking - <i>Retail finance Commercial Finance</i>	Pensions & Insurance- <i>Institutional Investments</i>
Cross Cutting Issues	<ul style="list-style-type: none"> • International standards and frameworks: Integrate international frameworks for financial sector into regulations by considering any of the following - IOSCO, AFI, Basel Network on greening the financial system • Drafting Taskforce: development of disclosure regimes (policies & frameworks) for green finance and sustainability for operators in the Zambian Financial Market • Biodiversity and Climate related financial risks: Promote the development of effective supervisory practices in order to mitigate biodiversity loss (physical risks) and climate-related financial risks • Zambia’s green growth strategies: identify the role of the financial sector in contributing to Zambia’s green growth strategies and integrate in the National Financial Inclusion Strategy (NFIS) • Green Finance Investments, Resource Mobilization and Financing: help mobilize private sector and bilateral and multilateral investments to meet Zambia’s green growth strategies • Green finance products: support the development of green finance products to maximize opportunities for Zambian businesses in this rapidly growing area. • MSME agenda: enabling frameworks for business support aimed at connecting micro, small and medium scale, local projects to sources of finance • International agenda: help positioning Zambia (through various initiatives) as a desired destination of green investments 		

Initial focus will include the following four (4) key projects: i) Green bonds ii) Green finance policy on disclosure regime iii) Green Loans Guidelines and iv) Green tagging

Financial Inclusion

As a co-implementor of the National Financial Inclusion Strategy (NFIS), the SEC continued to promote financial inclusion in our capital markets. Below were the key highlights concerning financial inclusion in 2021;

- **Workshop on State of the Digital Economy** – The Commission participated in a data collection workshop on the state of the inclusive digital economy in Zambia using a tool known as the Inclusive Digital Economy Scorecard (IDES). The IDES is a policy tool used by Governments in helping them set priorities for their country’s digital transformation. Therefore, it is envisaged that the IDES shall help Zambia identify the key market constraints hindering the development of an inclusive digital economy and help set the right priorities with public and private stakeholders to foster a digital economy and financial inclusion that leaves no one behind. This exercise was a key step towards developing a Digital Transformation Policy and Strategy for Zambia.
- **Review of the NFIS** – The Ministry of Finance and National Planning initiated plans to conduct a review of the NFIS to track progress made. As such, the SEC, alongside the BoZ and the PIA was co-opted to participate in the review process which would be concluded in 2022.

Capacity Building

Capacity Building – Partnership with the Cambridge Centre for Alternative Finance



As part of our operational preparedness for the implementation of the Sandbox, we partnered with the University of Cambridge’s Centre for Alternative Finance (“CCAF”) who facilitated a scholarship for SEC staff in their prestigious capacity building programme for regulators known as the Cambridge Fintech and

Regulatory Innovation (“CFTRI”), an eight-week long online programme designed for global executives, financial regulators, and policy makers. SEC staff benefitted from the good insights concerning issues around Fintech regulation and innovation, regulatory sandboxes and innovation offices, regulatory technology, regulatory reform, and international cooperation (among other things).

Capacity Building – Toronto Centre Virtual International Leadership Program for Securities Regulators and Supervisors

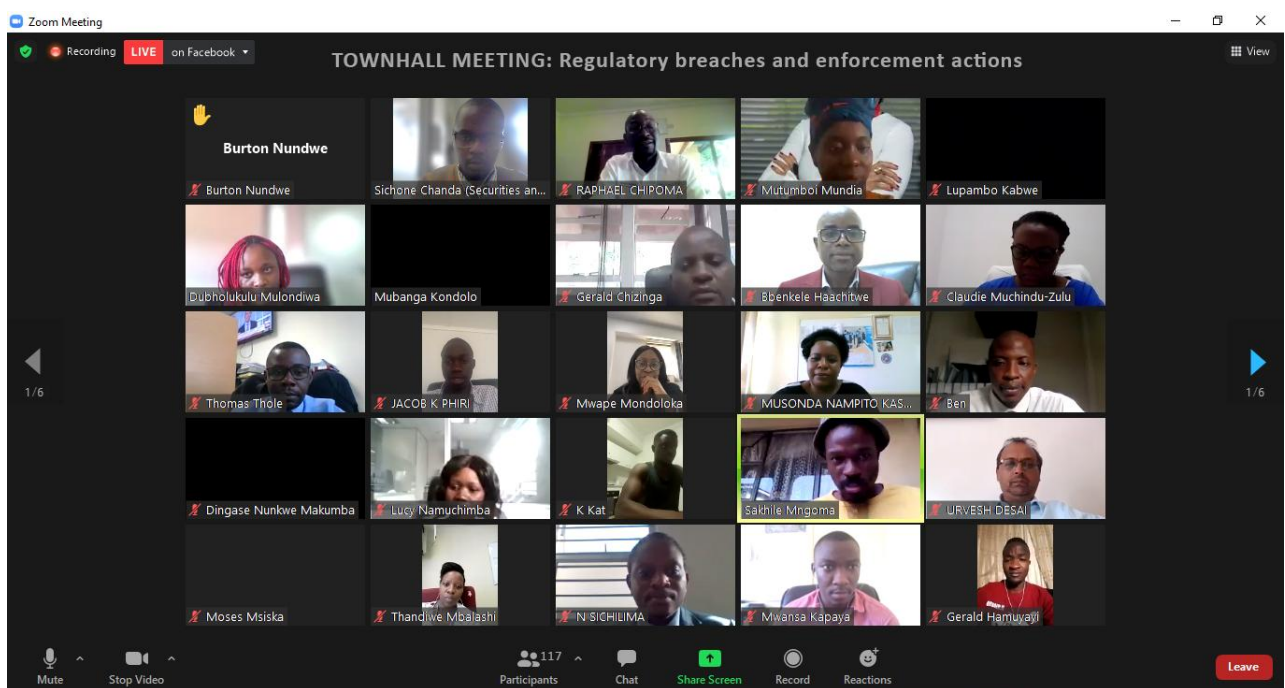


The SEC participated in a Toronto Centre Virtual International Program for Securities Regulators and Supervisors dubbed “**the Securities Regulators and Supervisors’** Evolution and Adaptation to a New Environment”. The program was designed to assist participants on how to balance and manage urgent challenges such as the Covid-19 pandemic and pre-existing challenges such as climate change and cyber security. Therefore, participants equipped on to better evolve and adapt while pursuing mandates for financial stability.

The programme was attended by regulators from various jurisdictions, namely, Bangladesh, Barbados, Cambodia, Cayman Islands, Colombia, Costa Rica, El Salvador, Jamaica, Kenya, Malawi, Malaysia, Namibia, Nigeria, Peru, South Africa, Trinidad and Tobago and Zambia. This presented a good platform for networking and peer-peer knowledge exchange.

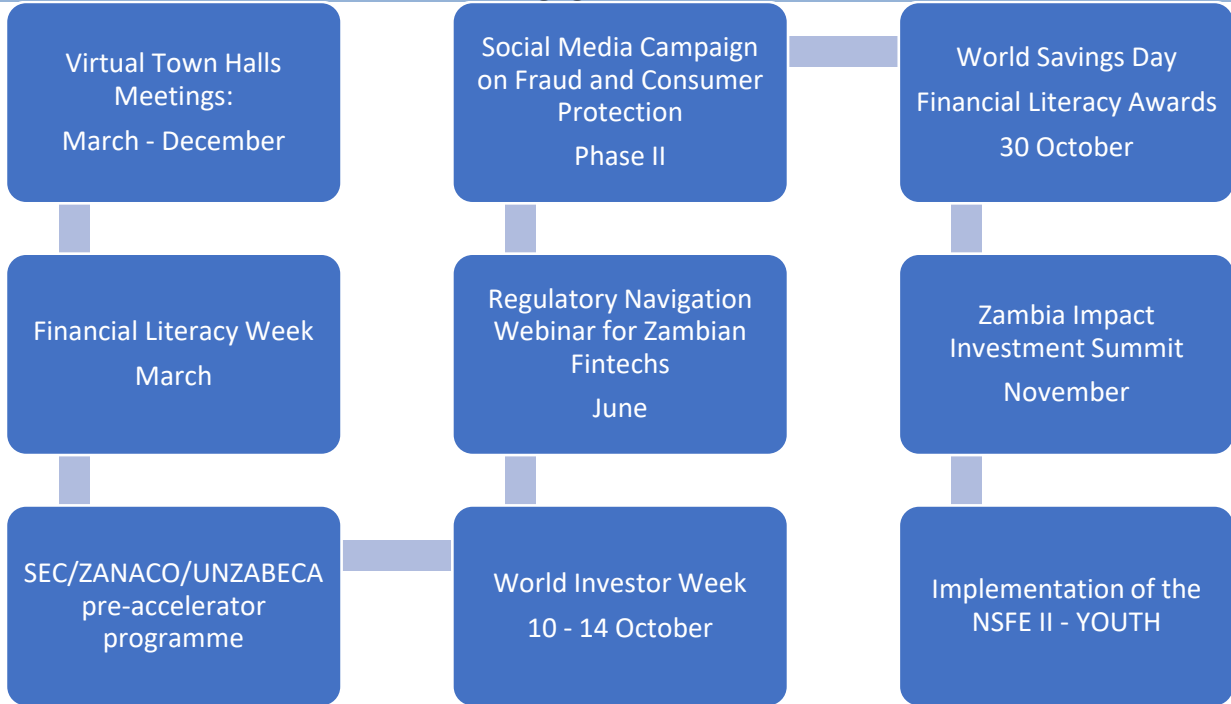
Awareness and Education: Town Hall Meetings

As part of our efforts to increase the SEC’s visibility in 2021, the Market Development Team launched the Virtual Town Hall meetings which focus on raising awareness about the benefits and opportunities in the Capital Markets. To promote the growth of capital markets, it is envisaged that the issuing and investing publics need to understand how the capital markets function and thus be able to make informed decisions.



The Town Hall meetings provide the Commission, with an opportunity to get immediate feedback from the stakeholders on the forum.

A Snapshot of Market Development Engagements undertaken in 2021



In pictures



E-flyers used to market the Town Halls

Regulatory Navigation Webinar for Zambian FinTechs

8th June 2021



Vanessa Chawula, ZICTA



Muuka Madubeko, Bank of Zambia



Chisanga Mkasanga, Zanaco



Benson Mwileli, SEC



Regulatory Navigation webinar for Zambian Fintechs



A photo taken during a Digital Economy exposure and peer exchange in Ghana

RESILIENT AND INCLUSIVE FINANCIAL SERVICES DELIVERY DURING COVID-19



A SURVEY OF FINANCIAL SUPERVISORS AND FINANCIAL SERVICES PROVIDERS IN RWANDA, SIERRA LEONE, AND ZAMBIA

THURSDAY, DECEMBER 2, 2021 3:00 PM - 4:00 PM CAT, 8:00 AM - 9:00 AM EST

Join our upcoming webinar where the authors of *Resilient and Inclusive Financial Services Delivery During COVID-19* will discuss their perspectives and insights. They will share their views and recommendations about the impact of the pandemic on financial services delivery in Rwanda, Sierra Leone and Zambia, and the implications for financial sector risks and financial inclusion.



National Advisory Board for Impact Investment Zambia

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A good regulatory and policy environment is crucial to increasing [#impact](#) [#investment](#) capital to a country. Join Sharon Sakuwaha from Moira Mukuka Legal Practitioners, Mutumboi Mundia from Securities and Exchange Commission, Stephen Macharia from FSD Africa Investments, Naomi Moyo-Fulaza from Competition and Consumer Protection Commission and Mafipe Chunga from KPMG at [#ZIIS2021](#) discuss the state of regulation and policy in [#Zambia's](#) [#financial](#) sector and how it can be developed further to attract more capital for impact.

Register for this today by visiting the following link bit.ly/ziis2021.

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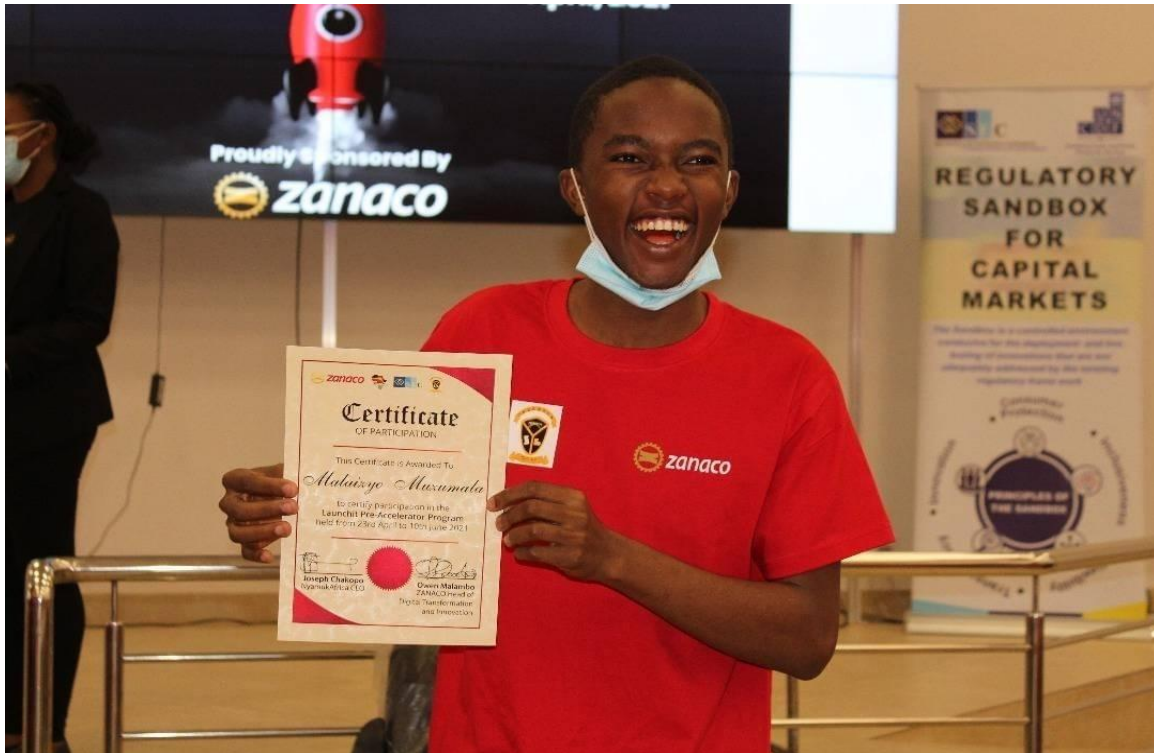


ZAMBIA IMPACT HYBRID 2021 INVESTMENT SUMMIT
 Building a Sustainable, Inclusive and Green Recovery

FORUM
 Reshaping Financial Markets: How Can Regulations Promote Impact Investment?
 30 November 2021 | www.bit.ly/ziis2021

Moderator	Speakers			
				
Mafipe Chunga Associate Director KPMG	Sharon Sakuwaha Partner Moira Mukuka Legal Practitioners	Mutumboi Mundia Director - Market Supervision and Development Securities and Exchange Commission	Stephen Macharia Investment Manager FSD Africa Investments	Naomi Moyo-Fulaza Director - Restrictive Business Practices Competition and Consumer Protection Commission

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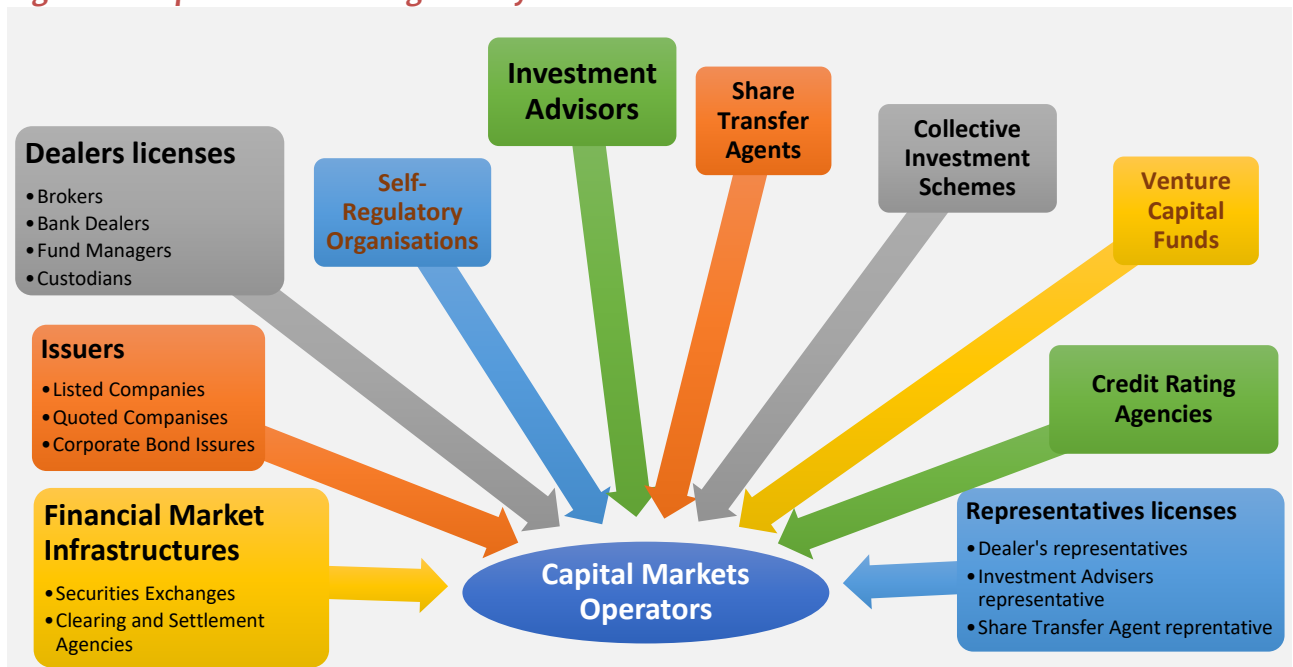
A participating student in the UNZABECA Pre-accelerator programme

MARKET SUPERVISION

Universe of Capital Markets Operators

The Commission is responsible for the regulation of the following categories of market players by virtue of them being licensed, authorised, recognised by or having their securities registered by the Commission.

Figure 2: Capital Markets regulatory universe



As of 31st December 2021, there were **207** licensees, **45** Issuers of registered securities, **10** authorised local Collective Investment Schemes, **25** authorised Foreign Collective Investment Schemes and **One (1)** recognised Self Regulatory Organisation.

Issuers comprise of **23** Listed companies, **13** Quoted companies and **9** Corporate Debt Issuers. A breakdown of licensees by license type is provided under the section for licensing below, while details of authorised collective investment schemes are discussed under the CIS section.

Supervisory Tools

The Commission approved its Risk Based Supervision (“RBS”) Policy on 14th June 2021. Approval of the RBS Policy is part of the Commission’s project to migrate the Zambian Capital markets from a compliance based supervisory approach to an approach that focusses on risk. In line with the RBS Policy, the Commission has also developed an RBS Framework which will enable the Commission to apply a consistent supervisory approach that takes into account the unique aspects of different types of CMOs and the unique aspects of their business models. The RBS Framework is aligned to the International Organisation for Securities Commissions (“IOSCO”) objectives of securities regulation which are:

- protecting investors;
- ensuring that markets are fair, efficient and transparent;
- reducing systemic risk.

Figure 2: List of SEC supervisory tools



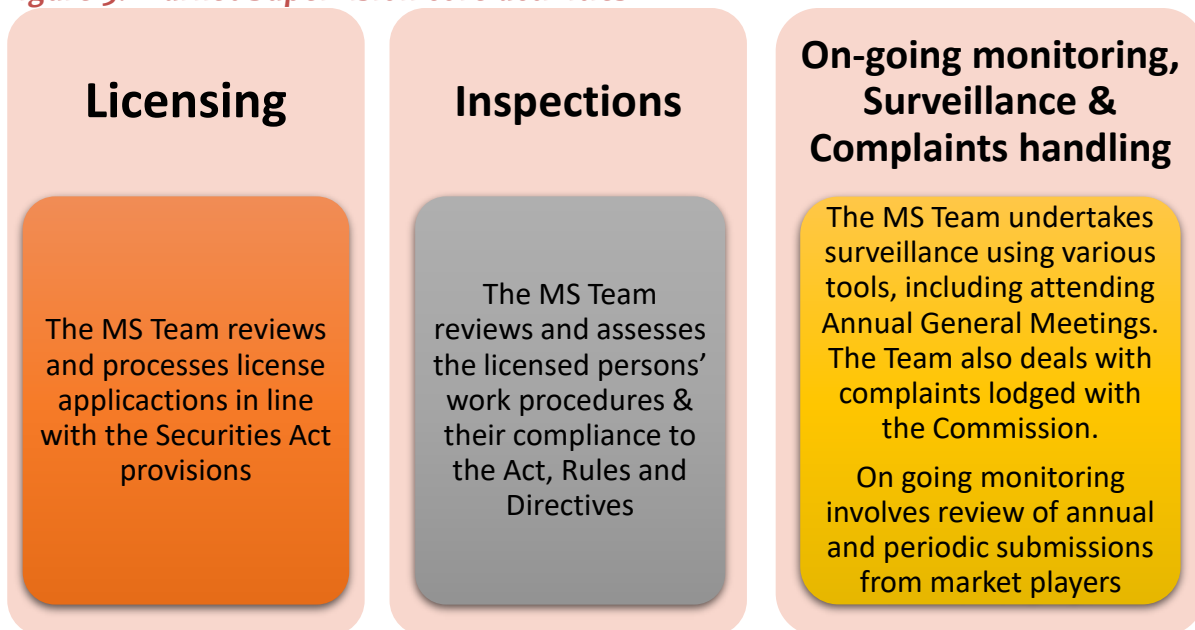
The Commission undertakes its supervisory functions using a number of supervisory tools as follows:

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 or financial market infrastructures must be authorized and licensed as securities exchanges or clearing and settlement agencies 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, Venture Capital Funds and other investment vehicles must be authorized by the Commission. Parties to these investment schemes must be authorised by the Commission

Market Supervision encompasses the three main functions of licensing, inspections and surveillance and complaints handling as highlighted in the following table:

Figure 3: Market Supervision core activities



Capital markets players are required to submit to the Commission monthly, quarterly and yearly returns. For example,

- All capital markets operators are required to submit audited financial statements;
- Dealers and Investment advisers are required to submit a separate auditors report addressed to the Commission and management confirmation of compliance;
- All dealers are required to submit Monthly Capital Adequacy Reports;
- Fund managers are required to submit monthly and quarterly returns; and
- Issuers are required since 2019 to submit a Gap Analysis Report and other reports under the Internal Controls Over Financial Reporting Framework.

These reports are used by the Commission for offsite monitoring as well as for planning on-site inspections of capital markets operators.

Licensing

Licensing acts as the entry point into the Zambian capital markets for persons seeking to undertake activities that require a SEC license. The Commission's licensing processes seeks to apply a risk-based approach that takes into account requirements of the Act, SEC RBS Policy and the need to encourage market development by ensuring the licensing process does not form an entry barrier for entities wishing to enter capital markets.

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.

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.

Licences in issue as at 31st December 2021

The Commission issued **37** licenses in the year to December 2021 bringing the total number of licenses to **207**. As of 31st December 2020, there were **207** licenses in issue. The movement in the number of licensees by category for the year ending 31st December 2021, is provided in the table below:

Table 1: Movement in number licensees

LICENSE NUMBERS	At January 2021	Issued during the year	Cancelled, revoked or surrendered during the year	At December 2021
Dealer's License	27	5	-	32
Dealer's Representative License	117	25	(4)	138
Investment Advisor's ("IA") License	9	3	-	12
IA's Representative License	20	3	(1)	22
Securities Exchange License	2	-	-	2
Credit Rating Agency Licenses	-	1	-	1
Total	175	37	(5)	207

The Commission rejected **Two (2)** license applications on grounds that the applicants were not fit and proper persons to operate in the Zambian capital markets.

Inspections

In 2021, inspections were undertaken as part of the pilots under the Risk Based Supervision Project. The Commission concluded inspections on two (2) market players and two (2) thematic reviews of Fund Managers and Investment Advisers. The Commission has incorporated the results from the pilots were incorporated in the final RBS Policy and RBS Frameworks approved in June 2021. Feed back from the pilot candidates has been incorporated in the Commission’s RBS Rollout plan which will be implemented from January, 2022.

Surveillance and Complaints Handling

Market Surveillance

Market surveillance includes various activities such as monitoring trade operations on licensed exchanges using daily analysis of market trades, reviewing periodic reports, investigating anomalies and other activities. It also involves analysing information gathered through complaints, social, electronic and print media, among others. Surveillance activities also includes the Commission attending in an observer capacity Annual General Meetings (“AGMs”) for listed entities and local CISs. The goal is to ensure that there are no market malpractices are being perpetrated in the capital markets to address regulatory breaches and provide the necessary protection to investors.

The Commission made the following observations with regards to AGMs held during the year:

- **Attendance:** Following the covid 19 restrictions, AGMs were held either physically (with adherence to covid guidelines), virtually or in most cases a combination of both. Most issuers were able to navigate through the covid-19 disruptions to ensure that they held their AGMs.
- **Investor Participation:** The adoption of the combination of physical and virtual meetings, saw the increased participation for shareholders residing outside Lusaka. Most of the AGMs were engaging and it appears that most investors seemed well involved in the monitoring of the performance of the companies in which they have invested.

Complaints:

In 2021, Market Supervision received 19 complaints. 13 complaints (68%) were closed within DMSD and while nine (9) were referred to DELS. The table below shows a summary of complaints that were handled by DMSD during the year 2021:

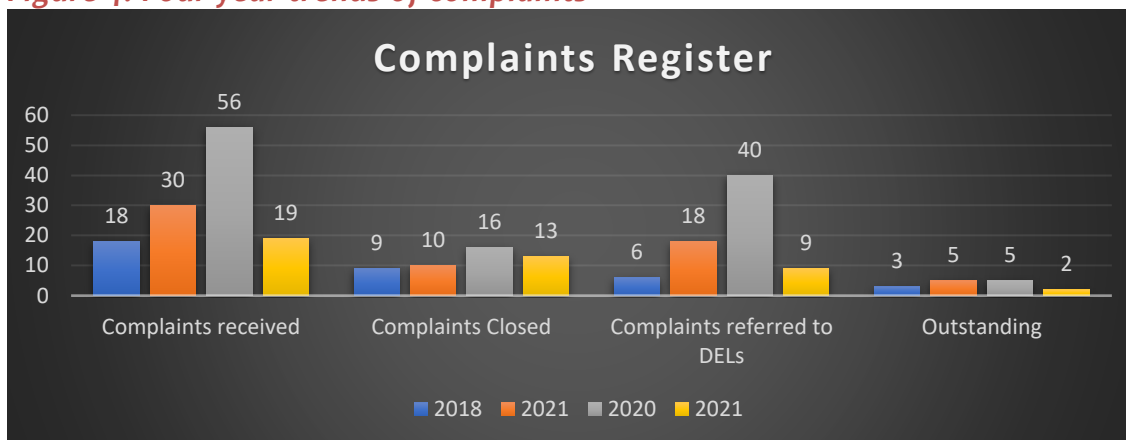
Table 2: Status of complaints handling at 31st December, 2021

As at 31 st December 2021		As at 31 st December 2021
Complaints brought forward as at Jan ‘21	a	5
New complaints received	b	19
Total Complaints	a+b=c	24
Complaints referred to DELS	d	(9)

Total Complaints not referred to DELS	c-d=e	15
Complaints closed in DMSD	f	(13)
Number of active complaints	e-f=g	2
DMSD complaint closure rate	f/e	87%

Below is a four-year trend of complaints received by the Commission and their status.

Figure 4: Four year trends of complaints



There was a 66% decline in the number of complaints received from 2020 to 2021. The chart below shows which companies were complained against and the nature of complaints received.

Table 3: Analysis of complaints received by type

Type of complaint	Number of complaints received	As % of total number of complaints received
Late/Non-payment of investment maturities/sales proceeds	7	37%
Missing Shares	4	21%
Failure to provide contract notes and account statement	2	11%
Non sale of shares	2	11%
Non-payment of dividends	2	11%
Suspected Ponzi scheme	1	5%
Tracking wrongful deduction	1	5%

53% of the complaints received in 2021 were against Madison Asset Management Limited (32%) and Laurence Paul Investment Services Limited (21%) relating to non-payment of redemptions and investment maturities. These make up 77% of complaints referred to DELS for 2021.

Collective Investment Schemes

Collective Investment Schemes (CISs) remain a prime area of focus for market supervision as this is a product that is best suited to promote financial inclusion among Zambians. Secondly, the CIS space has seen significant growth over the past five years with Assets Under

Management (“AUM”) increasing year on year. Below is a snapshot of the CIS industry at December 2021.

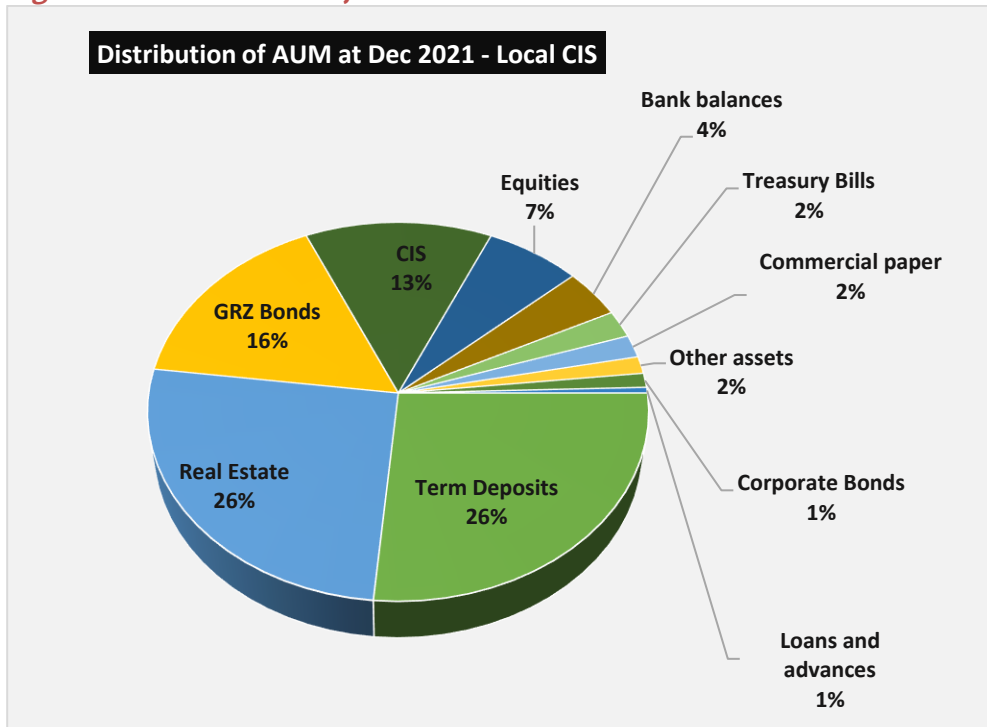
Figure 5: Snapshot of the Collective Investment Schemes



This growth in assets under management for local CISs was largely driven by growth in contributions by investors driven by marketing activities by fund managers. The sector reached a significant milestone of K1 Billion in assets under management in June 2021.

The number of local authorised CISs remained at Ten (10). In terms of deployment of AUM, 68% of the local CIS AUM were invested in Real Estate, Term Deposits and GRZ Bonds (Refer to Figure below).

Figure 6: Distribution of AUM at Dec 2021



Risk-Based Supervision

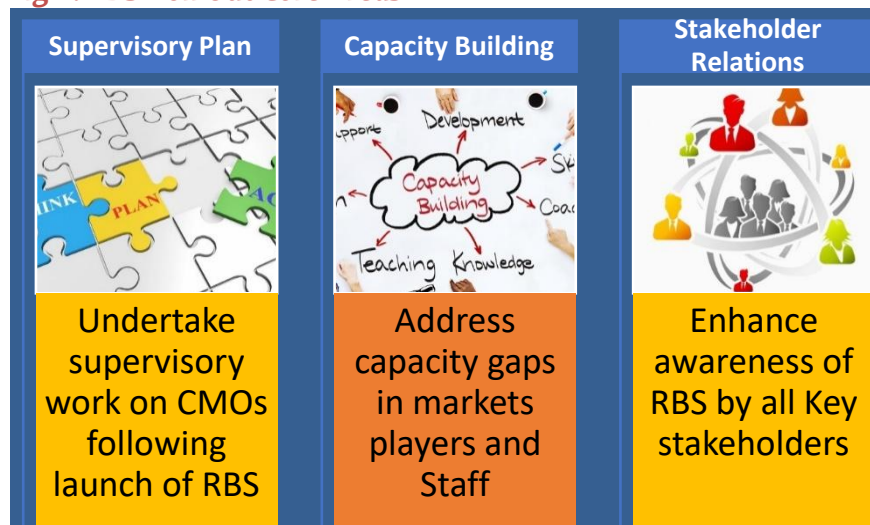
The implementation of Risk Based Supervision in partnership with the Toronto Centre of Canada Long-Term Country Engagement (LTCE) reached an advanced stage in 2021. A component of the RBS implementation relates to process which require the Commission to determine an optimal organisational structure and align its supervisory processes in a manner that will facilitate the efficient application of RBS in the Zambian Capital Markets. The Commission has achieved various milestones under the project as follows:

Table 6: Status of RBS activities earmarked for 2021

1.	Approval of RBS Policy by the SEC Board Approval of RBS Framework by SEC CEO	Both documents were approved in June 2021
2.	Development of small firms strategy	Developed & concluded in Q4 2021
3.	Develop & implement Communications Strategy	Implemented in Q2 to Q4 of 2021. Extended to 2022 as RBS is being rolled out
4.	Re-engineering supervisory processes	Work in progress - activity was deferred pending finalisation of the SEC Strategic plan for 2021 to 2026 and revised Organisation Structure
5.	Finalise implementation Plan (Q4 2021)	Draft workplan developed and key elements discussed in detail below.

In 2022, the Commission will focus on launching RBS with a view to rolling it out fully to all Capital Markets Operators over next 5 years. The launch is scheduled for April 2022. Based on the Draft RBS Rollout Plan, the Commission will focus on three core areas:

Fig 8: RBS Roll Out Core Areas

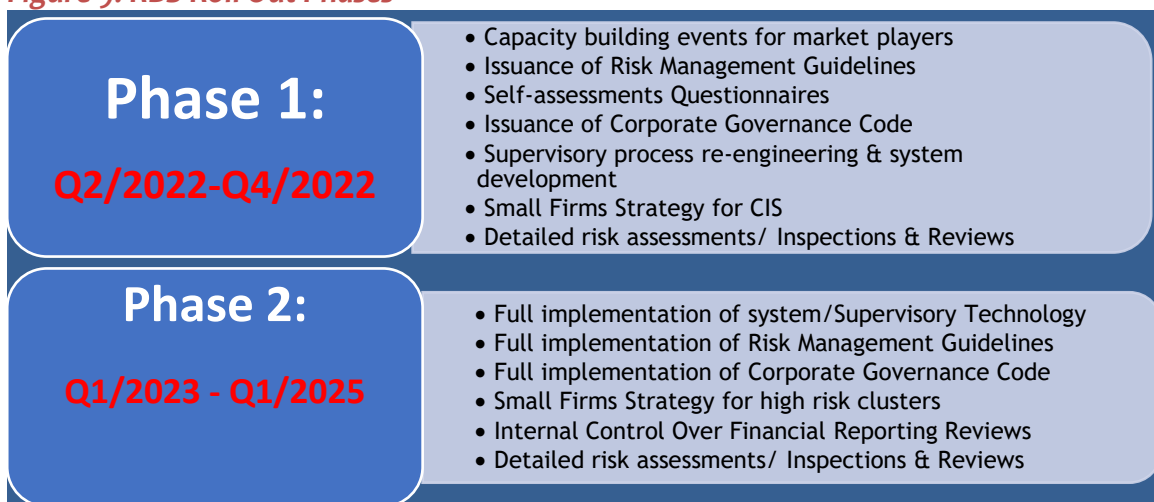


The roll out will be done in two phases with Phase 1 focusing on undertaking a self-assessment of all capital markets operators whilst enhancing capacity through various planned awareness/training programmes. As part of Phase 1, the Commission will issue the Risk Management Guidelines (“RMG”) and the Corporate Governance Code (“CGC”). These documents are fundamental for the successfully implementation of RBS

as they provide the minimum expected standards for Capital Markets Operators in Zambia.

In Phase 2, the Commission will seek to fully implement the RBS Model and thus capital markets operators would need to adhere with the requirements of the RMG and CGC. It will be crucial for the Commission to ensure procurement of key supervisory technology and efforts are currently on-going to secure a system.

Figure 9: RBS Roll Out Phases



The successful roll out of the RBS Framework is highly dependent on the Commission having implemented an optimal organizational structure and recruitments across all levels in the short and medium terms. Table 1 below sets out a summary of planned activities for 2022

Table 11: Key activities for rolling out RBS to capital markets in 2022

#	Key deliverables/activities planned for 2022
1.	Development of RBS Rollout Plan - Q2 2022
2.	Development and roll out of Self-Assessment Templates & Returns for market players (to be gazette) Q2 - Q3 2022
3.	Development and issuance of Risk Management Framework ("RMGs") Q4 2022
4.	RBS Launch in Zambian Capital Markets - April 2022
5.	Development and issuance of Corporate Governance Guidelines ("CGC") Q1 - Q3 2022
6.	Development of a Small Firms Strategy for Collective Investment Schemes - Q3 - Q4 2022
7.	Supervisory process re-engineering Q2 - Q3 2022

ENFORCEMENT AND LEGAL SERVICES

Although 2021 was a challenging year for the Commission and the Directorate of Enforcement and Legal Services (DELS) in particular with Covid-19 and internal resource constraints, the directorate has been able to find solutions that have helped navigate the challenging period which may best be described as a period of crisis. DELS still played its role in protecting the interests of investors by undertaking enforcement action to create a good environment to foster the participation and growth of the Capital Markets.

DELS also managed to maintain relations with other law enforcement agencies such as the Zambia Police and the Drug Enforcement Commission which have been instrumental in helping the Commission to undertake investigations especially in cases where such investigations border on conduct with an element of criminality. DELS has further sought to explore ways to improve such relations to ensure that it continues benefiting from its association with these law enforcement agencies.

DELS Functions

One of the fundamental components of an effective securities regulator is the ability to undertake enforcement of securities law breaches. DELS plays this important function and thus oversees the Commission's investigations, litigation and legal and regulatory compliance in the implementation of the Commission's investor protection mandate. Additionally, the Directorate is also responsible for the provision of legal opinions and advice, performing the Commission's corporate secretarial functions as well as undertaking legal and legislative reform through the review and drafting of Bills and Acts of Parliament, Rules and Regulations as well as other policy and regulatory documents such as Guidelines, Circulars and Directives.

Thus, the Commission, through DELS, is responsible for enforcing the Securities regulatory framework as prescribed by the Securities Act, No. 41 of 2016 (Act) and the Rules and Regulations made thereunder. DELS is responsible, *inter alia*, for ensuring legal and regulatory compliance by capital market operators, identifying and recommending law reform and development of the regulatory framework, and providing corporate legal advisory and Board secretarial services.

The core functions of DELS are divided between litigation, investigation and enforcement. DELS undertakes litigation on behalf of the Commission in all courts and Tribunals and investigates alleged violations of the securities regulatory framework to ensure the growth of an orderly capital Markets and to further safeguard the interests of persons who invest in securities in order to guard against illegal and improper practices as provided under the Act and regulations or rules made thereunder. This function has become more pronounced in 2021 with the operationalisation of the Capital Markets Tribunal in which the Commission is defending over eight matters in which capital markets players have appealed against the Commission's decisions.

Enforcement and legal actions taken

Since the enactment of the Act, the Commission has continued to enforce the provisions of the Act against defaulting capital market operators. Depending on the circumstances of each case, the enforcement actions taken have ranged from private censures for minor infractions to

imposition of fines, revocation of licenses or taking supervisory action under section 11(4) of the Act for serious breaches of the regulatory framework.

During the period under review, the Commission continued its supervisory possession of two major Capital Market Operators in its quest to safeguard the interests of investors and ensure compliance with the Act. The Commission also revoked the licenses of two individuals that were considered not to be fit and proper persons to hold dealer's representative licenses. Additionally, to ensure compliance with the regulatory framework and deter would be offenders, the Commission imposed administrative penalties that consisted of private censures and imposition of administrative fines on capital market operators that breached its regulatory framework.

In the first quarter of 2021 DELS had 29 active investigations and presented 7 new matters for enforcement action on issues ranging from the revocation of the grant of approval for appointment of an independent board member of a capital market operator who was subsequently found not to be fit and proper; the approval of the appointment of board of directors of a capital markets operator; and the imposition of a directive and administrative fines against persons for failure/neglect to comply with the securities regulatory framework. There was a revocation of dealer's representative licence for persons deemed not to be fit and improper to hold a license that issued by the Commission. There was one private censure of a company under section 218 of the securities Act, for its failure/neglect to obtain the Commission's approval before effecting changes to information supplied during the company's application for a licence. Lastly DELS had issued a number of show cause letters in order to afford affected capital market operators an opportunity to be heard in the process of enforcing compliance with additional conditions imposed on dealers' licences.

In the second quarter, DELS recorded thirty (30) matters under enforcement, five (5) matters under investigation, one (1) private censure was issued, two (2) imposed fines and five (5) show cause letters. DELS also commenced two (2) legal proceedings on behalf of the Commission and sixteen (16) matters were presented for enforcement action . The matters involved mainly: failure to advise clients during securities transactions; failure to ensure that clients comply with the Commissions directives pursuant to section 81 of the act; failure to ensure that principals comply with the regulatory framework; failure to conduct business in accordance with securities regulatory framework; failure to comply with duties outlined in section 206 of the act; and failure to follow requirements set out in the Securities (Accounting and Financial Requirements) Rules.

In the third quarter, DELS had twenty (20) matters to take to the committee under enforcement and twenty-four (24) matters that were under investigation. From the twenty-four investigation matters, one (1) investigation was discontinued, two (2) investigations were concluded and three (3) requests were received from foreign securities regulators under the CISNA or IOSCO MMoU. Under enforcement actions to be taken, DELS issued two (2) private censured, four (4) show cause letters and one (1) revocation/surrender of licences. Under Litigation, we had six (6) legal proceedings against the Commission. DELS also made two (2) referrals to law enforcement agencies for further criminal investigations. Some matters that were presented to the committee with managements recommendations on steps to take included, the approval of board of directors, noncompliance with the securities framework and Commission issued

directives, failure to pay annual licencing fees, failure to pay outstanding balances on fines imposed by the Commission, one holding out as a licensed securities exchange when in fact not, breach of rule 28 and 29 of the Securities (Accounting and Financial Requirements) Rules as well as circular No. 1/2019/DMSD and breach of section 76 and 140 of the Act.

In the last quarter of the period under review, there were twenty-two (22) cases under investigation, twenty-three (23) matters that were at enforcement, six (6) active cases against the Commission and sixty-five (65) show cause letters sent out under this quarter. In the quarter some Board resolutions were passed which included: to commence show cause processes against issuers, CMOs and their auditors for non-compliance of the Commissions legal framework; the imposition of administrative sanctions for breach of the legal framework; to undertake enforcement proceedings for the revocation of dealer’s licenses; to undertake the removal from office of persons in management in capital market operators for failure to ensure that the principal company complied with the regulatory framework; and to undertake enforcement proceedings due to failure/neglect of fiduciary duties and general obligations. The Board also approved the appointment of board of directors of a securities exchange, the suspension of an investment advisor license and the commencement of legal actions for recovery of unpaid annual fees as debt due and owing to the Commission. The Board further approved the commencement of legal proceedings for outstanding fines as debt owing to the Commission and lastly it slapped an administrative fine on a chief executive officer of a capital market operator due to non-compliance with the securities regulatory framework. These resolutions were implemented post the reporting period.

The following table summarises the enforcement matters undertaken during the period under review:

Enforcement Action	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Matters under enforcement	22	30	20	23
Active investigations	29	28	24	22
Revocation of DR License	1	0	1	0
Administrative fines imposed	2	4	0	0
Private censure	1	1	2	0
Referrals to LEAs	1	0	2	0

Compliance with regulatory requirements and international best practice












DELS ensures that as a financial services regulator, the Commission complies with legal and regulatory requirements that facilitate effectiveness in capital markets regulation. This includes compliance with international regulatory requirements and best practices of IOSCO, ESAAMLG, CISNA, AMERC and other regional and international bodies. DELS is the contact point for liaison with foreign capital market regulators on information sharing and exchange of information.

With the advent of the COVID-19 pandemic, participation in the regional and international bodies to which the Commission is affiliated as a member had been limited and the Commission was only able to attend meetings virtually.

During the period under review, Commission Secretary and Director – Enforcement and Legal Services, Mrs. Diana Sichone, was elected to the Governing Council of CISNA at its 44th bi-annual

meeting that was held virtually from 26th to 28th May 2021. CISNA forms part of the Trade, Industry, Finance and Investment Directorate with the Southern African Development Community (SADC) and reports to the SADC Committee of Ministers of Finance and Investment through the Committee for Senior Treasury Officials. CISNA was established in 1998 and consists of the non-banking financial institution authorities, namely, capital markets, collective investment schemes, insurance companies, retirement funds and providers of intermediary services in the SADC. The organisation had been restructured and this was the first time officials had to be elected to serve in the new positions under the new structure.

The Governance Council is the highest decision-making organ of CISNA outside the General Meeting. The Commission and Zambia as a whole will, therefore, be represented at that high level. The following lists the members of the Governance Council:

GOVERNANCE COUNCIL					
					
Kenneth Matomola Namibia CHAIRPERSON	Sonia Lukama Democratic Republic of Congo VICE CHAIRPERSON	Brinda Harjan Republic of Mauritius	Sriram Gade Botswana	Grace Muradzikwa Zimbabwe	
					
Dr Siphò Kabane South Africa	Diana Sichelwe-Sichone Zambia	Simana Chimana Namibia	Grace Mohamed Namibia	Grace Barejena Zimbabwe	Sebastião Manuel Angola

The Commission is a signatory to the International Organisation of Securities Commissions (IOSCO) Multilateral Memorandum of Understanding (MMoU) on co-operation and exchange of information. The MMoU sets out the requirements relating to what information can be exchanged and how it is to be exchanged; the legal capacity to compel information; the types of information that can be compelled; the legal capacity for sharing information; and the permissible use of information. The agreement further prescribes how information exchanged should be held confidentially and ensures that no domestic banking secrecy, blocking laws or regulations will prevent securities regulators from sharing this information with their counterparts in other jurisdictions.

Since being admitted as a signatory to the IOSCO MMoU in 2018, the Commission has benefitted from the exchange of information facilitated by the MMoU is a signatory of the IOSCO MMoU. With the increase in the number of investigations, enforcement actions and litigation the

Commission is involved in, the Commission has made increasing use of the MMOU to request for information from its foreign counterparts thereby improving the quality of enforcement actions taken.

During the period under review, the Commission received three (3) requests to conduct investigations on behalf of the different foreign regulators.

Cooperation with law enforcement agencies and financial sector regulators

Co-operation with Law Enforcement Agencies

Section 165(1) of the Act empowers the Commission to consult and cooperate with other regulators in the financial sector. The Act also mandates the Commission to co-operate with, provide assistance to receive assistance from, and exchange information with, other regulatory bodies and law enforcement agencies (LEAs). In view of this mandate, the Commission has, after investigating several cases, referred the cases to organisations such as the Bank of Zambia, the Zambia Police and the Drug Enforcement Commission whenever a matter was outside the Commission's jurisdiction.

As such, during the period under review the Commission had investigated and referred to the law enforcement agencies several cases involving suspected fraud, money laundering and fraudulent practices for further investigation by the relevant law enforcement agencies as the Commission does not have jurisdiction to undertake criminal investigations or prosecutions.

MoU with the Financial Sector Conduct Authority (FSCA) of South Africa

The FSCA is the South African financial sector regulator responsible for the regulation and supervision of market conduct. It was created following the split of the financial sector regulatory framework under the twin peaks model that regulates conduct on the one hand and prudential requirements on the other. Previously, the Commission had entered into an MoU with the Financial Services Authority which was the regulator for the South African securities industry prior to the implementation of twin peaks.

However, with the implementation of the twin peaks model, it became necessary to enter into a new agreement with the FSCA as it is a new entity. The process of finalising the agreement had not concluded by the reporting date as the Commission was awaiting feedback on the proposed edits to the agreement and would further need to subject the agreement for clearance by the Attorney General and Accountant General, respectively.

The entry into bi-lateral agreements further enhances the Commission's capacity to enforce securities law breaches through co-operation and the exchange of information.

Dispute resolution mechanisms in the capital markets

Operationalisation of the Capital Markets Tribunal

The Rules of the Capital Markets Tribunal ("Tribunal") were gazetted on 23rd April 2021. This important development signalled the operationalisation of the Tribunal. With the gazetting of the Rules, a number of the Commission's decisions were immediately subject to appeal and the number has been steadily increasing in line with the legal principle giving an aggrieved party an

opportunity to be heard. As at the end of the reporting period, the Commission had six (06) active cases before the Tribunal.

Key court decisions made affecting the Capital Market Tribunal's jurisdiction

During the relevant period under review, the Commission obtained Judgment in its favour from the High Court of Zambia in the case of Standard Chartered Bank and Another vs. The Commission 2021/HP/0085 to the effect that the Capital Markets Tribunal is a specialized court with the requisite jurisdiction to handle securities and capital market related disputes. This decision requires that any person dissatisfied with the decisions of the Commission has to comply with the appeal process to the Capital Markets Tribunal.

The DELS has further taken deliberate steps to challenge Court Judgments and other decisions by market players for the development of the capital markets jurisprudence. This is to ensure that the Courts and Tribunal give meaning and sound interpretation to provisions of the Securities Act and the rules and regulations promulgated.

Legal and legislative reforms

Amendment of the Securities Act

Following the enactment of the Securities Act in 2016, the Commission has identified a number of lacunae in the law requiring legislative review. The first review was with respect to the consequential amendments following the review of the Financial Intelligence Centre Act's amendments effected in 2020. A number of legislation, including the Securities Act, were required to make consequential amendments that would speak to beneficial ownership information and the vetting of directors and shareholders of persons operating in the financial services sector.

However, the Commission took this opportunity for law review to include other pressing amendments including the inclusion of a general penalty provision as well as another clarifying staff immunity for actions taken in the performance of the Commission's functions. These proposed amendments were submitted to the Ministry of Finance and National Planning for onward submission to the Ministry of Justice for its further action. However, the draft law had not been passed by the end of the reporting period.

Review of subsidiary legislation

The Securities Act, No. 41 of 2016 repealed and replaced the 1993 Securities Act. However, the subsidiary legislation passed under the repealed Act has not been updated and in some cases does not address the provisions that have been introduced in the new Act. In other cases, there are provisions, in the subsidiary legislation, that are inconsistent with the requirements of the new Securities Act whilst some of the new provisions in the new Act do not have subsidiary legislation to give effect to those provisions. This has created disparities in the law and lacunae which need to be resolved.

The Commission has been undertaking the review of the laws with the assistance of the World Bank. The Commission has resolved to undertake the legislative review in a phased approach with the following first set of ten (10) Rules and Regulations having been drafted:

- a) The Securities (Capital Market Operators) (Complaint Handling Requirements) Rules;

- b) The Securities (Capital Market Operators) (General Licensing Procedures and Requirements) Regulations;
- c) The Securities (Capital Market Operators) (Licensing and Operational Requirements) Rules;
- d) The Securities (Collective Investment Scheme) Rules;
- e) The Securities (Collective Investment Scheme Authorisation) Regulations;
- f) The Securities (Compensation Fund) (Amendment) Regulations;
- g) The Securities (Fees and Levies) Rules;
- h) The Securities (Registration of Securities) Regulations;
- i) The Securities (Recognition of Self-Regulatory Organisations) Regulations; and
- j) The Securities (Self-Regulatory Organisations) (General Requirements) Rules.

These subsidiary legislation deal with a diverse range of matters that are required to operationalize the Act from licensing of capital market intermediaries, registration of securities, authorization of collective investment schemes and the management of the same as well as the recognition of self-regulatory organisations. Some of these approval processes, such as the licensing of a credit rating agency, do not currently have enabling Rules or Regulations that an applicant may use to access a service provided by the Commission.

One of the revisions to the Rules will result in changes to the current fee structure for the registration of securities through the introduction of a cap or limit on the fees payable by entities wishing to register securities in the market. In addition, the amount of fees for the registration of debt securities is proposed to be reduced from 0.25% to 0.125% of the value of securities being registered with a limit of 6,666,666 fee units or ZMW2,000,000.

The proposed revision to the Rules are also meant to streamline the fees and levies so that they are not combined with the licensing framework. The proposed revision also introduces the licensing framework for new license categories such as Clearing and Settlement Agencies, Credit Rating Agencies and Share Transfer Agents which are not provided for under the existing rules. Further, the proposed Regulations have prescribed a regulatory framework for organisations to be recognised as Self-Regulatory Organisations (SROs) and to perform delegated functions of the Commission.

Yet another notable proposed revision to the Rules is the provision of clarity to the functions of Trustee and Custodian under the Collective Investment Scheme framework where currently one set of functions is ascribed to both parties and there may be confusion on which party is to perform which function. In addition, the proposed revision to the CIS Rules have introduced a key facts statement which highlights the product and its features for ease of understanding and ease of decision making by an investor. The winding up of CISs is another proposed revision to the existing Rules which have no mechanism for closure of the scheme.

The proposed revision to the Registration of Securities Rules has introduced a limit of on the timeframe in which a registration is valid if the issuer does not proceed to list the securities on an exchange. In addition, it has provided a framework for deregistration of securities which currently does not exist.

The securities regulatory industry is governed by international standards that highlight how a capital markets industry is supposed to be regulated. IOSCO, as the international standard setting body, sets these international standards for securities regulation which the Commission, as a member, is required to comply with. The IOSCO principles of securities regulation have been incorporated in the principal Act but they require subsidiary legislation to operationalize the law. In addition, there is need to consider whether the Commission is well capacitated to effectively regulate the securities market and have adequate regulatory oversight. There is need to amend or introduce the subsidiary laws in order to achieve this goal of efficient regulatory oversight including delegation of some of the Commission’s functions to self-regulatory organisations (SROs) in line with the requirements of the Act.

The following table gives a highlight on the proposed changes to be made to the Rules and Regulations as well as the new Rules and Regulations being introduced:

Regulations/Rules	Status	Implication of rule/regulation
the Securities (Capital Market Operators) (Licensing and Operations Requirements) Rules;	Revision	These Rules have been split from the Fees and Levies Rules to streamline the licensing process Also provide for new license categories such as Clearing and Settlement Agencies, Credit Rating Agencies and Share Transfer Agents that don’t exist in the current rules
the Securities (Capital Markets Operators) (General Licensing Procedures and Requirements) Regulations	New	These Regulations have been split from the Fees and Levies Rules to streamline the licensing process. The Regulations provide for the forms and other procedures for licensing capital market participants
the Securities (Registration of Securities) Regulations;	New	The Regulations are introducing a timeframe within which a registration of securities can be valid. In addition, it streamlines the continuing obligations that issuers of registered securities are meant to comply with. Further the Regulations has introduced the process for deregistration of securities for issuers that no longer wish to have their securities subject to regulation
the Securities (Collective Investment Schemes) Rules;	Revision/ new	The CIS Rules are being revised to clarify the Rules especially regarding the functions of Trustee and Custodian; it introduces the key facts statement and the winding up of CISs
the Securities (Collective Investment Schemes Authorisation) Regulations;	New	Provides the requirements for authorisation of CISs and also provides for suspension and revocation of authorisations
the Securities (Self-Regulatory Organizations) (General Requirements) Rules, 2020	New	The Rules provide for the guidelines under which SROs will operate once recognised by the Commission as an SRO

Regulations/Rules	Status	Implication of rule/regulation
the Securities (Recognition of Self-Regulating Organisations) Regulations;	New	These Regulations provide for the procedure for recognition of an organisation as an SRO
the Securities (Compensation Fund) (Amendment) Regulations;	Revision	The Regulations are revising the financial year end from March to December; increasing the compensation amount payable in an event of a claim from ZMW1,000 to ZMW100,000 as well as other housekeeping matters
the Securities (Capital Market Operators) (Complaints Handling Requirements) Rules;	New	These Rules introduce procedures for market operators to deal with disputes or complaints from clients and how the dispute settlement can be escalated
The Securities (Fees and Levies) Rules, 2020.	Revision/ New	The aspects relating to licensing have been removed from these Rules which solely now deal with fees and fines appearing under all Rules and Regulations. All fees and levies will now sit in one set of Rules

The stakeholder consultative process was finalized in the period under review following feedback obtained on the impacts of amending existing Rules as well as introducing new Rules and Regulations. Additionally, the Commission held validation meetings for the comments received between 26th and 29th October 2021 and incorporated these comments into the draft Rules and Regulations. At the close of the reporting period, the draft Rules and Regulations were being finalized for submission to BRRA together with the Regulatory Impact Assessment Report, after which they would be sent to the Ministry of Finance and National Planning for onward submission to the Ministry of Justice.

Capacity building

The Cambridge Capstone Project

Three (03) members of DELS staff were part of the Commission staff that participated in the Cambridge Fintech and Regulatory Innovation Executive Online Programme (CFTRI) that ran from 30th September 2021 to 10th December 2021. CFTRI is a programme run by the Cambridge Centre for Alternative Finance that enables global executives, financial regulators, supervisors, and policymakers to understand the mechanics and applications of key innovative technologies employed in FinTech firms; evaluate FinTech business models and respective regulatory and policy implications and responses; utilise analytical tools to assess FinTech business models according to national objectives and capabilities; and assess the viability and suitability of an array of regulatory innovation initiatives and responses. The programme covered modules relating to FinTech Innovation and Regulation; Deconstructing Banking; Digitising Payments; Digital Assets, Digital Lending and Capital Raising; Innovation Office and Regulatory Sandbox; and Regulatory Technologies (RegTech).

The programme participants are now equipped with skills and analytical tools to assess FinTech business models according to national objectives and capabilities and also to assess the viability and suitability of an array of regulatory innovation initiatives. The participants also noted that

the current legal and regulatory securities framework is technologically neutral. However, through regulatory sandboxes, regulations, and guidelines the Commission can broaden its regulatory and supervisory mandate to accommodate new services, products and platforms that might leverage Information and Communications Technology (ICT) in order to gain access to the Zambian financial sector in general and the Zambian capital markets in particular.

The programme ended on Friday 10th December 2021. As part of the programme all the participants were required to come up with project proposals identifying some regulatory and/or supervisory gaps in their legal and regulatory frameworks and propose solutions such as guidelines, regulations and sandboxes. Members of Staff from the Directorate actively participated in the formulation of project proposals that they intend to implement over the course of 2022.

IOSCO Technical Assistance Workshop on developing Enforcement Manuals for the Africa/Middle-East Region

The Commission has participated in the Technical Assistance Programme organised by the International Organisation of Securities Commissions (IOSCO) on the development of Enforcement Manuals from its inception in 2017 as part of the first cohort of countries (together with Ghana, Mauritius, Eswatini, Kenya, Uganda and Rwanda) being assisted to develop enforcement manuals. The purpose of the Technical Assistance has been to develop Enforcement Manuals for the selected jurisdictions, including detailed information about the approach to enforcement; conduct of investigations; investigative practices; cooperation; privileges and protection; and settlement.

On 28th and 29th September 2021, the Commission, represented by Mrs. Diana Sichone as one of the workshop facilitators, attended a Technical Assistance Workshop at which the Commission highlighted its manual development process. The workshop participants were able to share experiences and learn best practices which the Commission was able to incorporate into the draft Enforcement Manual.

Scholarship Agreement with Chartered Financial Analyst Institute (CFA Institute)

The CFA Institute is a global association of industry professionals and has provided financial education to investment practitioners or professionals for over 70 years. The Institute offers the Chartered Financial Analyst designation which is a globally recognised qualification that more than 178,000 active charter holders in 162 markets possess. During the period under review, the Commission took the initiative to enter into a scholarship agreement with CFA Institute that allowed SEC staff to obtain professional training and the CFA designation at subsidised rates.

The Agreement will assist the Commission not only to build capacity in financial analysis for its staff but will also ultimately lead to a better supervised and protected securities market.

MARKET TRANSACTIONS

The Securities Act requires securities including collective investments schemes to be offered to the public to be registered with the Commission. The Commission also approves mergers or acquisitions involving entities whose securities are registered with the Commission. The registration of securities and authorization of CIS is among one of the ways the Commission protects investors in the capital markets, while the rules on takeovers and mergers also ensure that takeovers and mergers are conducted in an orderly manner that protects minority shareholders. The Market Transactions section within the Directorate Finance and Administration during the year ending December 2021 received and processed several 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
24.02.2021	Cavmont Capital Holdings Zambia Plc	De-registration of shares	24.02.2021	To consider the application for the de-registration of Cavmont Capital Holdings Plc ordinary shares
24.02.2021	BP Investment Limited	waiver	24.02.2021	To consider application for exemption from compliance with Rule 65(i) of the Securities (Takeover Mergers) Rules
23.03.2021	Zambia Consolidated Coppermine Investment Holdings	Authorization	23.03.2021	To consider the application for authorization of takeover of 90% equity stake in Mopani Copper Mines Plc
25.08.2021	Huaxin (Hainan) Investment Co., Ltd	Authorization	25.08.2021	To consider the application for authorization of takeover of 75% equity stake in Lafarge Zambia Plc
25.08.2021	Huaxin (Hainan) Investment Co., Ltd	Waiver	25.08.2021	To consider application for a waiver from making a mandatory offer under Rule 56 of the Securities (Takeover & Mergers) Rules
25.08.2021	Deutsche Post DHL	Authorization	25.08.2021	To consider the application for authorization of Employee Share Ownership Plan

PHILLIP K. CHITALU
CHIEF EXECUTIVE OFFICER

2021 Financial Statements



SECURITIES AND EXCHANGE COMMISSION

**FINANCIAL STATEMENTS 31ST DECEMBER 2021
(UNAUDITED)**



SECURITIES AND EXCHANGE COMMISSION
FINANCIAL STATEMENTS – 31 DECEMBER 2021

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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 2021, 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 2021

	Note	31 December 2021 ZMW	31 December 2020 ZMW
Income			
Grants and other income	6	<u>118,130,378</u>	<u>28,784,660</u>
Expenditure			
Employee benefits costs		(17,452,372)	(17,757,233)
Depreciation		(350,212)	(528,826)
Other operating expenses		<u>(8,562,231)</u>	<u>(5,516,627)</u>
		<u>(26,364,815)</u>	<u>(25,306,552)</u>
(Deficit)/surplus for the period	7	91,765,563	3,478,108
Total comprehensive (loss)/income		<u>91,765,563</u>	<u>3,478,108</u>

SECURITIES AND EXCHANGE COMMISSION

STATEMENT OF CHANGES IN EQUITY FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2021

	Accumulated reserves ZMW	Total ZMW
At 1 January 2020	(1,388,909)	(1,388,909)
Total comprehensive loss for the period	<u>3,478,108</u>	<u>3,478,108</u>
At 31 December 2020	2,089,199	2,089,199
Total comprehensive surplus for the year	<u>91,765,563</u>	<u>91,765,563</u>
At 31 December 2021	<u>93,854,762</u>	<u>93,854,762</u>

SECURITIES AND EXCHANGE COMMISSION

STATEMENT OF FINANCIAL POSITION - 31 DECEMBER 2021

	Note	2021 ZMW	2020 ZMW
ASSETS			
Non-current assets			
Motor vehicles, furniture, and equipment	9	<u>1,434,896</u>	<u>1,520,219</u>
		<u>1,434,896</u>	<u>1,520,219</u>
Current assets			
Short term deposit	10	85,965,589	3,690,967
Trade and other receivables	11	5,899,928	410,698
Cash and cash equivalents	12	<u>9,137,224</u>	<u>4,641,370</u>
		<u>101,002,742</u>	<u>8,743,034</u>
Total assets		<u>102,437,638</u>	<u>10,263,253</u>
EQUITY AND LIABILITIES			
Funds and reserves			
Accumulated reserves		<u>93,854,762</u>	<u>2,089,199</u>
		<u>93,854,762</u>	<u>2,089,199</u>
Current liabilities			
Trade and other payables	13	<u>8,582,876</u>	<u>8,174,054</u>
		<u>8,582,876</u>	<u>8,174,054</u>
Total equity and liabilities		<u>102,437,638</u>	<u>10,263,253</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 2021

	31 December 2021	31 December 2020
	ZMW	ZMW
Cash flows from operating activities		
(Deficit)/surplus for the period	91,765,563	3,478,108
Depreciation	350,212	528,826
(Profit)/Loss on sale of assets		(49,746)
Interest received	-	(84,922)
Decrease in trade and other receivables	(5,489,230)	(19,962)
(Decrease)/increase in trade and other payables	<u>408,822</u>	<u>1,734,857</u>
Net cash (outflow)/inflow (on)/from operating activities	<u>87,035,367</u>	<u>5,587,160</u>
Investing activities		
Purchase of property, plant, and equipment	(264,890)	(118,023)
Investments purchased		-
Interest received	-	84,922
Investments redeemed		
Proceeds from disposal of assets	<u>-</u>	<u>100,424</u>
Net cash inflow/(outflow) from/(on) investing activities	<u>86,770,477</u>	<u>5,654,483</u>
Increase/(decrease) in cash and cash equivalents	<u>86,770,477</u>	5,654,483
Cash and cash equivalents at beginning of the period	<u>8,332,336</u>	<u>2,677,853</u>
Cash and cash equivalents at end of the period	<u>95,102,813</u>	<u>8,332,336</u>
Represented by:		
Cash in hand and at bank	<u>95,102,813</u>	<u>8,332,336</u>

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021

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 2021 (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 2021

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 2021 (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 2021 (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 2021 (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 2021 (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 2021 (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 2021 (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 2021 (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:

	2021		2020	
	ZMW	(%)	ZMW	(%)
Grants from GRZ	8,868,595	8	11,058,490	38
Registration of securities	286,195	0	101,250	0
LuSE trade commissions	96,659,386	82	13,306,352	46
Other fees and revenues	<u>12,316,202</u>	10	4,318,568	16
	<u>118,130,378</u>		<u>28,784,660</u>	

7. (Deficit)/surplus for the period

Surplus for the year is stated after charging: -

Depreciation	<u>350,212</u>	<u>528,826</u>
Auditors' remuneration:		
Internal audit	-	-
External audit	<u>186,997</u>	<u>400,733</u>
	<u>186,997</u>	<u>400,733</u>
Commissioners' and committee expenses	<u>1,099,768</u>	<u>944,568</u>

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021 (CONTINUED)

8. **Income tax expense**

The Commission is exempt from income tax.

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

Depreciation	Motor Vehicles	Office equip	Office Furnit	Computer equ	CWIP	Total
	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW
Cost						
At 30 June 2021	974,098	340,076	525,380	985,927	1,069,459	3,894,940
Additions		1,350	-	85,676	-	87,026
Disposals	-	-	-	-	-	-
At 30 Sept 2021	974,098	341,426	525,380	1,071,603	1,069,459	3,981,966
Additions	-	65,218	-	32,707	-	97,925
Disposals/Adjustment	-	-	-	-	(3,795)	(3,795)
At 31 Dec 2021	974,098	406,644	525,380	1,104,310	1,065,664	4,076,096
Depreciation						
At 30 June 2021	936,050	274,359	521,557	761,549	-	2,493,517
Charge for the period	26,530	16,616	3,823	66,664	-	113,635
Disposals	-	-	-	-	-	-
At 30 Sept 2021	962,580	290,975	525,380	828,213	-	2,607,150
Charge for the period	11,518	14,017	-	15,696	-	41,230
Disposals/(Adjustment)	-	-	(7,179)	-	-	(7,179)
At 31 Dec 2021	974,098	304,992	518,201	843,909	-	2,641,201
Net Book Value						
At 31 Dec 2021	-	101,652	7,179	260,401	1,065,664	1,434,896
At 30 Sept 2021	11,518	50,451	-	243,390	1,069,459	1,374,816

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021 (CONTINUED)

	2021	2020
	ZMW	ZMW
10. Short term deposit		
Standard Chartered Bank PLC	43,965,589	635,589
Barclays Bank PLC	42,000,000	3,055,378
	<u>3,570,000</u>	=
11. Trade and other receivables		
GRZ Grant	-	1,478,115
Investment income	4,583,743	
Staff debtors	931,915	
Issuer's fee	140,000	20,000
Inspection fees	56,700	
Trade Commissions	65,948	109,088
Accrued income – interest	62,451	105,840
Prepayments and deposits	<u>49,661</u>	<u>26,211</u>
	1,943,089	221,153
Staff debtors	219,170	351,992
Provisions for doubtful debts	(20,000)	<u>(1,503,866)</u>
	<u>2,162,261</u>	<u>453,146</u>
12. Cash and cash equivalents		
Cash in hand and at bank	<u>95,102,813</u>	<u>8,332,336</u>
13. Trade and other payables		
Provisions and accruals	5,776,094	5,340,204
Deferred Income	480,000	480,000
Market Development Fund	364,102	364,102
NHIMA	-	17,076
Sundry creditors	58,001	-
SAYE	500	-
Amount due to Compensation Fund	58,250	98,276
Napsa	56,905	54,941
Due to Zambia Revenue Authority	<u>773,340</u>	<u>843,184</u>
	<u>7,567,193</u>	<u>7,197,783</u>

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021 (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 2021 ZMW	31 December 2020 ZMW
Short term deposits	85,965,589	3,690,967
Trade and other receivables	5,899,928	410,698
Cash and cash equivalents	<u>9,137,224</u>	<u>4,641,370</u>
	<u>101,002,742</u>	<u>8,743,034</u>

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021 (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 counterparties 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:

		2020 ZMW	2019 ZMW
Days			
0 – 30		296,083	29,102
	- 48,106		
61 – 90		79	-
Over 90		-	-
		<u>352,862</u>	<u>29,102</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 loans, and other borrowings taken and outstanding (2020: +/- 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 2021	-	-	-	-
31 December 2020	-	-	-	-

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021 (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 2021 is summarised below:

At 31 December 2021:

	Within 6 months ZMW	Within 6 to 12 months ZMW	1 to 5 years ZMW
Non-derivative Financial liabilities			
Trade and other payables	<u>2,085,374</u>	<u>2,057,249</u>	<u>1,300,000</u>
Total	<u>2,085,374</u>	<u>2,057,249</u>	<u>1,300,000</u>

At 31 December 2019:

	Within 6 months ZMW	Within 6 to 12 months ZMW	1 to 5 years ZMW
Non-derivative Financial liabilities			
Trade and other payables	<u>2,020,156</u>	<u>3,296,987</u>	<u>3,548,521</u>
Total	<u>2,020,156</u>	<u>3,296,987</u>	<u>3,548,521</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 2020 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 2021 (CONTINUED)

14. Financial assets and liabilities (continued)

(f) Categories of financial instruments

At 31 December 2021

	Receivables ZMW	Fair value ZMW
Financial assets		
Receivables	5,899,928	5,899,928
Short term deposit	85,965,589	3,570,000
Cash and cash equivalents	<u>9,137,224</u>	<u>9,137,224</u>
Total financial assets	<u>101,002,742</u>	<u>101,002,742</u>
	Financial liabilities at amortised Cost ZMW	Fair value ZMW
Financial liabilities		
Trade payables	<u>8,582,876</u>	<u>8,582,876</u>
Total financial liabilities	<u>8,582,876</u>	<u>8,582,876</u>
Net position	<u>93,419,866</u>	<u>93,419,866</u>

At 31 December 2020

	Receivables ZMW	Fair value ZMW
Financial assets		
Receivables	410,698	410,698
Short term deposit	3,690,967	3,690,967
Cash and cash equivalents	<u>4,641,370</u>	<u>4,641,370</u>
Total financial assets	<u>8,743,034</u>	<u>8,743,034</u>
	Financial liabilities at amortised Cost ZMW	Fair value ZMW
Financial liabilities		
Trade payables	<u>8,174,054</u>	<u>8,174,054</u>
Total financial liabilities	<u>8,174,054</u>	<u>8,174,054</u>
Net position	<u>568,980</u>	<u>568,980</u>

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2021 (CONTINUED)

15. **Related party transactions**

The following transactions were carried out with related parties:

	2021	2020
	ZMW	ZMW
(i) <i>Key management compensation</i>		
Salaries and other short-term benefits	3,959,244	3,521,169
Defined contribution pension Commissions	<u>41,724</u>	<u>41,386</u>
	<u>4,000,968</u>	<u>3,493,126</u>
(ii) <i>Commissioners' remuneration</i>		
Fees for service as Commissioners	<u>601,321</u>	<u>540,775</u>
(iii) <i>Loans to key management</i>	=	=

16. **Capital commitments**

There were no capital commitments either contracted or authorised at 31 December 2021 (2020 – 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 300,000 which are yet to be agreed with the Commission - (2020: ZMW182,400). 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.

SECURITIES AND EXCHANGE COMMISSION
**DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE TWELVE MONTHS
PERIOD ENDED 31 DECEMBER 2021**

	2021	2020
	ZMW	ZMW
INCOME		
Grants		
Revenue grants	8,868,595	11,058,490
Fees and other income		
Authorisation fees	2,900,629	618,031
Commission – LuSE trades	96,659,386	13,306,079
Licensing fees	1,256,556	874,707
Registration fees	286,195	101,250
Scrutiny fees	100,001	233,335
Sundry income	92,146	81,696
Interest received	-	84,922
Issuers fee	1,240,000	1,100,000
Investment income	5,034,364	309,525
Inspection fees	54,180	132,615
Annual fees	73,322	75,363
Levy on Collective Investment Commissions (CIS)	1,268,367	802,627
Exchange gain	189,637	-
Administrative Fines	107,000	194,100
	<u>109,261,783</u>	<u>17,726,170</u>
Total income	<u>118,130,378</u>	<u>28,784,660</u>
EXPENDITURE		
Advertising expenses	160,686	160,531
Audit fees	186,997	186,996
Bank charges	69,418	51,035
Bad debts provision	20,000	1,503,866
Board and committee expenses	1,099,768	944,568
Consultancy fees	231,228	41,000
Depreciation	350,212	238,384
Employee benefits costs	17,452,372	17,762,695
Education & Awareness	239,429	-
Medical	1,400,812	-
Insurance	309,795	271,368
Motor vehicle expenses	330,114	349,460
Office operational costs	269,707	179,526
Postage and telephones	444,478	452,032
Electricity and water	44,041	125,782
Printing and stationary	87,926	98,749
Publicity and Education	160,686	-
Rent	1,948,567	1,742,250
CISNA	86,709	-
Repairs and maintenance	292,633	109,435
Security	269,327	232,380
Subscriptions and publications	596,993	-
Workshops and seminars	473,607	508,268
	<u>26,364,815</u>	<u>23,273,860</u>
(Deficit)/surplus for the year	<u>91,765,563</u>	<u>3,478,108</u>

APPENDICES

Appendix I The SEC Staff in 2021

	Name	Position	Date Left
1	Mr. Phillip K. Chitalu	Chief Executive Officer	-
2	Mrs. Diana Sichone	Commission Secretary and Director – Enforcement and Legal Services	-
3	Ms. Mutumboi Mundia	Director - Market Supervision and Development	-
4	Mr. Bruce Mulenga	Manager - Market Transactions and Investments	-
5	Mr. Mateyo Lungu	Manager – Finance	-
6	Mr. Saul Nyalugwe	Manager – Procurement and Administration	-
7	Mr. Abraham Alutuli	Manager – Market Supervision	-
8	Mr. Nonde Sichilima	Manager – Market Supervision	-
9	Mrs. Dingase Makumba	Manager – Market Development	-
10	Ms. Dubholukulu Mulondiwa	Manager – Law Reform and Enforcement	-
11	Mr. Mubanga Kondolo	Manager – Financial Inclusion	-
12	Mrs. Sitali Mugala	Product Development and Market Research Officer	-
13	Ms. Racheal M. Banda	Human Resource Officer	-
14	Mrs. Leah Simasiku	Surveillance Officer	-
15	Ms. Tisangechi Sakala	Legal Officer – Law Reform and Enforcement	20.08.2021
16	Mr. Thomas Thole	Investigations Officer	-
17	Ms. Gertrude Buyungwe	Analyst/Inspection Officer	-
18	Mr. Benson Mwileli	Analyst/Inspection Officer	-
19	Mr. Sydney Katumba	Information Technology Officer	-
20	Mrs. Theresa Chimbila	Accounts Assistant	-
21	Ms. Priscilla Mwale	Personal Assistant to the CEO	-
22	Ms. Siberia T. Siamayuwa	Pool Secretary	-
23	Mr. Saviour Mooya	Driver	-
24	Mr. Alexander Tondo	Office Assistant	-

Appendix II

List of Authorised Capital Market Players as at 31st December, 2021

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 as at 31st December, 2021:

Item	Company Name	2022		2021	
		Yes	No	Yes	No
1.	Aflife Capital Zambia Limited	√		√	
2.	Aflife Holdings Zambia Limited	√		√	
3.	Aflife Private Wealth Limited	√		√	
4.	African Banking Corporation Investment Services Limited	√		√	
5.	African Banking Corporation Zambia Limited T/a Atlas Mara Bank Zambia Limited	√		√	
6.	African Life Financial Services Limited	√		√	
7.	Altus Capital Limited	√		√	
8.	Autus Securities Zambia Limited	√		√	
9.	Absa Bank Zambia 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 Limited	√		√	
17.	Longhorn Associates Limited	√		√	
18.	Pangaea Securities Limited	√		√	
19.	Prudential Pension Management Zambia Limited	√		√	
20.	Stanbic Bank (Z) Limited	√		√	
21.	Standard Chartered Bank (Z) Limited	√		√	
22.	Stockbrokers Zambia Limited	√		√	
23.	Monter Capital Partnership Limited	√		√	
24.	Zambia National Commercial Bank Plc	√		√	
25.	Zambia Industrial Commercial Bank Limited	√		√	
26.	Access Bank Zambia Limited	√		√	
27.	Indo Zambia Bank Limited	√		√	
28.	United Bank for Africa	√		√	

Dealer's Representative Licenses

The following persons held a Dealer's representative's license as at 31st December, 2021:

Item	Name of Representative	Dealer	2022		2021	
			Yes	No	Yes	No
1.	Mukudzei-Ishe Zhou	Aflife Capital Limited	√		√	
2.	Fortunate Ngatsha	Aflife Holdings Zambia Limited	√		√	
3.	Munakupya Hantuba	Aflife Private Wealth Limited	√		√	
4.	Nicholas Kabaso	African Banking Corporation Investment Services Limited	√		√	
5.	Michelle M. Musonda	African Banking Corporation Investment Services Limited	√		√	
6.	Clifford Muzoka	African Banking Corporation Investment Services Limited	√		√	
7.	Richard Ndhlovu	African Banking Corporation Zambia Limited	√		√	
8.	Christopher K Mwelo	African Banking Corporation Zambia Limited	√		√	
9.	Theresa Chiluba	African Banking Corporation Zambia Limited	√		√	
10.	Mubanga Bwalya	African Banking Corporation Zambia Limited	√		√	
11.	Nancy Lwisa Nambela	African Banking Corporation Investment Services Ltd	√		√	
12.	Mwaba Ethel Mupinde	African Banking Corporation Investment Services Ltd	√		√	
13.	Geoffrey Musekiwa	African Life Financial Services Limited	√		√	
14.	Vannessa K. Wright	African Life Financial Services Limited	√		√	
15.	Jones Phiri	African Life Financial Services Limited	√		√	
16.	Mumba Musunga	African Life Financial Services Limited	√		√	
17.	Valerie M. Mwiinga	African Life Financial Services Limited	√		√	
18.	Joseph Mazila	African Life Financial Services Limited	√		√	
19.	Nasilele Ngumbi	African Life Financial Services Limited	√		√	
20.	Jonathan Bupe Imakando	African Life Financial Services Limited	√		√	
21.	Elijah Chanda Kabaso	African Life Financial Services Limited	√		√	
22.	Eleutherius Chimansa Nyanga	African Life Financial Services Limited	√		√	
23.	Cecilia Kamba Siabusu	Altus Capital Limited	√		√	
24.	Mataka Nkhoma	Autus Securities Zambia Limited	√		√	
25.	Aaron Phiri	ABSA Bank Zambia Plc	√		√	
26.	Boston Nkuname	ABSA Bank Zambia Plc	√		√	
27.	Lesu Mulenga	ABSA Bank Zambia Plc	√		√	
28.	Stanley Kaweme Tamele	ABSA Bank Zambia Plc	√		√	
29.	Mukelebai Wambulawae	ABSA Bank Zambia Plc	√		√	
30.	Blessings S. Banda	ABSA Bank Zambia Plc	√		√	
31.	Mwela Sunkuntu	ABSA Bank Zambia Plc	√		√	
32.	Kamwaya Hamoonga	ABSA Bank Zambia Plc	√		√	
33.	Wiza Chinula	Access Bank Zambia Limited	√		√	
34.	Calvin Sichilomba	Access Bank Zambia Limited	√		√	
35.	John Keyala	Access Bank Zambia Limited	√		√	
36.	Ngosa Mary Kafwembe	Citibank Zambia Limited	√		√	
37.	Steven Chitete	Citibank Zambia Limited	√		√	

Item	Name of Representative	Dealer	2022		2021	
			Yes	No	Yes	No
38.	Victor Zimba	Citibank Zambia Limited	√		√	
39.	Choongo Chibawe	Equity Capital Resource Plc	√		√	
40.	Barkat Ali	Finance Securities Limited	√		√	
41.	Gerald Ndhlovu	First National Bank Zambia Limited	√		√	
42.	Kapumpe Chola Kaunda	First National Bank Zambia Limited	√		√	
43.	Ignatius Innocent Kashoka	First National Bank Zambia Limited	√		√	
44.	Naomi Hara Palale	First National Bank Zambia Limited	√		√	
45.	Chali Maria Mulenga	First National Bank Zambia Limited	√		√	
46.	Nonde Nsomi	First National Bank Zambia Limited	√		√	
47.	Celine P. Chauwa	Hobbiton Investment Management Services Limited	√		√	
48.	Moses Mvula	Hobbiton Investment Management Limited	√		√	
49.	Yotamu Mwale	Indo-Zambia Bank Limited	√		√	
50.	Richard Mutukwa	Investrust Bank Plc Limited	√		√	
51.	Tue Andersen	Kukula Capital Limited	√		√	
52.	Joy Nanyiza	Longhorn Associates Limited	√		√	
53.	Sindisiwe Malambo	Monter Capital Partners Limited	√		√	
54.	Ceaser Siwale	Pangaea Securities Limited	√		√	
55.	Tidale Mwale-Chisunka	Pangaea Securities Limited	√		√	
56.	Wendy Nsamwa Nglazi-Tembo	Pangaea Securities Limited	√		√	
57.	Ernest Kando	Prudential Pension Management Zambia Limited	√		√	
58.	Matepa Chingambu	Prudential Pension Management Zambia Limited	√		√	
59.	Alinani Simbule	Stanbic Bank Zambia Limited	√		√	
60.	Chenge Besa Mwenechanya	Stanbic Bank Zambia Limited	√		√	
61.	Chitemwe Ng'ambi Kapaya	Stanbic Bank Zambia Limited	√		√	
62.	Dean Nathaniel Onyambu	Stanbic Bank Zambia Limited	√		√	
63.	Mwila Pascal Mwenya	Stanbic Bank Zambia Limited	√		√	
64.	Musenge Komeki	Stanbic Bank Zambia Limited	√		√	
65.	Prudence Khumbo Mhango	Stanbic Bank Zambia Limited	√		√	
66.	Veronica Sinkala	Stanbic Bank Zambia Limited	√		√	
67.	Victor Chileshe	Stanbic Bank Zambia Limited	√		√	
68.	Mintu Chitebe	Stanbic Bank Zambia Limited	√		√	
69.	Luke Siame	Stanbic Bank Zambia Limited	√		√	
70.	Benjamine N. Mulenga	Standard Chartered Bank (Z) Plc	√		√	
71.	Chimuka Muyovwe	Standard Chartered Bank (Z) Plc	√		√	
72.	Davy Nanduba	Standard Chartered Bank (Z) Plc	√		√	
73.	Derek Bobo	Standard Chartered Bank (Z) Plc	√		√	
74.	Dorothy N. K Moono	Standard Chartered Bank (Z) Plc	√		√	
75.	Edna Towela Lungu	Standard Chartered Bank (Z) Plc	√		√	

Item	Name of Representative	Dealer	2022		2021	
			Yes	No	Yes	No
76.	Joseph Chibwe Ngesa	Standard Chartered Bank (Z) Plc	√		√	
77.	Kabwe Mwaba	Standard Chartered Bank (Z) Plc	√		√	
78.	Kayeba Mwenechanya	Standard Chartered Bank (Z) Plc	√		√	
79.	Mubanga Yvonne Mukuka	Standard Chartered Bank (Z) Plc	√		√	
80.	Muchindu Lombe	Standard Chartered Bank (Z) Plc	√		√	
81.	Mulolwa Nkata Kamana	Standard Chartered Bank (Z) Plc	√		√	
82.	Mwaka Kalenga Mfula	Standard Chartered Bank (Z) Plc	√		√	
83.	Mwali Chisala	Standard Chartered Bank (Z) Plc	√		√	
84.	Oluseggun M. Omoniwas	Standard Chartered Bank (Z) Plc	√		√	
85.	Sampa David Shiyunga	Standard Chartered Bank (Z) Plc	√		√	
86.	Ravi Kapadia	Standard Chartered Bank (Z) Plc	√		√	
87.	Tamara M. Bbuku	Standard Chartered Bank (Z) Plc	√		√	
88.	Wiggins Mupango	Standard Chartered Bank (Z) Plc	√		√	
89.	Valarie M. Chulu	Standard Chartered Bank (Z) Plc	√		√	
90.	Fred C. Kabombo	Standard Chartered Bank (Z) Plc	√		√	
91.	Bwalya Kasito	Standard Chartered Bank (Z) Plc	√		√	
92.	Kangwa Chola Chengo	Standard Chartered Bank (Z) Plc	√		√	
93.	Mulenga Kawimbe	Standard Chartered Bank (Z) Plc	√		√	
94.	Sarudzai Muचेchemera	Standard Chartered Bank Zambia Plc	√		√	
95.	Kamungoma Mate	Stockbrokers Zambia Limited	√		√	
96.	Maxime Chiluba Harlaar	Stockbrokers Zambia Limited	√		√	
97.	Charles Mate	Stockbrokers Zambia Limited	√		√	
98.	Jack Kanyanga	Stockbrokers Zambia Limited	√		√	
99.	Boniface Mwamba	Stockbrokers Zambia Limited	√		√	
100.	Bwalya Mwape	Stockbrokers Zambia Limited	√		√	
101.	Mwaka Kopakopa	United Bank for Africa Zambia Limited	√		√	
102.	Austin Hamukonka Chijikwa	Zambia National Commercial Bank Plc	√		√	
103.	Charles Kamungu	Zambia National Commercial Bank Plc	√		√	
104.	Cliff George Sakala	Zambia National Commercial Bank Plc	√		√	
105.	Fredrick Mulenga Kaputo	Zambia National Commercial Bank Plc	√		√	
106.	Kaluba Gloria Kaulugombe	Zambia National Commercial Bank Plc	√		√	
107.	Kunda Catherine Chikumbi	Zambia National Commercial Bank Plc	√		√	
108.	Virginia L. Mwalilino	Zambia National Commercial Bank Plc	√		√	
109.	Lishala Clarence Situmbeko	Zambia National Commercial Bank Plc	√		√	
110.	Tiyeze Chilembo	Zambia National Commercial Bank Plc	√		√	
111.	Nana Mukwiza	Zambia National Commercial Bank Plc	√		√	
112.	Mudenda Sikapoto	Zambia National Commercial Bank Plc	√		√	

Item	Name of Representative	Dealer	2022		2021	
			Yes	No	Yes	No
113.	Ivor Chambwe	Zambia National Commercial Bank Plc	√		√	
114.	Nyangu Florence Mkalipi	Zambia National Commercial Bank Plc	√		√	
115.	Roy Mwambai	Zambia National Commercial Bank Plc	√		√	
116.	Jibinga Kelly Jibinga	Zambia National Commercial Bank Plc	√		√	
117.	Karen Kabage Kapika	Zambia Industrial Commercial Bank Limited	√		√	
118.	Rudolph Ngulube	Zambia Industrial Commercial Bank Limited	√		√	
119.	Lukwesa Munyinda	Zambia Industrial Commercial Bank Limited	√		√	

Investment Adviser's License

The following corporate entities held an Investment Advisors license as at 31st December, 2021:

Item	Company	2022		2021	
		Yes	No	Yes	No
1.	Amano Capital Limited	√		√	
2.	Charles Sichangwa	√		√	
3.	deVere and Partners Investment Services (Zambia) Ltd	√		√	
4.	DM Investment Advisers and General Business Consultants Limited	√		√	
5.	Enock Bwalya	√		√	
6.	Inside Capital Partners Zambia Limited	√		√	
7.	Riscura Zambia Limited	√		√	
8.	Vunani Asset Management Limited	√		√	

Investment Adviser's Representative License

The following persons held an Investment Advisors Representatives license as at 31st December, 2021:

Item	Company Name	Investment Advisor	2022		2021	
			Yes	No	Yes	No
1.	Malcom Kasuba Shirley	Amano Capital 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 Limited	√		√	
9.	Wenu Mutiti	deVere and Partners International Limited	√		√	
10.	Lwiindi Muzongwe	deVere and Partners International Limited	√		√	
11.	Mosses M Sibongo	deVere and Partners International (Z) Limited	√		√	
12.	Zamiwe Ndhlovu	deVere and Partners International (Z) Limited	√		√	
13.	Theresa Gumbo	deVere and Partners International (Z) Limited	√		√	
14.	Mubanga Nundwe	deVere and Partners International (Z) Limited	√		√	

Item	Company Name	Investment Advisor	2022		2021	
			Yes	No	Yes	No
15.	Darios Mumba	DM Investment Advisers and General Business Consultants Limited	√		√	
16.	Rushil Patel	Inside Capital Partners Zambia Limited	√		√	
17.	Charity Siwale	Riscura Zambia Limited	√		√	
18.	Cindy Waheeb Taudrous	Riscura Zambia Limited	√		√	
19.	Munyumba Mutwale	Vunani Asset Management Limited	√		√	

Securities Exchange Licenses

The following entities held a securities exchange license as at 31st December, 2021:

Item	Company Name	2022		2021	
		Yes	No	Yes	No
1.	Lusaka Securities Exchange Plc	√		√	
2.	Bonds and Derivatives Exchange Plc	√		√	

Credit Rating Agency Licences

The following entities held a Credit Rating Agency license as at 31st December, 2021:

Item	Company Name	2022		2021	
		Yes	No	Yes	No
1.	Premier Rating Agency	√		√	

Appendix III

Contact Details of Capital Market Players

Securities Exchanges contact details	
LuSE PLC	BaDEX PLC
<p>Chief Executive Officer: Mrs. Priscilla Sampa</p> <p>Address (physical): Lusaka Securities Exchange 2nd floor, Mamco House Plot 316B, Independence Avenue</p> <p>Address (postal): P.O. Box 34523 Lusaka</p> <p>Telephone: +260 (211) 228391/228537</p> <p>Facsimile: +260 (211) 225969</p> <p>E-mail: info@luse.co.zm</p>	<p>Chief Executive Officer: Mr. Peter Sitamulaho</p> <p>Address (physical): Bonds and Derivatives Exchange Zambia Plc Plot No 7450, Katopola Road Rhodespark, Off Great East Road</p> <p>Address (postal): Post. Net Box 334 Private bag E10 Arcades Lusaka</p> <p>Telephone: +260 (211) 220537</p> <p>Facsimile: +260 (211) 220574</p> <p>E-mail: info@badex.co.zm</p>

Dealers' Contact Details

a) Members of the LuSE

Autus Securities Limited

34 Kholo Road

Woodlands

Lusaka

P. O. Box 320308

Tel: +260 (211) 840513, +260 761 002002, +260 761 003003

Email: mataka@autussecurities.com

www.autussecurities.com

Equity Capital Resources Plc

4th Floor Godfrey House, West Wing

Kabelenga Road

Lusaka

Tel: +260 (211) 840313, 227518

Email: info@ecrinvestments.com

Website: www.ecrzambia.com

Hobbiton Investment Management

Zener Office Park
Stand No. 2287/A
Corner Lagos & Lubuto Rds
Lusaka
P.O Box 32350
Tel: +260 (211) 232877, +260 956 529 966,
Email: mimi.lungu@hobbiton.co.zm

Madison Asset Management Company Ltd

Plot 316, Independence Avenue
P.O. Box 37013
Lusaka
Tel: +260 (211) 255121/257152
Fax: +260 (211) 253417
Email: mupanga@madisonassets.co.zm
www.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: mbuto@pangaea.co.zm

Stockbrokers Zambia Limited

32 Lubu Road
Longacres
P O Box 38956,
Lusaka
Tel: +260 (211) 227303/232456
Fax: +260 (211) 224055
Email: jkanyanga@sbz.com.zm
Website: www.sbz.com

Zambia National Commercial Bank Plc

Head Office Building
Cairo Road-South End
P O Box 33611
Lusaka
Tel: +260 211 425 650, Mobile: +260977 873262
Fax: + 260 (211) 223084
E-mail: Kaluba.kaulungombe@zanaco.co.zm
Website: www.zanaco.co.zm

b) Other Dealers

African Banking Corporation Investment Services Limited

Atlas Mara Head Office
Ground Floor, Pyramid Plaza
Corner Church and Nasser Roads
P.O. Box 39501

Lusaka

Tel: +260 (211) 257970-6
E-mail: nkabaso@bancabc.com
Website: www.atlasmarazambia.com

Aflife Capital Zambia Limited

Plot No. 74 Independence Avenue
4th Floor, Mpile House
P.O. Box 37501
Tel: +260 (211) 253772
Fax: +260 (211) 253112
E-mail: Faith@aflife.co.zm

Aflife Holdings Zambia Limited

Plot No. 74 Independence Avenue
4th Floor, Mpile House
P.O. Box 37501
Tel: +260 (211) 253772
Fax: +260 (211) 253112
E-mail: Faith@aflife.co.zm

African Banking Corporation Zambia Limited (Trading as Atlas Mara Bank Zambia Limited)

Atlas Mara House,
Corner Church and Nasser Roads,
P O Box 39501, Lusaka Ground Floor, Atlas Mara House

LUSAKA

Tel: +260 211 229733-40
E-mail: jkoni@bancabc.co.zm
website: www.atlasmarazambia.com

Aflife Private Wealth Limited

Plot No. 74 Independence Avenue
4th Floor, Mpile House
P.O. Box 37501

Lusaka

Tel: +260 (211) 253772
Fax: +260 (211) 253112
E-mail: fngatsha@aflife.co.zm

Altus Capital Limited

Plot 74 Independence Avenue

Mpile House
Lusaka
P.O. Box 35352
Tel: +260 (211) 253566
Fax: +260 (211) 253112
E-mail: capital@altus.co.zm

African Life Financial Services Limited
Independence Avenue
74 Independence Avenue,
P. O. Box 51331,
Lusaka
Tel: +260) 211 254841
Fax: (+260) 211 253112
E-mail: geoff@aflife.co.zm

ABSA 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: Thandiwe.BandaMbalashi@absa.africa
Website: www.absa.co.zm

Citibank Zambia Limited
Citibank House
Stand No. 4646
Addis Ababa Roundabout
Lusaka
P. O. Box 30037
Tel: +260 (211) 444400; 0971 025 133
Fax: +260 (211) 226064
Email: victor.zimba@citi.com
Website: www.citigroup.com

Finance Securities Limited
Plot No. 2110/2111 Sepele Road
Opp. Finance House Cairo Road
Lusaka.
Cell: +260 977 791124
E-mail: barkatali_rawjani@hotmail.com

First National Bank Zambia Limited
Plot No. 22768, Corner Great East and Thabo Mbeki road,
P.O. BOX 36187,
Lusaka

Tel (Gen): +260 211 366800 | Direct: +260 211 36 9639 | Cell: +260 966 116 273 and +260 978 017 761
E-mail: haggai.chipungu@fnb.co.za
Web: www.fnb.co.za

Investrust Bank Plc

Ody's Park, Great East Road
P.O. Box 19028/29

Lusaka

Tel: (0211) 238733-5
E-mail: brianm@investrustbank.co.zm
Website: www.investrustbank.co.zm

Kukula Capital Limited

32A Foxdale Forest Club House
Off Zambezi Road,
Roma,

Lusaka

Tel: +260 211 295792
Email: info@kukulacapital.com

Laurence Paul Investment Services Limited

5th 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
Website: www.laurencepaul.com

Longhorn Associates Limited

Office Park |Plot 1146/1,
Lagos Road Rhodes Park,
P. O. Box 50655

Lusaka

+260 211 252540 | +260 973 452635
Email: marlon@longhorn-associates.com
LinkedIn & Facebook: Longhorn Associates
Website: www.longhorn-associates.com

Prudential Life Assurance Zambia Limited

Prudential House
Plot 32256 Thabo Mbeki

Lusaka

P.O Box 31357
Tel: +260 211 222233/4
E-mail: tamala@prudential.co.zm
Website: www.prudential.co.zm

Prudential Pension Management Zambia Limited

Prudential House
Plot 32256 Thabo Mbeki
Lusaka
P.O Box 31357
Tel: +260 211 222233/4
Email: jimmy@prudential.co.zm
Website: www.prudentialpensions.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
Email: luwabelwaw@stanbic.com
Website: www.stanbicbank.co.zm

Standard Chartered Bank Zambia Plc

Head Office
Stand No. 4642
Cnr of Mwaimwena Road and Addis Ababa Drive
P O Box 31934
Lusaka
Tel: (0211) 422198-99
Fax: (0211) 222092/225337
Standard Chartered Bank Zambia Plc
Phone: +260 211 422203
Mobile: + 260 977 767703
E-mail: KetaiBenjamin.Mvula@sc.com

Stockbrokers Zambia Limited

Mr. Jack Kanyanga
Managing Director
32 Lubu Road
LUSAKA
Tel: (+260 211) 232456
+26 0977/ 966 853315
E-mail: jkanyanga@sbz.com.zm
Website: www.sbz.com.zm

Zambia National Commercial Bank Plc

ZANACO Head Office
Plot 2118/2119 SapeleRoad/Cairo Road
P.O. Box 33611
LUSAKA
Email: kunda.chikumbi@zanaco.co.zm
<http://www.zanaco.co.zm/>

Investment Advisors' Contact Details

Charles Sichangwa

C/o Wits Limited
4th Floor, Godfrey House,
Kabelenga Road

Lusaka

Tel: +260 (211) 226441/5
Fax: +260 (211) 227116
Email: 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
Website: www.devere-group.com

Enock Bwalya

Plot 22956
PHI Chainama

Lusaka

Mobile +260977807793 | +27605455934|+260950952753
Email: enock.bwalya@africanheights.com|enock.bwalya@yahoo.com
Skype:bwalya70 www.africanheights.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
Website: www.riscura.com

Vunani Asset Management Limited

Plot 20 Mpulungu Road,
Olympia,

Lusaka

Tel: +260 977790575
Email: vsodala@gmail.com

Recognised Self-Regulatory Organisations

Capital Markets Association of Zambia

Latitude 15, Leopard Hill Road, Kabulonga

P. O Box 51583

Lusaka

Email: Info@cmaz.co.zm

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) 412749Z

Website: www.ael.co.za

Listed on 23rd October, 2006

Airtel (formerly Celtel and Zain) Zambia Plc

Stand 2375

Addis Ababa drive

Lusaka

Tel: +260 (977) 915000

Website: www.Africa.airtel.com/zambia

Listed on 11th June, 2008

British American Tobacco (BAT) Zambia Plc

Plot # PH1 IND 54 & 53

LS MFEZ, Chifwema Road

P.O. Box 30162

Lusaka

Tel: +260968 678 814/ 787 / 671

E-mail: batzam@bat.com

Website: www.bat.com

Listed on 15th 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

Website: www.cavmont.com.zm

Listed on 13th September, 2006

Copperbelt Energy Corporation Plc

23rd Avenue, Nkana East

P.O. Box 20819

Kitwe

Tel: +260 (212) 244000/244281

Fax: +260 (212) 223445/244040

E-mail: info@cec.com.zm

Website: www.copperbeltenergy.com

Listed on 21st January, 2008

First Quantum Minerals Limited

C/o Choice Corporate Services

Stand 3509/No. 7

Matandani Close, Rhodespark

Lusaka

Zambia Depository Receipts listed in July 2011

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

Listed on 21st June, 2007

Chilanga 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

Website: www.lafarge.com

Listed on 22nd May, 1995

Madison Financial Services Plc

Plot 316 Independence Avenue

P.O.Box 37013

Lusaka

Tel:378700-5

Email: info@madison.co.zm

Website: www.madisonshares.com

Listed on 1st 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
Listed on 9th September, 2004

National Breweries Plc
Plot No. 1609/10, Sheki Sheki Road
P.O. Box 35135
Lusaka
Tel: +260 962 249 210
Fax: +260 (211) 246326
Website: www.ab-inbev.com
Listed on 16th 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
Website: www.tajhotels.com
Listed on December 21st, 2001

Puma Energy Plc
(formerly BP Zambia)
Head Office
Stand No. 1710, Mungwi Road
Lusaka
P.O. Box 31999
Tel: +260 (211) 376100
Fax: +260 (211) 376149
E-mail: zambia@pumaenergy.com
Website: www.pumaenergy.com
Listed on 18th 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: info@reiz.co.zm
Website: www.reiz.co.zm
Listed on 27th 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
Listed on 19th February, 2003

Standard Chartered Bank Zambia Plc

Head Office
Stand No. 4642
Cnr of Mwaimwena Road and Addis Ababa Drive
P O Box 31934
Lusaka
Tel: (0211) 422198-99
Fax: (0211) 222092/225337
E-mail: KetaiBenjamin.Mvula@sc.com
Website: www.standardchartered.com/zm
Listed on 30th November, 1998

Zambeef Products Plc

Plot 4970 Manda Road
Industrial Area
P/Bag 17, Woodlands
Lusaka
Tel: +260 (211) 369000
Fax: +260 (211) 369050
E-mail: info@zambeef.co.zm
Website: www.zambeefplc.com
Listed on 5th April 2005

Zambia Bata Shoe Company Plc

Stand 6437, Mukwa Road
Heavy Industrial Area
P.O. Box 30479
Lusaka
Tel: +260 (211) 244397/242328
Fax: +260 (211) 244254
E-mail: batashoe@zamnet.zm
Website: www.bata.co.zm
Listed on 31st March, 2009

Zambia Forestry and Forest Industries Corporation Plc

HEAD OFFICE
P.O Box 71566, Dola Hill
Ndola
Tel: +260 212 671482
Fax: +260 212 616030
Email: info@zaffico.co.zm
Listed on 12th February 2020

Zambian Breweries Plc

Mungwi Road, Plot 6438
Heavy Industrial Area
P.O. Box 30237 **Lusaka**
Tel: +260 (211) 246555, +260 962 249200
Fax: +260 (211) 242124
E-mail: zambrew@zambrew.com.zm
Website: www.ab-inbev.com
Listed on 9th June, 1997

Zambia Reinsurance Plc
Plot 187C Namambozi Road
Fairview, **Lusaka**
Postnet Box 658
P/Bab E891
Tel: +260 (211) 221159, +260 971 695149
Email: primare@prima-re.co.zm
Website: www.prima-re.com
Listed on 21st December, 2004

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
Website: www.zanaco.co.zm
Listed on 27th 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
Website: www.illovosugar.co.za
Listed on 28th 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
Website: www.zccm-ih.com.zm

Listed on 24th January, 1996

Quoted Companies' Contact Details

Absa 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: Thandiwe.BandaMbalashi@absa.africa

Quoted on 9th 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

Quoted on 25th 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

Website: www.metorexgroup.com

Quoted on 22nd December, 1999

Copperbelt Energy Corporation Africa Plc

2nd floor Green City

Plot 2374, Kelvin Siwale Road,

P.O Box 320125

Lusaka

Quoted in 2017

EIZ Properties Plc

CL/7 Brentwood drive

Longacres

Lusaka

P.O. Box 51084 (Lusaka)

Tel: +260 (211)255161/256205

E-mail: eiz@coppernet.zm

Quoted on 9th April 2015

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

Quoted on 18th April, 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
Website: www.first-quantum.com/our-business/operating-mines/kansanshi

Quoted on 29th 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
Website: www.kcm.co.zm

Lusaka Securities Exchange Plc

See address information under Securities Exchanges above

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
Website: www.mopani-copper-mines

Professional Insurance Corporation Zambia Plc

Finsbury Park, Kabwe Roundabout

P.O. Box 34264 Lusaka

Tel: +260 (211) 366703

E-mail: customerservice@picz.co.zm

Website: www.picz.co.zm

Quoted on 24th September 2014

Veritas General Insurance Plc

Plot 6/60 Kapingila House

Kabulonga Road, Kabulonga

Lusaka

P. O. Box 31965, Lusaka

Tel: + (260) (955) 359 873

Fax: + (260) (211)266366

Email: veritas@veritasgeneral.com

Website: www.veritasgeneral.com

Quoted on 19th February, 2015

Details of Companies with Listed Debt Securities

African Banking Corporation Limited (Trading as Atlas Mara Bank Zambia Ltd)

See information on Dealers above.

Bayport Financial Services - Debt securities listed on 24th April 2014

Plot 68 Independence Avenue

Lusaka

P.O. Box 33819

Tel: +260 (211) 257243

Fax: +260 (211) 257432

E-mail: jchola@bayportfinance.com

Website: www.bayportfinance.com

Focus Financial Services Limited - Debt securities listed on 24th April 2014

1st 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

Izwe Loans Zambia Limited - Debt securities listed on 15th July 2013 and 1st 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

Website: www.izwezambia.com

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

Madison House

Plot 318, Independence Avenue

Lusaka

P. O. Box 34366

Tel: +260 (211)252248/49

Email: customerservice@mfinance.co.zm

Website: www.mfinance.co.zm

Real Estate Investments Zambia Plc - Debt securities listed on 12th 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
Website: www.reiz.co.zm

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

See information on Dealers above.

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

Zambian Home Loans Limited

Plot 35370 Garden Plaza, Thabo Mbeki Road
Lusaka
Post Net Box 301
Tel: +260 211 254325
Email: info@zambiahomeloans.co.zm