



SECURITIES AND EXCHANGE COMMISSION
Protecting Investors in the Capital Markets

A photograph of a man with a beard and mustache, wearing a blue and white plaid shirt, looking thoughtfully to the right. The background is blurred, suggesting an office or public space. The image is overlaid with geometric shapes: a large orange triangle on the left, a green triangle at the bottom right, and a light blue rectangle containing the text 'Annual Report 2022'.

Annual Report
2022

*A dynamic Regulator of a Capital Market that
is the Preferred Destination for Investments*



Invest in knowledge ... learn and know about your Capital Markets

Have you taken time to learn about Capital Markets and the role of the Securities and Exchange Commission (SEC)?

As regulator for Capital Markets, the SEC is focused on providing a safe and secure environment for businesses to raise capital while protecting investors.

The safety of our Capital Markets is our priority.

Let's talk Capital Markets

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2022 Highlights



322,000+
investors in the
Capital Market



K75 billion+ total
savings



18% savings to GDP
ratio



Securities Act
amended



CMMP launched



RBS project in effect



K72 million
operating surplus
(2021: 91 million)



500% above target-
expense cover ratio



K165 million + in
reserves (2021: 93
million)



91% income
internally generated



33 staff
complement



61% staff costs
(2021: 67%)



About SEC



Vision

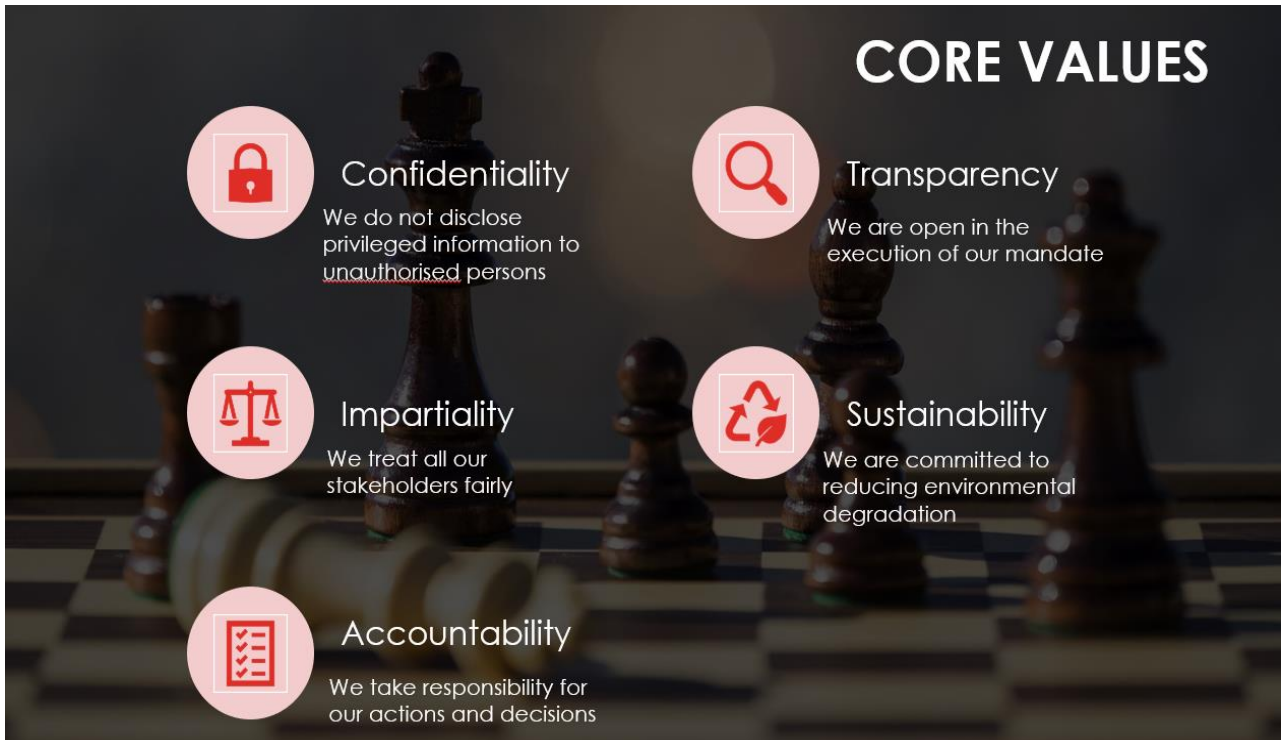
A dynamic regulator of a capital market that is the preferred destination for investments

Mission

To safeguard interests of investors and promote the growth of capital markets for individual and national prosperity

Values

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



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The Securities and Exchange Commission (SEC) was established pursuant to *section 3* of the repealed Securities Act, Cap 354 of the Laws of Zambia and its existence has been continued under the new Securities Act, No. 41 of 2016 (the Act”). 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 principal function of the SEC is to regulate the capital markets so as to foster fair and efficient trading.

Section 8 of the Act entrusts the implementation of the Act to the Commission Board which has been mandated to exercise the functions of the Commission as provided in the Act and oversee the administrative affairs of the Commission by putting in place effective, efficient and transparent systems of corporate governance. This is critical as all decisions relating to the regulation of the securities market are made at Board level.

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 private 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;
- 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; and
- v) vet a substantial shareholder in accordance with the vetting criteria contained in guidelines issued by the Commission, including the substantial shareholder's source of funds, and the beneficial owner of a company whose securities are registered, or which is authorised or licensed under this Act.



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.

As a member of IOSCO and a signatory to the IOSCO MMoU on Cooperation and Exchange of Information, the Commission has instilled these core objectives not only in the legal and regulatory framework but also applies them in the day to day regulation of the Zambian securities markets.

Chairperson's Review



The Commission presents the 2022 annual report, which, other than being a good corporate governance tenet is a requirement of the Securities Act, Number 41 of 2016 and the Public Finance Management Act, No. 1 of 2018.

The Commission is required, in line with the Securities Act, No. 41 of 2016, as amended, to report on specific areas as listed below:

- 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 a regular basis reviewed its performance in line with the expectations of the Securities Act's requirements. To this end, we report below the Commission's performance based on the areas listed above. This report also covers other activities, outside of the above specific mandate, that the Commission considers strategic in delivering on the same mandate. It is our view that all these activities contributed to achieving our statutory mandate.

The Commission's oversight function is getting challenged as technologies continue to influence the way services are distributed and marketed. With the increasing access to digital services by the public, and the ease with which services are sold through mobile phones and other electronic devices, the market has seen phenomenal growth in financial inclusion statistics from less than 60,000 capital market users a years ago to over 322,000 or about 3.0% of adult population at the end of December 2022. This growth in financial inclusion numbers is however also presenting challenges in the effective provision of the Commission's oversight role as the speed at which information dissemination and new innovations is occurring far outstrips regulatory response times.

To improve on the Commission's delivery on its mandate, the Board approved a new 2022 to 2026 strategic plan. The

“With the increasing access to digital services by the public, and the ease with which services are sold through mobile phones and other electronic devices, the market has seen phenomenal growth in financial inclusion statistics from less than 60,000 capital market users a years ago to over 322,000 or about 3.0% of adult population at the end of December 2022.”

objectives, aligned to the Capital Markets Master Plan will seek to focus on six strategic areas including the need to –

- a) increase stakeholders' participation in capital markets;
- b) enhancing capital market investor protection;
- c) attaining a sustainable funding model;
- d) enhancing business process and procedures;
- e) enhance human capital; and
- f) improving infrastructure and equipment.

The Commission's 2022 to 2026 strategic plan takes cognizance of the fact that it is a short-term plan towards achieving long term goals as included in the Capital Markets Master Plan (CMMP) which was launched after the year end. It is gratifying to note the five areas that the CMMP will concentrate on seeks to develop the market to comparable levels of peer markets.

I am also glad, on behalf of the board and management, to report that with the support of government through the Ministry of Finance and National Planning, the 2016 Act was finally amended in December 2022. It is the Commission's view that to effectively deliver on the Commission mandate through the strategic plan and the CMMP, human resources is an important factor to consider. As such, to ensure staff operated at their optimum capacity, the risk associated with the possibility of staff members being sued in their personal capacity needed to be avoided at all cost.

While the Board had put in place a temporary measure by guaranteeing to take on or cover legal costs in the event staff were sued while legitimately performing their duties in good faith, the inconvenience associated with court appearances is uncomfortable. The amended Law, which now provides for staff immunity when performing regulatory duties in good faith, is a welcome move by the government.

I must say, all the good things that the Commission did during the year were supported by consistent monthly grants from the Treasury and a good financial performance on the fees and levies. I commend management for keeping track of all expenditure by ensuring this was within or below approved budget limits. This contributed to the financial discipline the Commission experienced and thus the improvement of the reserve amount planned to be utilized to build and/or acquire the Commission's permanent physical address.

To complement the efforts of our financial prudence in the use of scarce resources, the Commission continued the implementation of its Risk Based Supervision (RBS) project. This is expected to target risk areas of the market and market players to manage and possibly minimize the impact of risk on the firms and the market. This project, when fully operational, is expected to contribute to confidence building in the market.

In looking ahead, the Commission, and in addition to the expectations of the benefits of implementing the CMMP and the 2022 to 2026 strategic plan, specific components of the CMMP such as sustainability, RBS, and general market growth will be achieved with the participation of everyone in implementing the CMMP.

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.

I thank you.

Ruth Simwanza Mugala (Mrs)
BOARD CHAIRPERSON

Chief Executive's Statement



The Commission's dual mandate of investor protection and market development is ever being challenged by the lack of adequate resources. To achieve effective operational efficiencies, appropriate systems and human resources assisted by adequate Rules and Regulations is key to achieving the Commission's mandate.

The Chairman's report has covered several strategic activities and forward-looking plans that the Commission embarked on during 2022. Suffice to say the Commission completed and the Board approved the 2022 to 2026 strategic plan and the 10-year Capital Markets Master Plan, both of which the Chairperson has covered in detail. These documents will guide the Commission's focus areas for the next 5 and 10 years respectively.

We report below the Commission's operational performance for the year ended 31st December 2022.

The Commission's financial performance was 100% above target with the expenses cover ratios during and at the end of the year at more than 500% above the Commission's set threshold. This financial position helped in the delivery on a number of strategic initiatives.

To achieve the Commission's operational performance, the need to have a fully resourced Commission with automated systems and additional human resources now becoming apparent as activities related to the implementation of the strategic plan increase due to the increased availability of financial resources. The Commission during the year recruited a number of staff and for the first time in the 25-year history of the Commission's existence with all technical positions on the Commission's structure recruited. However, as observed above, the Commission still required more staff numbers to effectively deliver on its mandate especially as the need for more awareness, surveillance, inspections, and enforcement needs are ever going up given the increased use of social media to peddle products that require constant regulatory watch. The Commission however failed to boost its staff numbers on time as earlier planned with the new approval processes involving clearance from the Emoluments Commission impacting on the timeliness of completing the required recruitment processes.

The Commission continued to hold townhall meetings to sensitise the public on investor rights, risky investment practices such as investing in unregulated products and also sharing with the public on a number of strategic focus areas such as innovative products (sandbox), green

finance (Green bond guidelines) and the shift to the Risk Based Supervision model among other areas. The Commission further participated in governments review and amendment to the Securities Act number 46 of 2016. The amendments give the Commission additional regulatory tools to supervise the market. Of note in the amendments to the Law is the inclusion of the protection of staff members from being sued for actions done in good faith, further regulatory options with firms under possession and the legal basis of the RBS model. This gives comfort to staff to carry on their duties without the constant fear of being personally liable for doing their normal regulatory duties on behalf of the Commission.

The Commission continued to prudently use its limited financial resources during the year ended 31st December 2022. Therefore, this report, as required by the Securities Act Number 46 of 2016 as amended, and as reported in the Chairperson’s section, gives an update on the Commission’s performance in 2022. 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 K75billion 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



K72 million
operating
surplus (2021: 91
million)



500% above
target-
expense cover
ratio



K165
million + in
reserves (2021:
93 million)



91% income
internally
generated

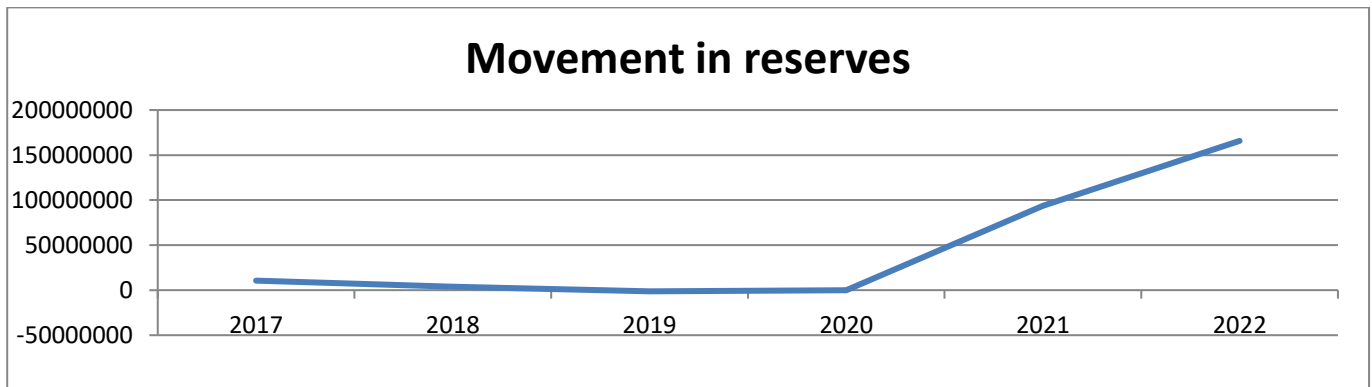
To safeguard the K75 billion in savings as explained above, the government continued to support the Commission in meeting operational budgets. The Commission also continued to support government efforts by generating income that supported the Commission’s budget implementation. The Commission’s mandate is however largely investor protection, but a good

financial base and performance are enablers of 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 ended 31st December 2022, the Commission recorded an operating surplus of K 72,007,402 (2021 – K91,765,563) from a combined income of K 108,718,0538 (2021-K11130,318) against total operating costs of K 36,710,651 (2021 K26,364,815). 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 2022 stood at K 165,765,738 compared to K 93,758,3336 recorded at 31st December 2021. 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 2017, the Commission had been managing to contain costs and thus improve on its reserve position but due to subdued market activities from 2019, 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 2022, the Commission internally generated 91% of its income while GRZ grant support accounted for 9%. This is on the backdrop of subdued market activities as explained above

Commission Expenses

The Commission being in the services sector, human capital is its main asset. Therefore, the Commission’s major expense continues to be employee costs, a significant and key component of our regulatory activities and therefore the key cost driver. On a comparative basis, for the period to 31st December 2022, the Commission’s total staff costs were 61% (2021 – 67%) 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 has 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 was as follows:

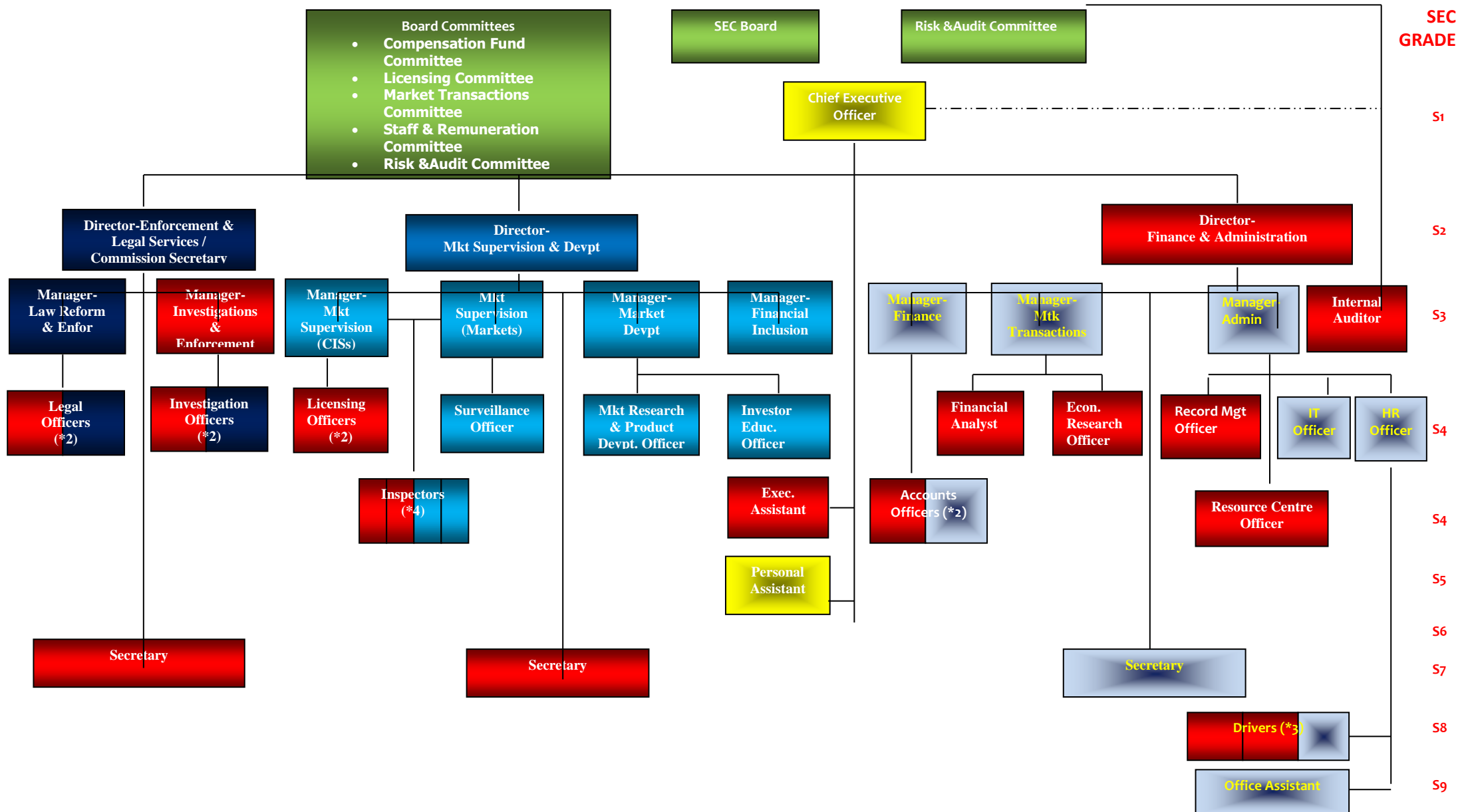
Type	2022 ZMW	2021 ZMW
Computer hardware	990,433	260,401
Office equipment	835,168	101,652
Office furniture	301,341	7,1179
Motor vehicles	-	-
Land and Buildings	1,065,665	1,065,665
Total	3,192,607	1,434,896

Staff Complement and staff matters

During the review period, the Commission’s staff complement remained was at 31 compared to an approved structure of 44. This staff head count is the highest in the Commission’s history but is still below the minimum required to effectively run with the Commission’s legal mandate of protecting investors in the capital markets.

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
ZICA-IPSAS Training	Livingstone	29 th March 2022 to 1 st April 2022	Mateyo Lungu
FIC/Milken Institute	USA	14 August 2021 to 30 April 2022	Gertrude Buyungwe
ZAPF-Chartered Risk analyst training	Lusaka	15 th August 2022 to 19 th August 2022	Leah Simasiku
ZCPIT -Investment Advisors and Stockbroker Course	Online	22 nd August 2022 to 23 rd September 2022	Kalima K Chaleka, Martin B. Phiri and Pitney Chipenga
IOSCO-PIFS Harvard Certificate Program	USA	12 th September 2022 to 16 th September 2022	Leah Simasiku
Check Point Certified Security Administrator R81.10	South Africa	19 th September 2022 to 21 st September 2022	Sydney Katumba
Cambridge Suptech Lab Innovation Leadership Programme - Cohort #1	Online	17 th October – 16 th December 2022	Mutumboi Mundia, Nonde Sichilima, Sydney Katumba, Bruce Mulenga, Mubanga Kondolo, Dubholukulu Mulondiwa, Kalonga Sakala, Leah Simasiku, Gertrude Buyungwe, Mateyo Lungu
ZCPIT - Investment Adviser and Stockbrokers Course	Online	21 st November 2022 to 17 th December 2022	Harrington Akushanga

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

Since COVID-19 did not spread as widely as it did in the prior year, most institutions resumed their regular operations, including organizing physical trainings. The commission was therefore able to send members of staff for training physically.

Phillip K. Chitalu
CHIEF EXECUTIVE OFFICER

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SECURITIES AND EXCHANGE COMMISSION

Protecting investors in the capital markets.

Corporate Governance



Governance in General

The importance of governance in the twenty-first century cannot be overemphasised. With entities requiring to be accountable to their appointing authorities, it is critical that it has an independent board to make decisions and ensure that the entity is properly managed and controlled.

The Commission and Corporate Governance

The Commission has entrenched governance in all its processes with the support of an enabling legal and regulatory framework. Thus, corporate governance is a key tool that ensures that the Commission is properly managed and controlled. To start with, the Board comprises independent persons nominated by respective institutions and appointed by the Minister. The Board is therefore not under the direction and control of the Minister. In addition, section 8 of the Securities Act highlights the distinct roles of each governance structure so that the management function and Board oversight are not confused. The Act thus highlights the roles and functions of the Board 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.

The role of IOSCO in Governance

The Commission is a member of the International Organisation for Securities Commissions (IOSCO), a standard setting body for securities regulators worldwide. IOSCO has prescribed objectives and standards, as international best practice, that also include governance considerations in securities regulation, which the Commission has adopted.

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.

On 17th March 2022, the Board elected Mrs. Ruth S. Mugala as the Chairperson and Mr. Paul Nkhoma as the Vice-Chairperson. Mrs. Mugala's election was, before her election to the office of Chairperson, the Board's Vice-Chairperson. She is the first ever female Chairperson of the Commission Board.

Changes to Board Composition

There were three changes to the composition of the Board in 2022 as follows:

Name of Board Member	Institution Represented	Date of change	Reason for change
Ms. Natasha N. Kalimukwa	Ministry of Justice	March 2022	Removal from office as did not represent Ministry of Justice
Ms. Brenda Mwanza	Bank of Zambia	16 th December 2021*	New appointment to replace Dr. Jonathan Chipili
Dr. Leonard N. Kalinde	Law Association of Zambia	9 th February 2022	New appointment to replace Mr. Amos Siwila

*officially joined in January 2022

2022 Board Composition

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

Name of Board Member	Institution Represented	Position	Appointment date
Mrs. Ruth S. Mugala	Zambia Institute of Chartered Accountants	Chairperson	02.10.2018
Mr. Paul Nkhoma	Zambia Chamber of Commerce and Industry	Vice-Chairperson	10.03.2021
Mr. Mulele M. Mulele	Ministry responsible for finance	Member	29.05.2020
Ms. Mainza Masole	Pensions and Insurance Authority	Member	12.06.2020
Mrs. Natasha N. Kalimukwa*	Ministry responsible for justice	Member	13.03.2018
Dr. Leonard N. Kalinde**	Law Association of Zambia	Member	09.02.2022
Ms. Brenda Mwanza***	Bank of Zambia	Member	16.12.2021
Phillip K. Chitalu	SEC Chief Executive Officer	ex-officio Member	-

* Mrs. Natasha Kalimukwa ceased to be the Administrator General and Official Receiver of the Republic of Zambia in March 2022 and thus she ceased to represent the Ministry of Justice and was no longer attending meetings as a Commissioner on the Board from March 2022

** Dr. Leonard N. Kalinde was appointed on 09th February 2022 as the new representative for the Law Association of Zambia.

*** Ms. Brenda Mwanza was appointed on 16th December 2021 as the new representative for the Bank of Zambia.

Board Meetings

The Board held four scheduled meetings in March, June, September and December 2022. In addition, the Board held five Special Meetings in January, March, May, August 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	20.01.22 (Special Meeting)	17.03.22 (Scheduled Meeting)	29.03.22 (Special Meeting)	27.05.22 (Special Meeting)	30.06.22 (Scheduled Meeting)	16.08.22 (Special Meeting)	21.09.22 (Scheduled Meeting)	16.12.22 (Scheduled Meeting)	29.12.22 (Special Meeting)
Mrs. Ruth S. Mugala	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Paul Nkhoma	✓	✓	✓	✗	✓	✓	✓	✓	✗
Dr. Leonard N. Kalinde	✓	✓	✓	✗	✓	✓	✓	✓	✓
Mr. Mulele M. Mulele	✓	✓	✓	✓	✓	✗	✓	✓	✓
Mrs. Natasha N. Kalimukwa	✓	✓	✗	✗	✗	✗	✗	✗	✗
Ms. Brenda Mwanza	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ms. Mainza Masole	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Phillip K. Chitalu	✗	✓	✓	✓	✓	✓	✓	✓	✓
Ms. Diana S. Sichone (Acting CEO)	✓	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

✓ Meeting attended

✗ Meeting not attended and apology given

N/A Only able to attend in an acting capacity when CEO is not available

Committees and Committee Membership

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

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

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 2022 was as follows:

COMMITTEE	MEMBERSHIP REPRESENTATION	MEMBER
LICENSING COMMITTEE	Board Member representing LAZ and Committee Chairperson	Dr. Leonard Kalinde
	MoJ Representative	-
	BoZ Representative	Mrs. Hellen L. Banda
	ERB Representative	Mr. Fred Hang'andu
	PIA Representative	Mrs. Namakau Mundia-Ntini and Mr. Chishiba Kabungo
	Ex-officio Board Member	Mr. Phillip K. Chitalu
MARKET TRANSACTIONS COMMITTEE	Board Member representing MoF and Committee Chairperson	Mr. Mulele M. Mulele
	Board Member representing ZACCI	Mr. Paul Nkhoma
	Board Member representing LAZ	Dr. Leonard Kalinde
	CCPC Representative	Mr. Brian Lingela
	PACRA Representative	Mr. Wilson Banda
	ZDA Representative	Mr. Albert Halwampa
	Ex-officio Board Member	Mr. Phillip K. Chitalu
STAFF AND REMUNERATION COMMITTEE	Board Member representing ZACCI and Committee Chairperson	Mr. Paul Nkhoma
	Board Member representing BoZ	Ms. Brenda Mwanza
	MoJ Representative	Mr. Joe Simachela
	ZIHRM Representative	Mrs. Beatrice N. Mwila
RISK AND AUDIT COMMITTEE	Board Member representing BoZ and Committee Chairperson	Ms. Brenda Mwanza
	Board Member representing PIA	Ms. Mainza Masole
	ZICA Risk Expert	Mr. Kapembwa Sindano
	MoF Representative	Ms. Namaambo Kaliyangile
	LAZ Representative	Ms. Matilda C. Kaoma

COMMITTEE	MEMBERSHIP REPRESENTATION	MEMBER
COMPENSATION FUND COMMITTEE	Board Member representing MOJ and Committee Chairperson	-
	BAZ Representative and Committee Vice-Chairperson	Mr. Fanwell Phiri
	CMAZ Representative	Mr. Nicholas Kabaso
	ZACCI Representative	Mr. Phil Daka
	LAZ Representative	Ms. Abigail Chimuka
	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 MoF	Mr. Mulele M. Mulele
	MoJ Representative	Mr. Joe Simachela
	Ministry of Works and Supply Representative	Mr. Robin K. Musumba
	Zambia Institute of Architects representative	Mr. Griven Sikalumbi
	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

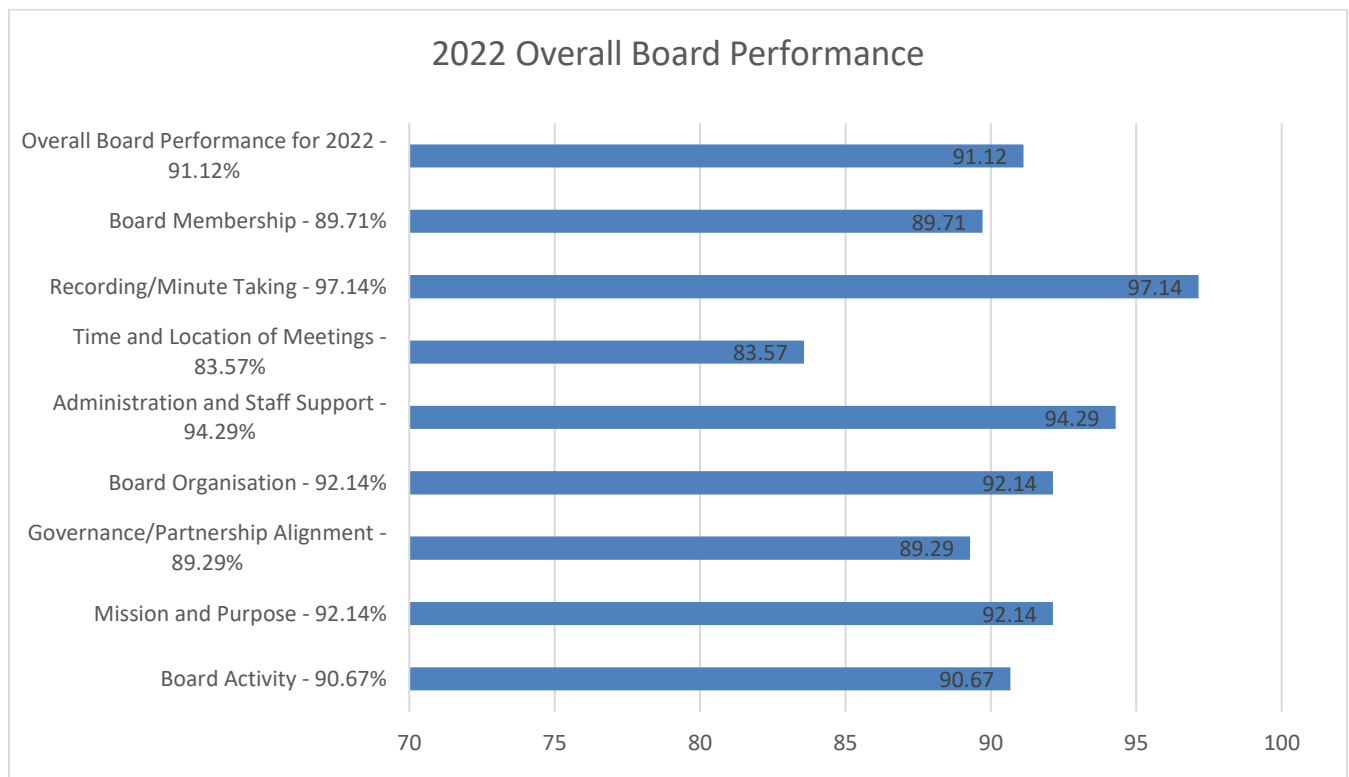
appropriate. For the process to be effective, Board members are required to be open and submit positive ideas and opinions. The Board has developed an appropriate methodology to conduct the Performance Evaluations through a questionnaire that has been developed and which is required to be filled in by 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 seven out of eight respondents because one Board Member was no longer on the Board as they no longer represented the relevant nominating institution 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.

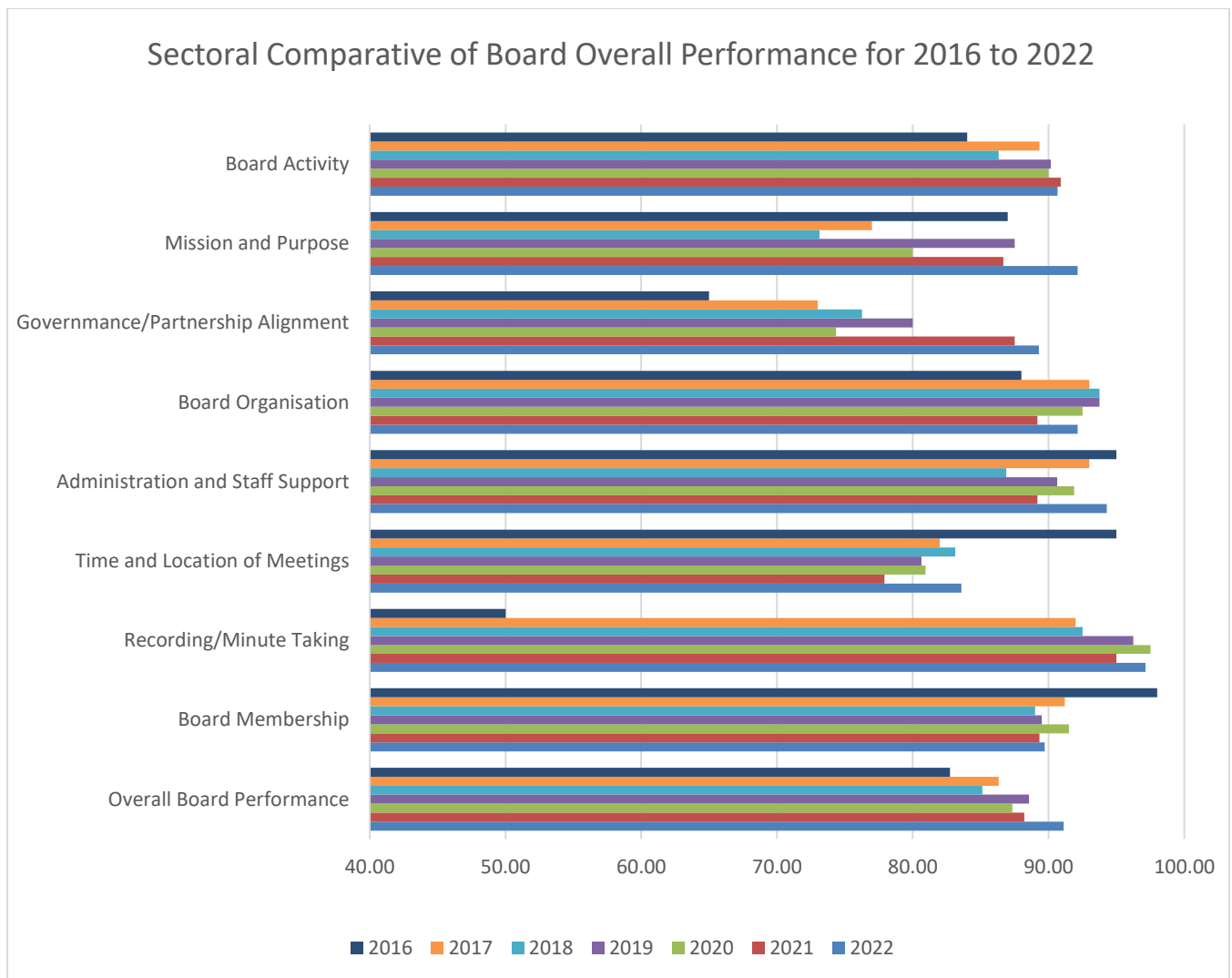
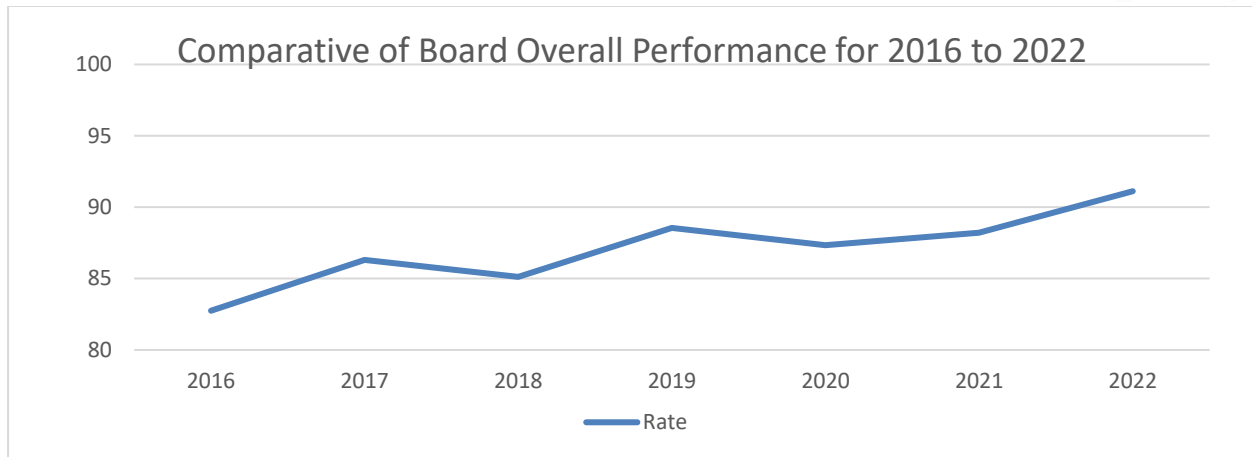
Results of the self-evaluation

The self-evaluation revealed an overall Board’s performance for 2022 of **91.12%**, which was a **2.91%** increase from the **88.21%** recorded in 2021. Comparatively, the Board’s overall assessment rates for 2020, 2019, 2018, 2017 and 2016 were **87.34%**, **88.55%**, **86.32%** and **82.75%** respectively. Time and Location of Meetings remained the lowest rated area at 83.57% whilst the highest rated area was the assessment of Recording/Minute Taking at 97.14%. The table below illustrates the overall Board performance:



Comparative review of Board performance over a 7-year period

In the next two Tables, a comparative analysis of the Board’s performance over the last seven years for which the Board Performance Self-Evaluation has been conducted is made:



Seven of the eight areas assessed indicated a marked increase in performance rates on a comparative basis with the assessment done for 2021 with the overall Board performance recording an **increase in performance of 2.91%** from **88.21%** in 2021 to **91.12%** in 2022.

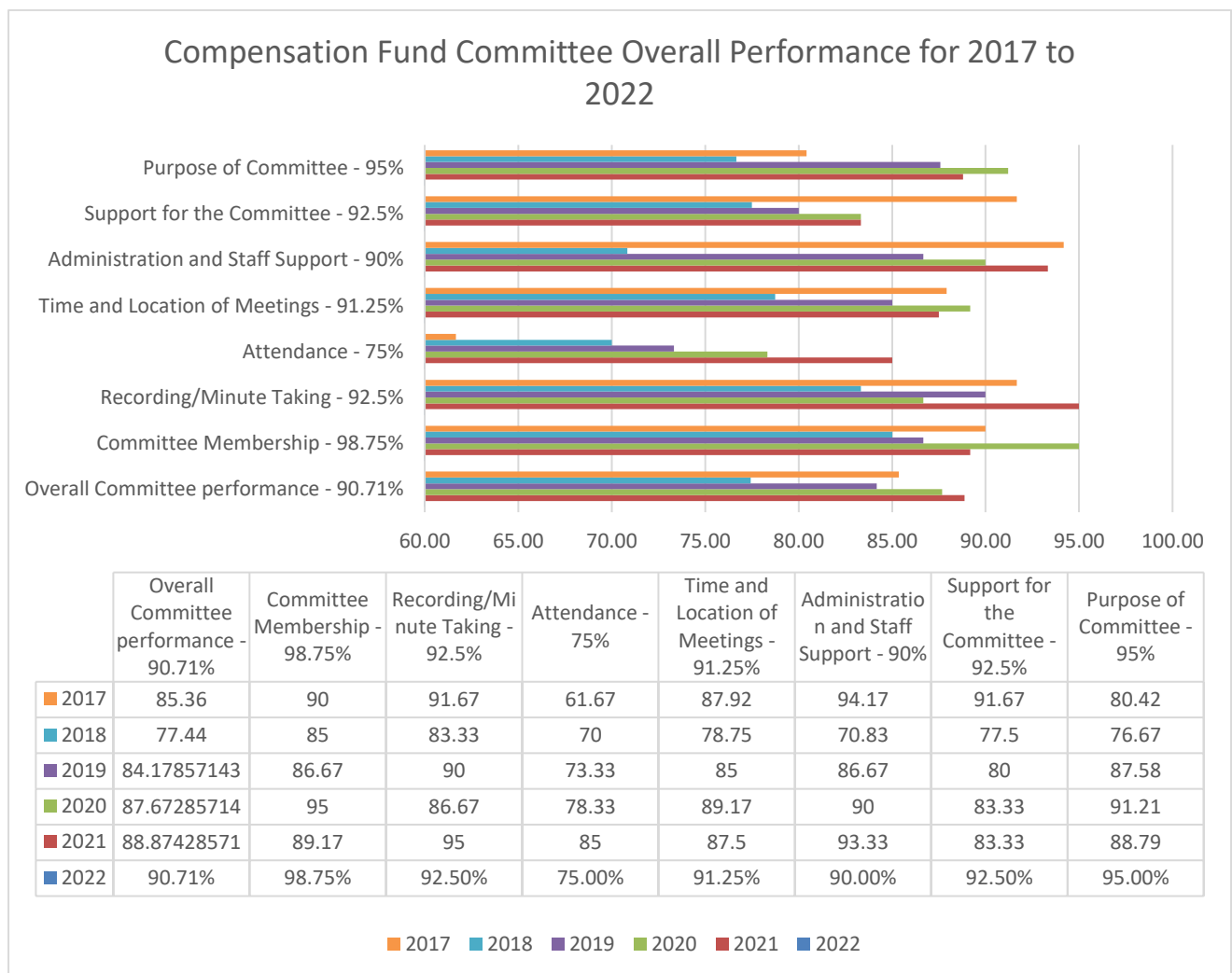
INDIVIDUAL BOARD COMMITTEE PERFORMANCE FOR 2017 TO 2021 PERIOD

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.

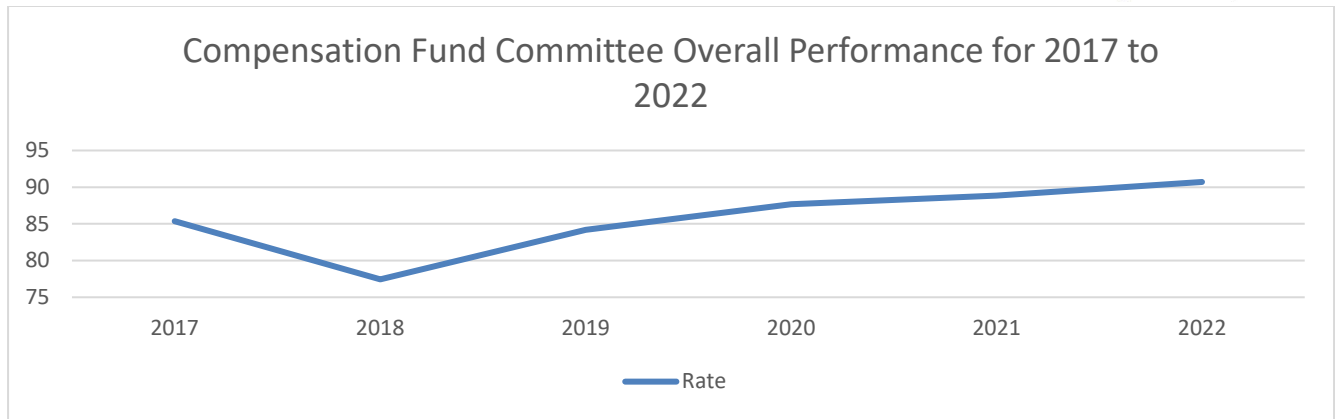
The self-evaluation was conducted for the following seven major areas: Purpose of the Committee; Support for the Committee; Administration and Staff Support; Time and Location of Meetings; Attendance; Recording/Minute Taking; and Membership.

Compensation Fund Committee Self-assessment

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

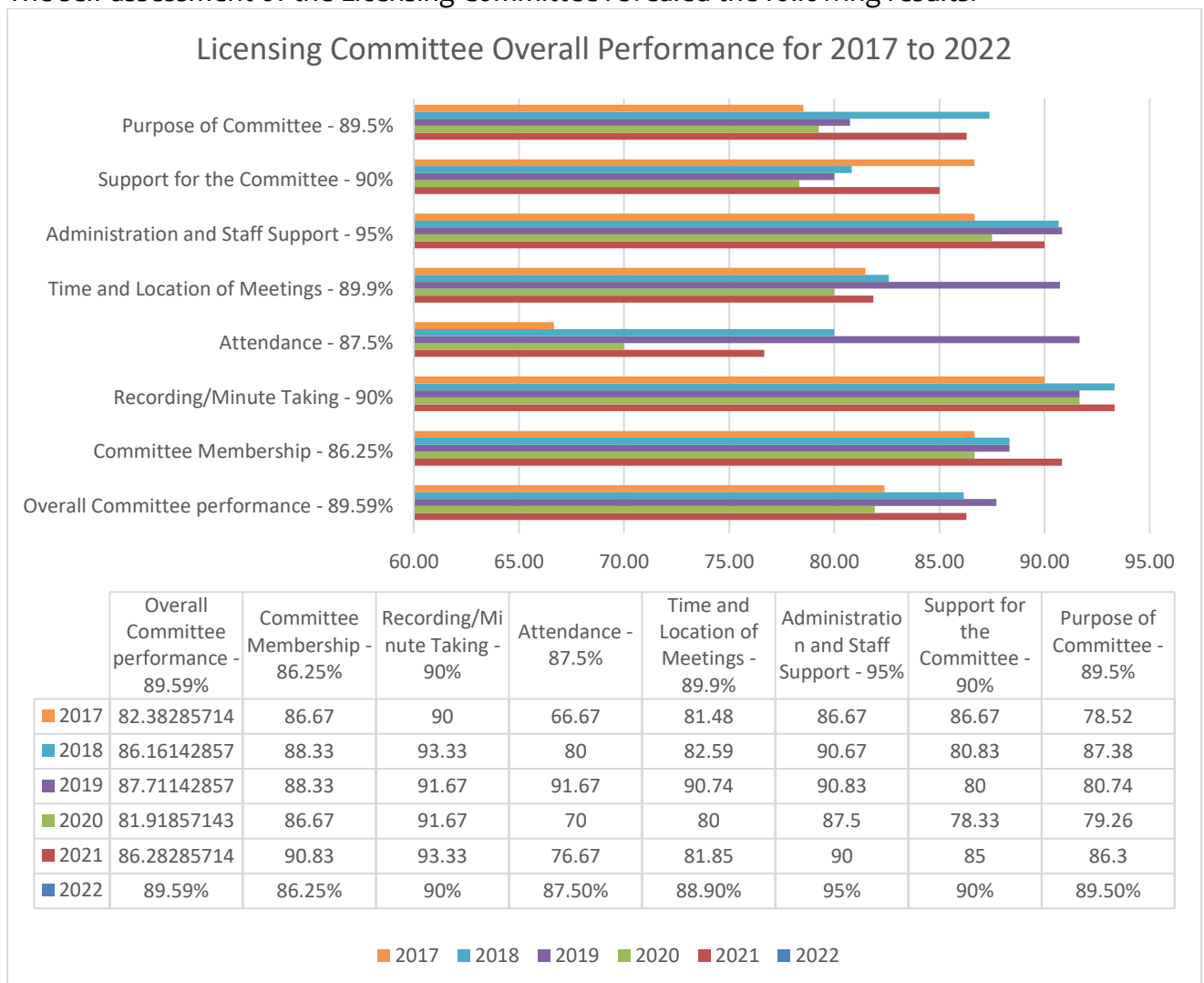


From the assessment, the Compensation Fund Committee's **overall performance for 2022 was assessed to be 90.71%**, a **1.84% increase from the 88.87%** assessed in 2021. **Comparatively, the assessment rates for 2020, 2019, 2018 and 2017 were 87.67%, 84.18%, 77.44% and 85.36%**, respectively. In this assessment, the highest rated area is Committee Membership at 98.75% while the lowest rated area is Attendance at 75%.



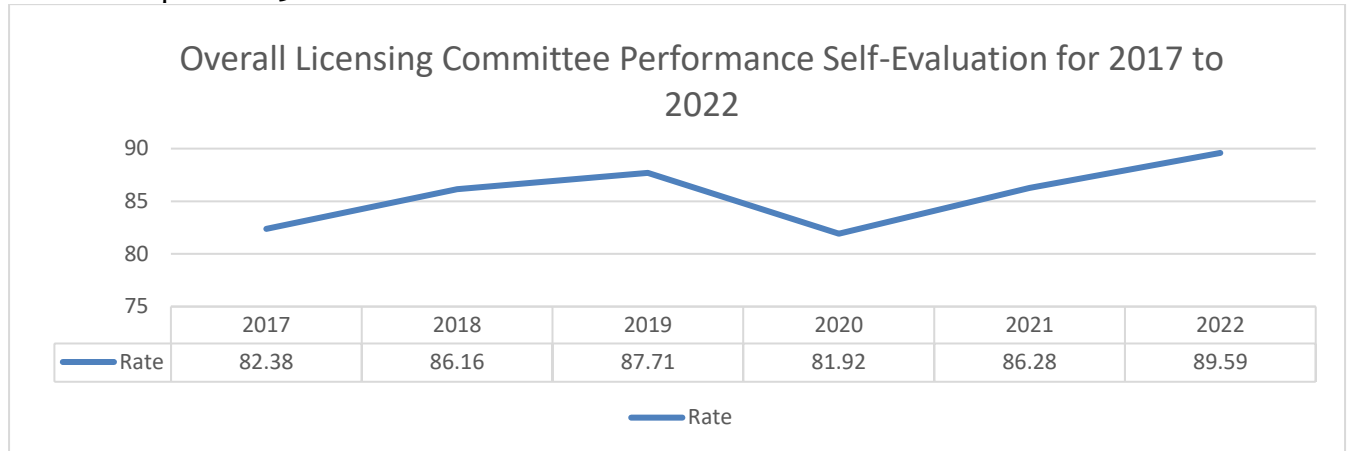
Licensing Committee Self-assessment

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



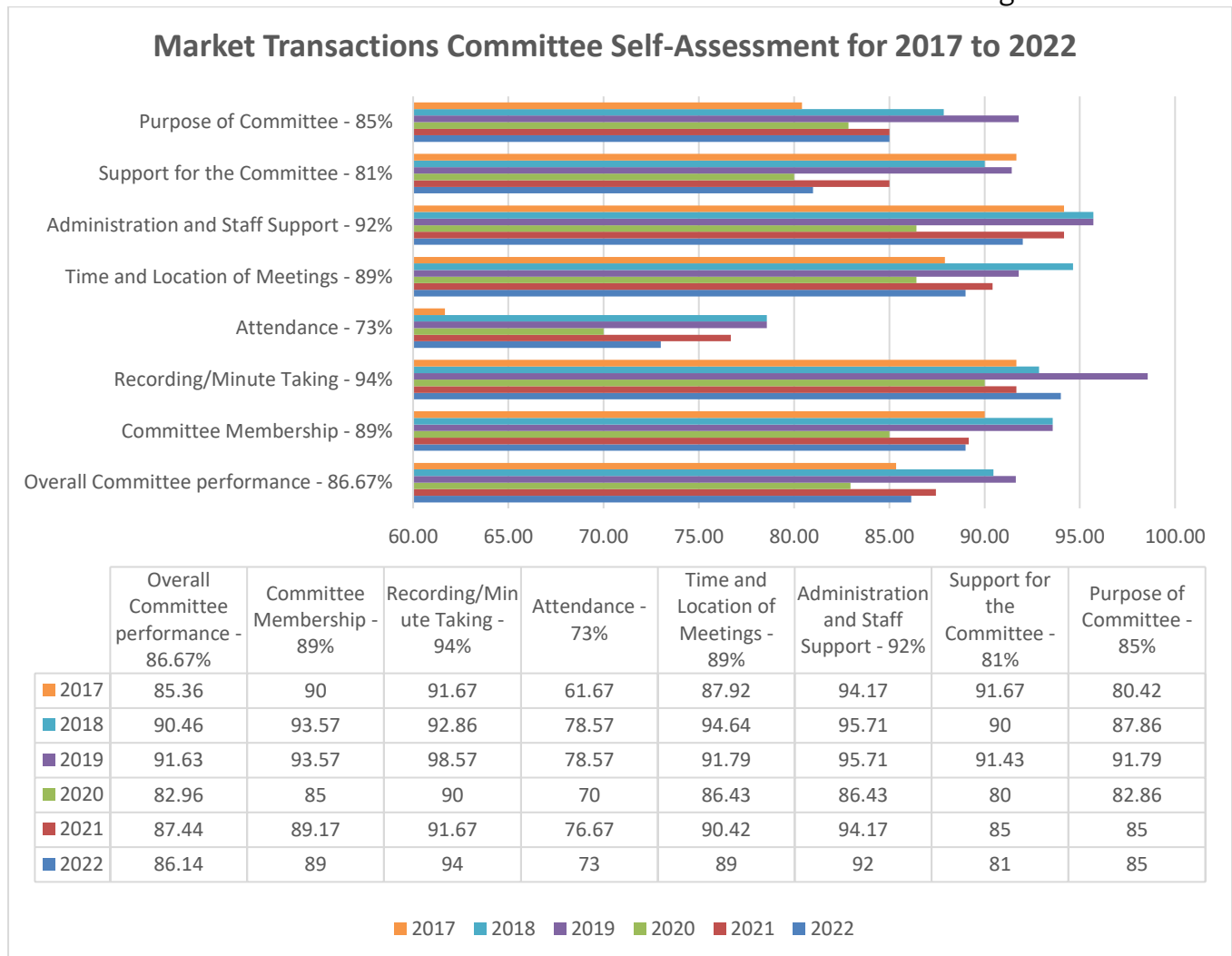
From the assessment, the Licensing Committee’s overall performance for 2022 was assessed to be 89.59% which was an increase from the 2021 assessment rate which was at 86.28%. Comparatively, the overall Committee performance as assessed in 2020, 2019, 2018 and 2017 was- 81.92%, 87.71%, 86.16% and 82.38%, respectively. From the above assessment, the highest rated area in 2022 was

Administration and staff support of the Committee at **95%** while the lowest rating was Committee membership at **86.25%**.



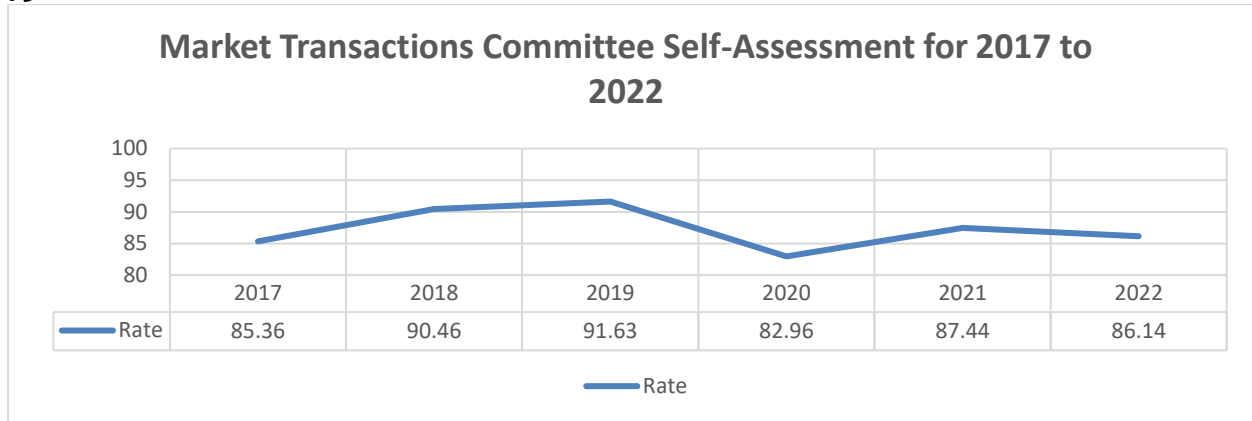
Market Transactions Committee Self-assessment

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



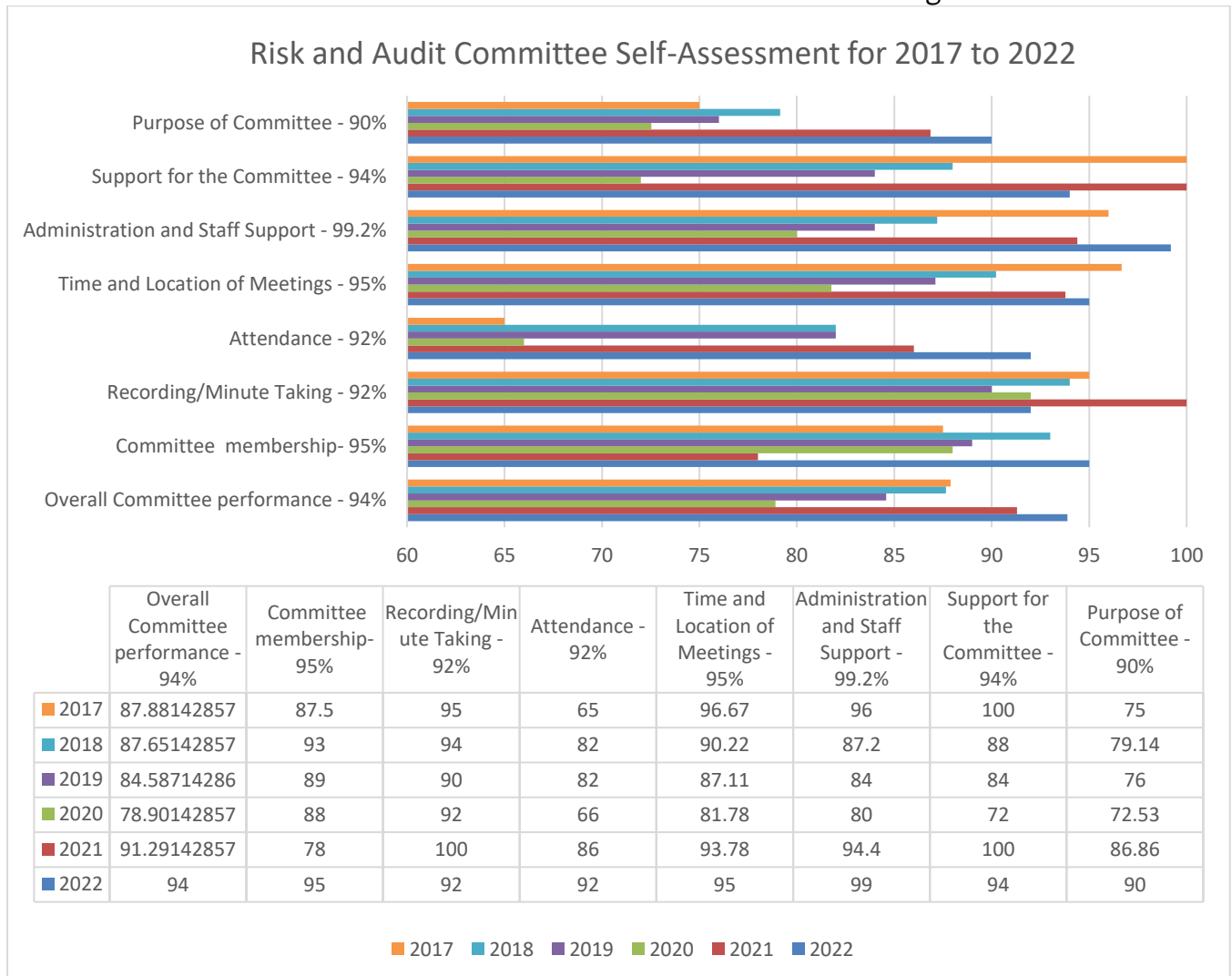
From the assessment, the Market Transactions Committee’s overall performance for 2022 was found to be at **86.14%** which represented a **3.03%** reduction from the **89.17%** that was recorded in 2021. **Comparatively, the Committee’s overall performance for 2020, 2019, 2018 and 2017 were 82.96%, 91.63%, 90.46% and 85.36%, respectively.** The area with the highest rating was for Record

and Minute Taking at **94%** while the lowest rated area remains Committee Member Attendance at **73%**.



Risk and Audit Committee Self-assessment

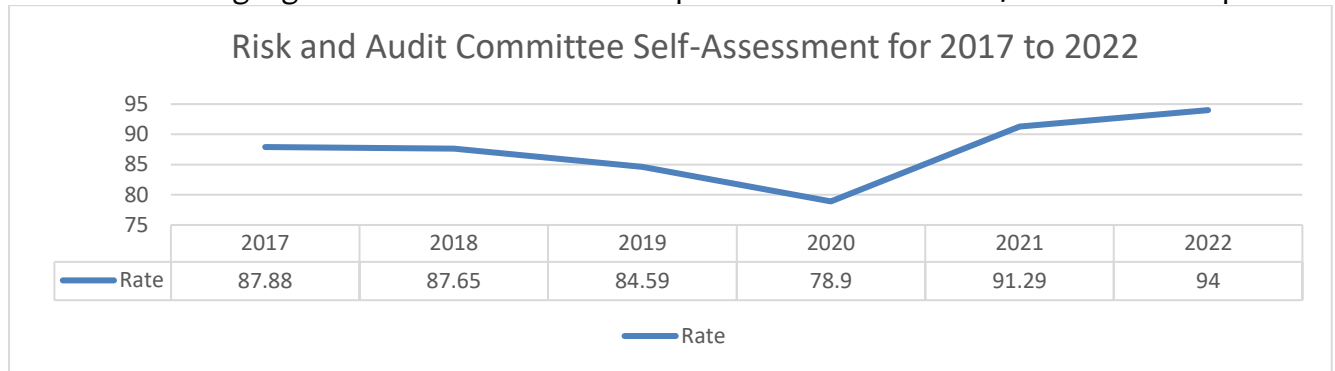
The self-assessment of the Risk and Audit Committee revealed the following results:



From the assessment, the Risk and Audit Committee’s **overall performance for 2022 was found to be at 94%**, a marked increase from the 2021 assessment rate of 91.29%. The highest rating was made for Administration and staff Support for the Committee at 99.2% while the lowest rating was

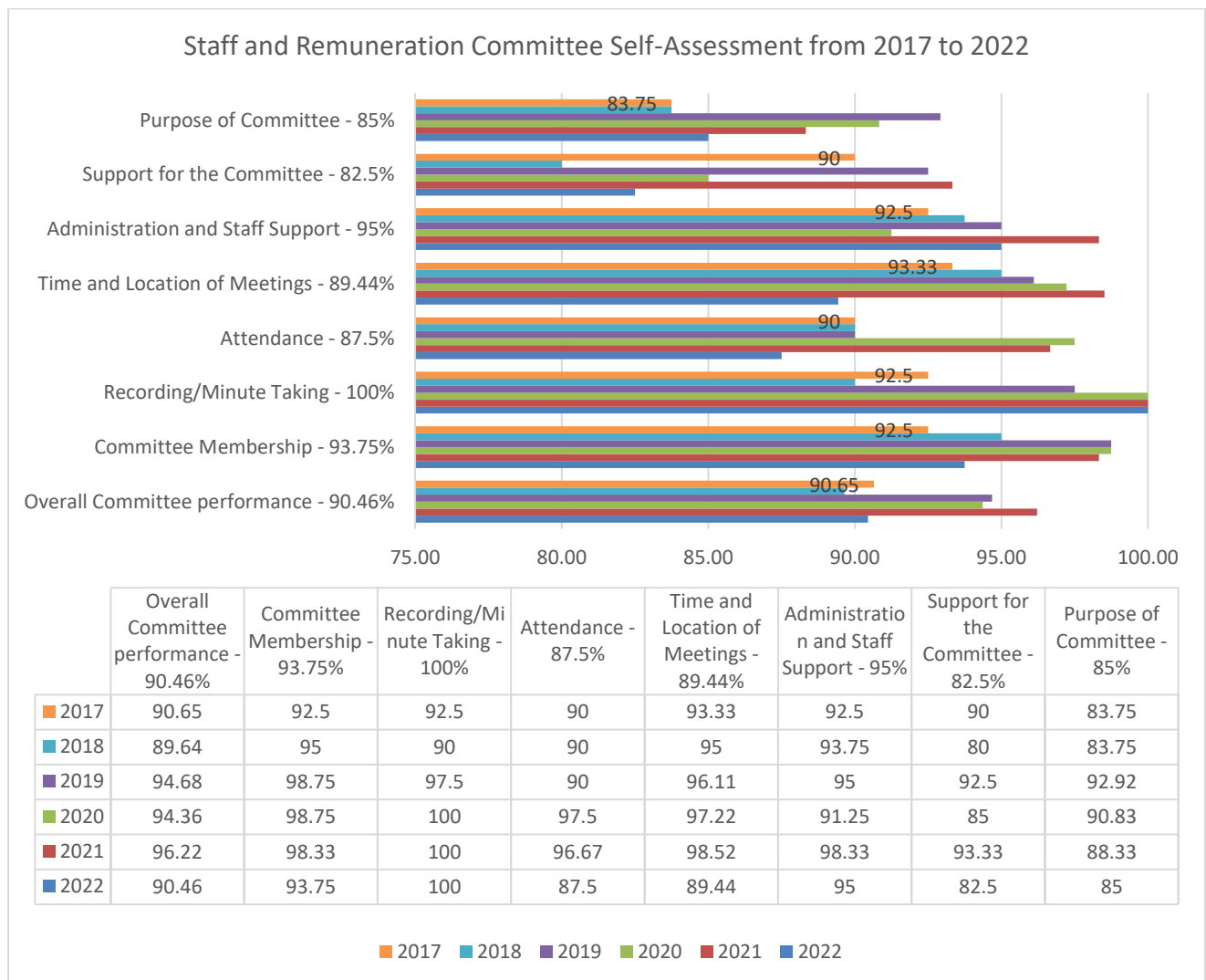
Purpose of Committee at 90%. The Table also indicates the comparative performance rates for the 2020, 2019, 2018 and 2017 periods at 78.90%, 84.58%, 87.65% and 87.88%, respectively.

The next table highlights the Committee’s overall performance for the 2017 to 2022 review periods:



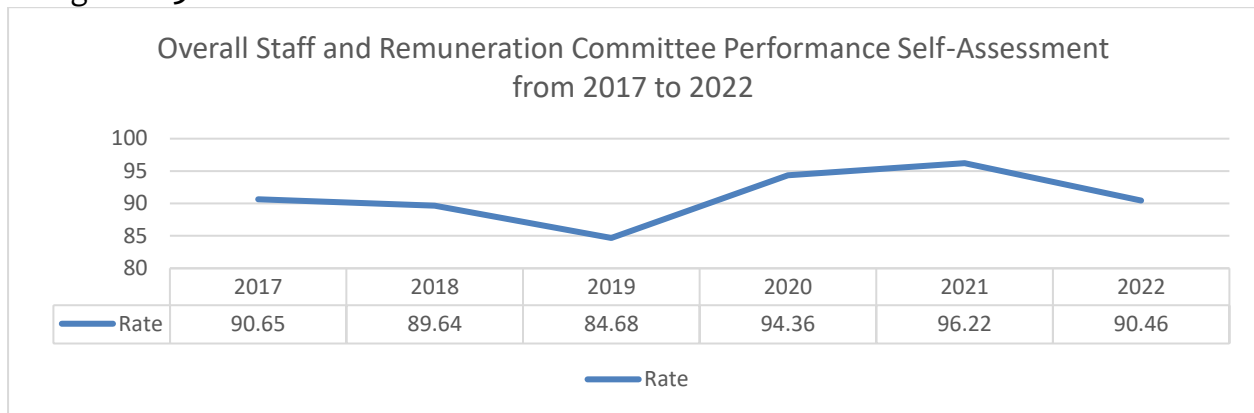
Staff and Remuneration Committee Self-assessment

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



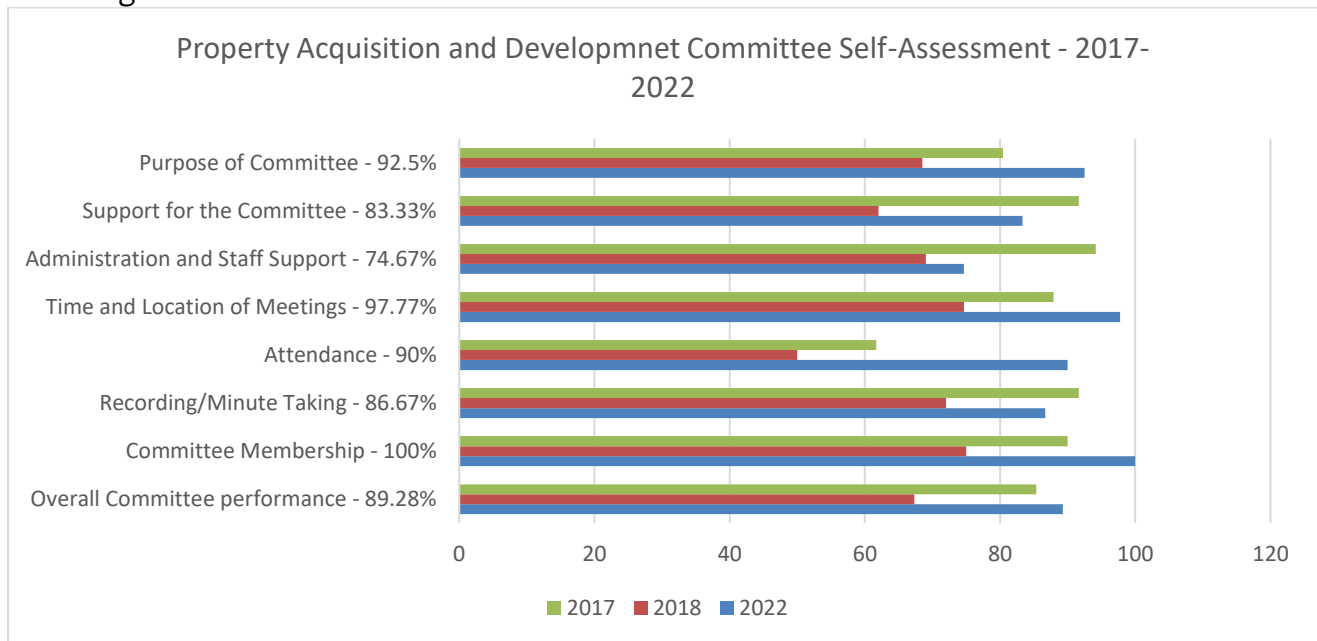
From the assessment, the Staff and Remuneration Committee’s overall performance for 2022 was 90.46% representing a 5.76% drop from the 96.22% recorded in 2021. **Comparatively, the Committee’s overall performance for 2020, 2019, 2018 and 2017 were 94.36%, 94.68%, 89.64% and**

90.65%, respectively. The highest rated category remained the Recording or Minute Taking at **100%** while the lowest rated category was Support for the Committee, which recorded a step drop in rating to **82.5%**.

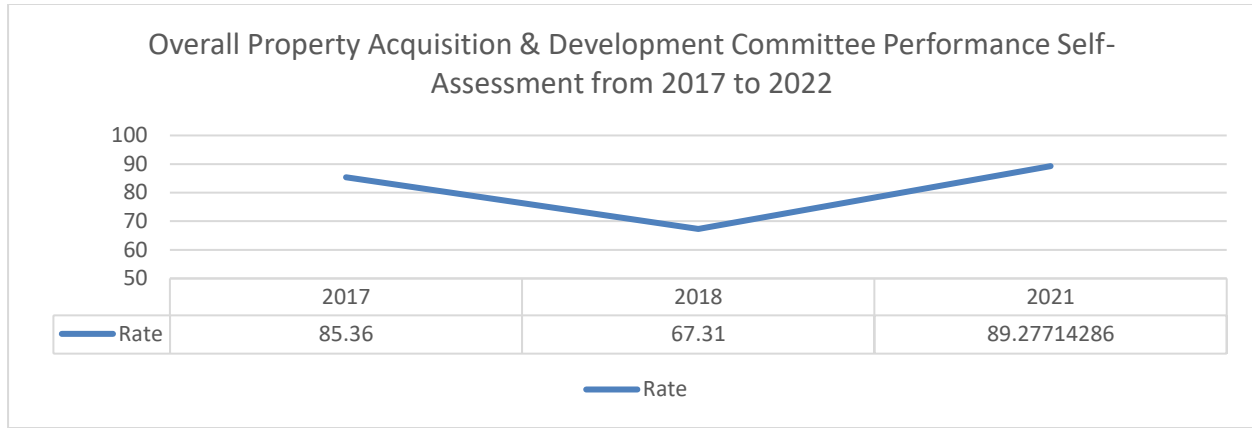


Property Acquisition and Development Committee Self-assessment

The self-assessment of the Property Acquisition and Development Committee revealed the following results:

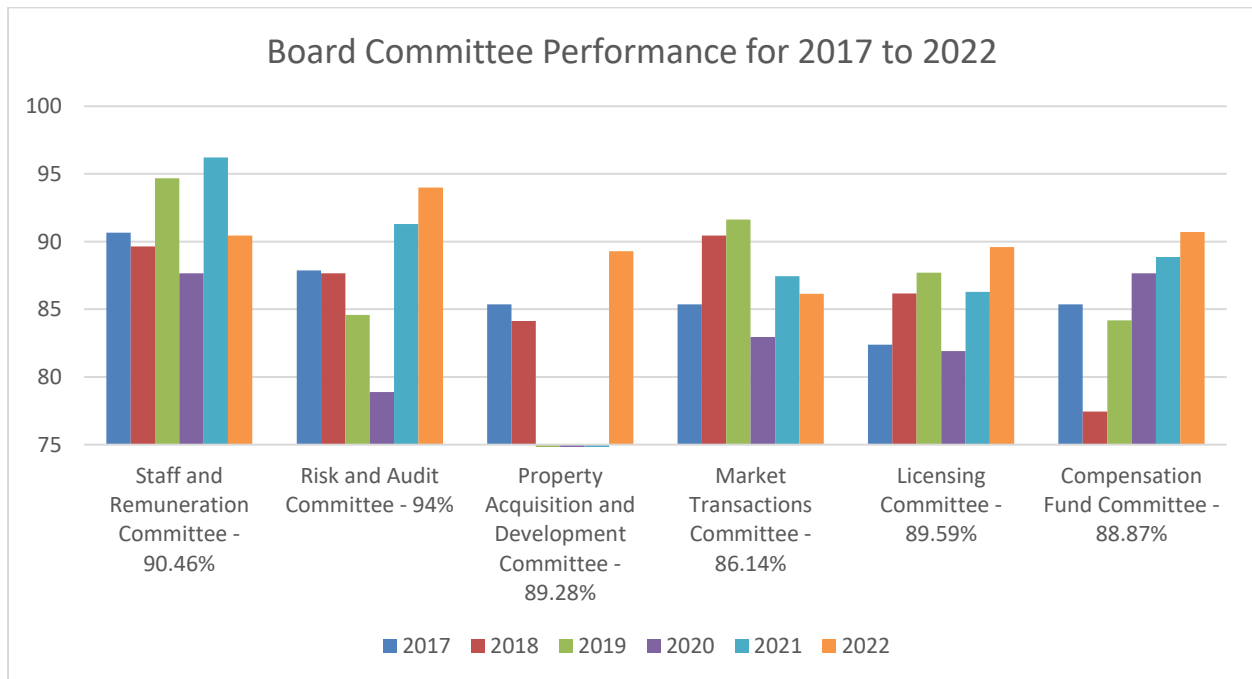


From the assessment of the Members, the Property Acquisition and Development Committee’s overall performance was found to be at **89.28%**, an impressive **21.96%** increase from the **67.31%**, that was assessed in 2018. The highest rating was for Committee Membership at **75%** while the lowest rating was for Administration and Staff Support at **74.67%**.



OVERALL BOARD COMMITTEE PERFORMANCE FOR 2017 TO 2022 PERIOD

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



NB: The Property Acquisition and Development Committee is an ad hoc Committee of the Board. It did not hold any meetings between 2019 and 2021 due to financial constraints. However, the Committee met more frequently in 2022 and has assessed its own performance in 2022 for the first time in three years.

Conclusion

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

The Board's oversight role is a governance obligation that has been outlined under Section 8 of the Securities Act. In this provision, the Board is empowered 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. This distinction is important as the decision-making function has been placed on the Board, which is comprised of Members representing different institutions. The Board is, therefore, mandated to implement the provisions of the Act while the Management and staff play a secretariat role. Section 13 also enables the constitution of Board Committees to which the Board delegates some of its decision-making functions and thus assist the Board in exercising its statutory functions.

In order to guide Board Members in the conduct of Board business, the Commission has formulated and implemented a Board Charter that ensures 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 ZMW75 billion worth of investments as at 31st December 2022. 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 300,000 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 2022 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 to 140,000 from 123,326 by December 2022;
2. complete the issuance of ten Rules and Regulations by December 2022;
3. complete the Venture Capital (VC) and Exchange Traded Funds (ETFs) Guidelines by the end of June 2022;
4. address and resolve 70% of complaints received annually;
5. enhance revenue mobilisation by achieving targets set in the 2021 budget and spend up to K27 million; and
6. Engage the Management Services Division at Cabinet Office to start working on the 2022 to 2026 Commission's strategic plan.

The Commission was able to successfully implement some of these performance indicators with the exception of the laws that, although the Commission had finalised the drafting and consultative and stakeholder validation processes, required the Ministry of Justice to enact. The laws were submitted to the Ministry of Justice and were being reviewed post the reporting period.

Additionally, the Venture Capital and Exchange Traded Funds Guidelines were also finalised in the reporting period and came into effect in 2022 enhancing the capital markets disclosure regime and thus promoting the Commission's investor protection mandate.

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 2022, the Commission continued 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 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.

Phillip K. Chitalu
CHIEF EXECUTIVE OFFICER

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SECURITIES AND EXCHANGE COMMISSION

Protecting investors in the capital markets.

Operational Activities

2022 was an exciting year for the Commission as it was able to execute its dual mandate of market supervision and market development and put in place enabling regulatory frameworks to facilitate the implementation of most of the most innovative products and services being offered in the Zambian capital markets. In addition, the year saw the finalisation of the Capital Markets Master Plan that was officially launched in the post reporting period.

This part of the report highlights the main operational activities undertaken at the Commission in furtherance of the Commission’s investor protection and market development mandate ranging from 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. Thus, through the various highlighted functions and activities, the different directorates were able to collectively contribute towards the achievement of free, fair and transparent markets.

DIRECTORATE OF MARKET SUPERVISION AND DEVELOPMENT

For the Directorate of Market Supervision and Development (DMSD), 2022 commenced on a busy note with key projects having progressed to implementation stage. These include the following:

- **Risk-Based Supervision (“RBS”)**: Effective 5th April 2022, the Commission migrated capital markets to RBS;
- **Regulatory Sandbox Project**, launched on 17th March 2021 and subsequently launched the testing phase on 19th November 2021; and
- **Green Bonds Project**, premised on the 2019 Green Bonds Guidelines.
- **Capital Markets Master Plan (“CMMP”)**, preparatory works towards the launch and implementation of the Capital Markets Master Plan (“CMMP”), originally scheduled for launch in December 2022.

In addition, the directorate continued with its supervisory and market development functions of licensing, surveillance, complaints handling, financial inclusion and market awareness. The following successes were registered during the year:

- 👍 **Launched the RBS framework** in April 2022 and continue to progress the transition focussing on capacity building for market players;
- 👍 **Secured Cabinet’s** approval in September 2022 for the adoption and implementation of Zambia’s inaugural **CMMP** (launched post year end on 23rd February, 2023);
- 👍 Awarded **First Prize** and **Third Prize** at the 2021 Lusaka Agricultural Commercial Show under the categories **Best Climate Action Enterprise Exhibit** and **Best Regulatory Authority Exhibit** respectively;
- 👍 **Secured financial and technical support** from the United Nations Development Programme/Biodiversity Finance Initiative for **three teams of consultants** to provide assistance in various initiatives (including the green bonds project) under the Mainstreaming Green Finance Working Group;
- 👍 **Secured sponsorship from Cambridge University for four (4) members of staff** to pursue the Cambridge Suptech Lab – Innovation Leadership Programme which commenced in

- October 2022. The programme has proven to be timely in view of the Commission’s plans to enhance its supervisory technology;
- 👉 **Successfully completed a Proof of Concept for a Supervisory Technology and Regulatory Technology Reporting Tool** developed by a Kenyan based systems developer, Innova Limited.
 - 👉 **Launched the 2nd cohort of the Regulatory Sandbox** in November 2022;
 - 👉 **Launched the Regulatory Assessment Module** in September 2022 under the Commission’s partnership with the Chartered Institute for Securities and Investment; and
 - 👉 **Attended the United Nations Framework Convention for Climate Change (“UNFCCC”) Conference of Parties 27th Meeting (COP 27)** in November 2022 and established contact with potential cooperating partners, most of whom have indicated willingness to support Zambia’s long-term strategy for the development of capital markets.

The above notwithstanding, the ongoing organisational re-structuring and brainstorming around the right-sizing of the Commission aimed at ensuring adequate capacity in future, is a matter of priority for both Management and the Board of Commissioners. With the CMMP being launched post year end in February 2023 and also given the need to actualise the establishment of a specialized units across the Commission such as the CMMP Unit, the green/sustainability coordinating unit, the Innovation and Sandbox Units, the Commission must not relent in making every effort to resolve the human resources challenge.

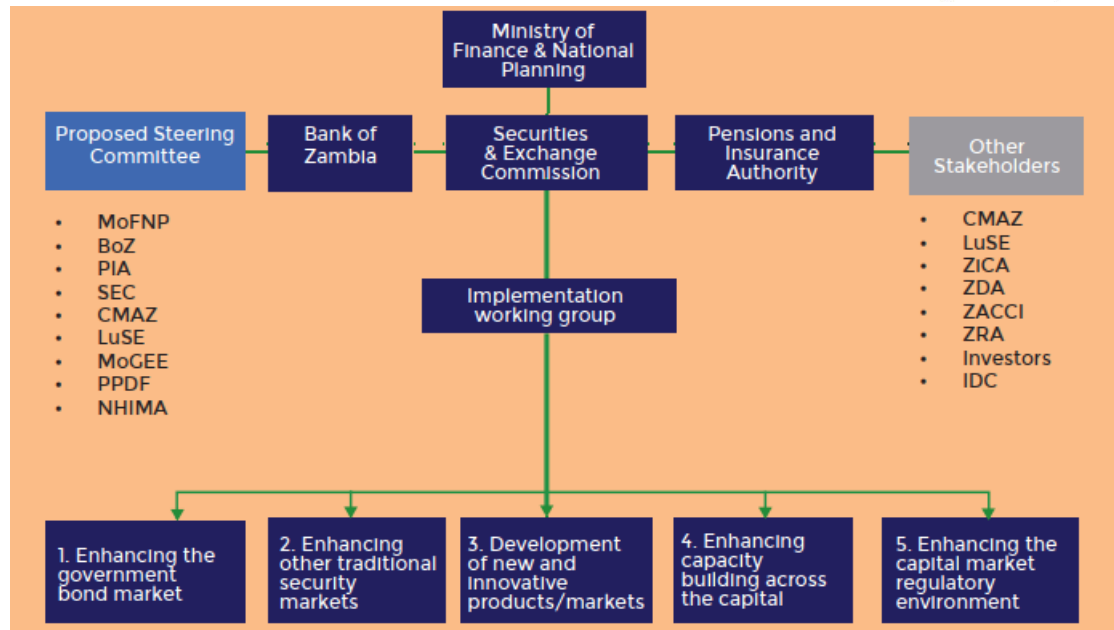
MARKET DEVELOPMENT

CAPITAL MARKETS MASTER PLAN (CMMP)

Further to the Ministerial approval of the draft Capital Markets Master Plan (CMMP) document in 2021, the Commission continued to pursue Cabinet approval of the draft CMMP document which was tabled and approved by Cabinet in September 2022. Below were some of the key activities undertaken by the Commission in readiness for the CMMP launch and implementation;

1. **Review and update of the Cabinet approved CMMP document** – A committee was created to review and update the approved draft CMMP as follows:
 - Align the CMMP document with the Eight National Development Plan (8NDP); and
 - Update CMMP timelines, targets, and respective baselines.
2. **Preliminary steps to implement the CMMP** –The Commission alongside the Ministry of Finance and National Planning (“MoFNP”) continued to undertake preliminary steps towards implementing the 10-year long term strategy for capital markets development. The steps mainly focused on the following:
 - **Financial resources:** A budget proposal to implement the CMMP was submitted to the Ministry.
 - **Governance and implementation structure:** A proposal for the composition of the CMMP Governance and implementation structure was submitted to the Ministry. The proposed structure is illustrated in the following table:

Proposed CMMP Governance and Implementation Structure



- **CMMP building blocks:** The Commission with the support of strategic partners continued to implement projects that aligned with both the national development goals as well as the CMMP aspirations and as such, form foundational building blocks (in-part) for the identified CMMP development areas. These projects include the Risk-Based Supervision Project, the Green Bonds Project, and the Regulatory Sandbox Project.
 - **Action Plan:** Building on the initial CMMP Action plan developed by Bourse Consult and Genesis Analytics (the consultants engaged to develop the CMMP), the joint CMMP Secretariat (SEC and MoFNP) held a two-day stakeholder’s workshop to review and solicit a collective consensus on the revised Action Plan.
3. **CMMP Launch** – The Commission in collaboration with the MoFNP commenced plans to undertake the official CMMP launch event, which would be Graced by the President of the Republic of Zambia, Mr. Hakainde Hichilema on 23rd February 2023. In the same vein, the Commission continued to engage with potential partners such as the Financial Sector Deepening Africa who re-affirmed their commitment to support the CMMP implementation post the launch.

DIGITALISATION, INNOVATION AND REGULATORY SANDBOX FRAMEWORK FOR CAPITAL MARKETS

In 2022, the Commission continued to implement the Regulatory Sandbox Framework for Capital Markets (“Sandbox”) mainly by monitoring and supervising the live Testing phase (launched in 2021) for all four Sandbox participants namely, Kukula Capital (“Kukula”), Lupiya Circle Ltd (“Lupiya”), Lusaka Securities Exchange Plc (LuSE), Premier Credit Zambia Ltd (“Premier”). In the same vein, the Commission initiated reviews for Exit requests for Lupiya and Premier. The outcomes of the reviews will determine whether the two Sandbox participants shall be granted approval to exit the Sandbox and commercially deploy their Innovations.

Related to the above, the Commission undertook other activities, as follows:

- i. **Stock take and knowledge exchange engagement**– The Commission held a three-day virtual Stocktake and knowledge Exchange Engagement. The objective of the engagement was to spur discourse around the Sandbox participants’ experience and general enquiries that potential or existing investors may have around access, customer experience, consumer protection (among others). A key recommendation that emanated from the sessions was the need to consider harmonising supervisory frameworks. This arose from an identified challenge of uncertainty concerning the regulatory purview under which innovations were well suited.
- ii. **Harmonisation and a Collaborative Supervision Model for Fintechs**– Based on the outcomes of the Stocktake and knowledge exchange engagement above, the three financial sector regulators namely; SEC, Bank of Zambia and Pensions and Insurance Authority formed a working group to research into the various mechanisms for harmonising Sandboxes and options for collaborative approaches for the supervision of Fintechs.
- iii. **Sandbox retreat**– The Commission undertook a full day Sandbox retreat to review the implementation of the Sandbox live Testing phase. The review focused primarily on the agreed upon Test plan frameworks between the Commission and the Innovators.
- iv. **Sandbox Innovators Show Day** –In readiness for the 2nd Sandbox cohort launch, the Commission held a virtual Sandbox Innovators Show Day. The objective of the Show Day was to give an opportunity to potential Sandbox participants to showcase their proposed innovations, which included the following:
 - Blockchain technologies;
 - Robo advisory platforms;
 - Investment platforms e.g., bonds / share purchase platforms; and
 - Crowdfunding platforms for asset tokenization.
- v. **Launch of Second (2nd) Sandbox Cohort**– Further to the Sandbox Innovators Show Day, the Commission undertook a virtual launch of the 2nd Sandbox Cohort. During the launch, participants were made to better understand the Sandbox objectives, experiences of the existing Sandbox participants as well as spur interest to participate.

The Commission shall continue to promote innovation in the capital markets by leveraging the Sandbox, strategic partnerships as well as strengthening capacity for Commission staff.

CAPACITY BUILDING: PARTNERSHIP WITH THE CHARTERED INSTITUTE FOR SECURITIES AND INVESTMENTS (CISI) – ZAMBIA REGULATORY ASSESSMENT MODULE

Under the collaboration of the CISI and the SEC, progress was made to proceed to the launch the CISI Regulatory Assessment Module (RAM) for Zambia. The SEC has partnered with the CISI to provide an effective framework for collaboration to develop a formal certification programme for capacity building of the financial services sector practitioners to raise professional standards.

The RAM Module is the Phase 2 of the 3-tier structure programme agreed upon under the partnership. Having already launched Phase 1 (the Introduction to Securities and Investments (Africa), the RAM is a buildup on the agreed collaboration.

The Launch of the RAM was undertaken in September 2022 by the Permanent Secretary of the Ministry of Finance and National Planning – Economic Management and Finance, Mr. Danies K. Chisenda hosted by the Chairperson of the SEC Board Mrs. Ruth Mugala.

NATIONAL FINANCIAL INCLUSION STRATEGY (NFIS)

The Commission continued to co-implement the National Financial Inclusion Strategy (NFIS) and to promote financial inclusion in the capital markets. In view of the end term of the Strategy in December 2022, the Commission supported the MoFNP, United Nations Capital Development Fund and the World Bank in undertaking the NFIS review (initiated in December 2021). The highlights are as follows:

- i. **Preliminary input NFIS review**– The Commission provided preliminary input into the broad thematic areas for the NFIS review.
- ii. **NFIS World Bank (WB) Mission**– The Commission hosted the World Bank (WB) during an in-country mission whose objective was to engage with Financial Sector Regulators and other stakeholders concerning the implementation of the NFIS, and whose feedback would feed into the production of the NFIS review Completion report as well as the development of the NFIS II.
- iii. **Preliminary mapping for NFIS II support areas:** Further to the above, the Commission undertook a mapping exercise to identify potential areas of WB support for the NFIS II as follows:
 - Development of Fintech laws and regulations and tools to supervise Fintechs;
 - Development of Social and Transition Bonds and Green Fund targeting SME Financing options;
 - Business support interventions (hand holding);
 - Review of the Tribunal operationalisation and Rules;
 - Automation of supervisory processes; and
 - Support towards implementation of the CMMP e.g. development of new and innovative Products / Markets such as Securitisation and Mortgage refinancing; and enhancement of capacity across the capital markets.
- iv. **NFIS Completion Report workshop:** The Commission participated in a half day workshop hosted by the MoFNP and the WB whose objective was to present the findings of the draft NFIS completion report to NFIS stakeholders.

NATIONAL STRATEGY FOR FINANCIAL EDUCATION FOR ZAMBIA (NSFE)

The Commission continued to co-implement the National Strategy on Financial Education for Zambia. Below are key highlights of activities undertaken in 2022.

2022 Financial Literacy Week– The Commission alongside the Ministry of Finance and National Planning, the Bank of Zambia and the Pensions and Insurance Authority (PIA) commemorated the 2022 Financial Literacy Week (“FLW”) which run from 21st – 27th March 2022 under the theme ‘**Build your future, be money smart**’.

As a co-spearheading implementor of the FLW, the Commission assumed the responsibility to lead the coordination of activities for Copperbelt Province. In this regard, the Commission partnered with the Copperbelt University through the Copperbelt University Economics Association to undertake a flagship event in the form of a youth engagement.



Logo for the 2022 Financial Literacy Week

Cha-Ching financial education programme – The Commission in collaboration with Junior Achievement Zambia, Prudence Foundation and with the support of the Ministry of Education launched the Pilot rollout of Cha-Ching, a child oriented financial education programme for primary school children, in 80 selected schools in three Provinces namely; Central, Luapula and Lusaka Provinces.

Smart Dream Foundation’s Junior CEO ‘BE THE BOSS’ Programme – The Commission participated in a program primarily targeted at learners known as Junior CEO ‘BE THE BOSS’ which promotes innovative education and that infuses innovation and entrepreneurship into the community, primary and secondary education. Therefore, we facilitated virtual presentations on financial planning with a key focus on saving and investing.

AWARENESS AND INVESTOR EDUCATION – TOWN HALL MEETINGS

In efforts aimed at improving the investor base and investor education levels, the Commission undertook Town Hall Meetings (THMs) targeting both existing and potential investors.

The Town hall meeting were undertaken monthly throughout the year under the following topics:

- ❖ **January 2022:** Protecting your Finances – *How to identify and investment scam / fraud.*
- ❖ **February 2022:** Crypto currencies and Forex Trading – *what they are, differences and similarities.*
- ❖ **March 2022:** Regulatory Breaches and enforcement Actions
- ❖ **May 2022:** Beware of unregulated financial product offerings
- ❖ **June 2022:** SEC Regulatory Sandbox – *Meet the first cohort participants*
- ❖ **July 2022:** What is Regulation? What does it mean for an Investor in Capital Markets
- ❖ **August 2022:** Investing in Capital Markets: The ABC to investing
- ❖ **September 2022:** Collective Investment Schemes
- ❖ **October 2022:** New Products Guidelines in Capital Markets - ETFs, REITS, PE & VC Funds - What does this mean
- ❖ **November 2022:** Saving and Investment Schemes - Beware of scammers - Festive Season
- ❖ **December 2022:** Complaints, Tip Offs and tracking shares
- ❖ The Town halls are an initiative to provide a platform where the public can learn and interact freely with the Commission.



Some E-flyers used to promote the Townhalls via online / digital channels

94TH AGRICULTURAL AND COMMERCIAL SHOW

The Commission participated in the 94th Agricultural and Commercial Show (“Show”) which took place from 27th July 2022 1st August 2022 under the theme **‘Innovation through Technology – Technology transforms business’**. The SEC had an opportunity to exhibit its Regulatory mandate, key projects namely; the Greenbonds project, Regulatory Sandbox and Capital Markets Master Plan in line with the Show theme.

A major highlight was sharing our Vision of positioning Zambia as a Global Green Investment Hub through showcasing of the “Green room” and pitching to the Judges, how capital markets instruments like green bonds can be leveraged to attract capital into Zambia, which we were positioning generally as a preferred destination for investments. The SEC’s efforts were recognized as exceptional and thus honoured with the Awards of **1st Prize in Best Climate Action Enterprise Exhibit** and **2nd Prize in Best Regulatory Authority Exhibit**. This was a memorable moment in the Commission’s history as it was the first time of receiving a first prize award.



SEC staff receiving Awards on behalf of the Commission

COMMEMORATION OF THE WORLD INVESTOR WEEK 2022

The Securities and Exchange Commission (SEC) joined the International Organization of Securities Commissions (IOSCO) to commemorate the sixth World Investor Week (WIW) and to coordinate WIW activities for Zambia. The WIW 2022 was undertaken under the theme ‘**Learn more about Investor resilience and Sustainable Finance**’ from 3rd October 2021 – 9th October 2022. The activities were led by the SEC in collaboration with the Capital Markets Association of Zambia (CMAZ) and other Capital Markets stakeholders (listed above).

FIG 8: WORLD INVESTOR WEEK FLIERS



Like in many jurisdictions, Zambia is part of a global agenda that seeks to enhance the financial education and financial inclusion levels of its Citizens. Therefore, the WIW is an important activity in our capital markets as it contributes towards achieving this objective. As in previous years, the WIW 2022 spurred a lot of public interest and created an opportunity to raise awareness on investor resilience and sustainable finance. The local health authorities having relaxed the Covid 19 pandemic guidelines, the SEC went ahead and held physical engagement meetings where as well as leverage the benefits of using different social media platforms.

The week events included:

- Ministerial Launch by Hon. Minister of Finance and National Planning, Dr. Musokotwane Situmbeko MP;
- Kick-Off Event by SEC CEO, Mr. Phillip Chitalu;
- University Students Awards Ceremony by SEC Board Chairlady, Mrs. Ruth Mugala;
- Workers Symposium graced by the Hon. Minister of Labour and Social Security;
- Capital Markets Exhibition by SEC and Capital Market Operators; and
- Inter – University Debate for Copperbelt Universities graced by the Kitwe City Mayor.

Some of the parallel events included, city cleaning, Social media posting, secondary school engagements, radio programme, TV and newspaper advertising, media briefing and press release.

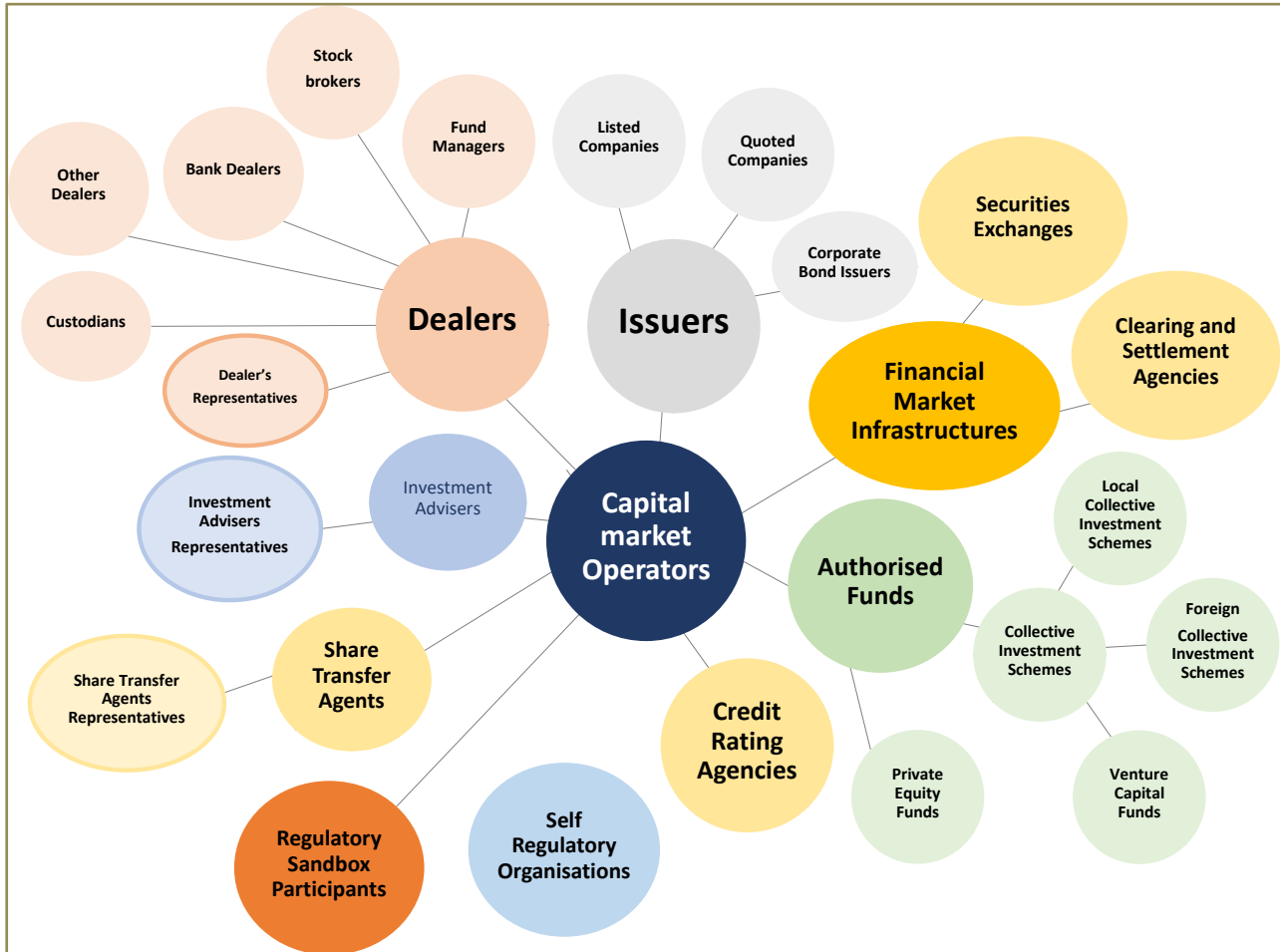
OTHER REGULATORY ISSUES / EVENTS

- National Digital Strategy Workshop** – Following the workshop on the State of Zambia’s Digital Economy (held in December 2021), the Commission participated in the National Digital Strategy formulation workshop. The objective of the technical workshop was to develop a draft National Digital Strategy, which was successfully done.
- Zambia Digital Transformation Workshop** – The Commission took part in a workshop dubbed Zambia Digital Transformation Workshop organised by the United States Agency (USAID) for International Development and Ministry of Technology and Science with the support of the UNCDF. The objective of the Workshop was for the USAID to share findings from the recently conducted Digital Ecosystem Country Assessment ‘DECA’ in Zambia, and get perspectives of stakeholders on some of the following topics:
 - Zambia's draft ICT Policy and Digital Transformation Strategy;
 - Digital infrastructure;
 - Digital society, digital divides, and digital skills;
 - Digital government, policy, and regulation;
 - Digital economy, innovation, and platforms; and
 - Cybersecurity and emerging technologies.The DECA report provides a full picture of the challenges and opportunities for Zambia's digital transformation, and thus can be leveraged to make informed choices concerning the advancement of the digital economy.
- Launch of the Regulatory Collaborative Framework for Digital Financial Services** –The Commission participated in a workshop to launch the Regulatory Collaborative Framework for Digital Financial Services developed by the Zambia Information and Communications Technology Authority and the Bank of Zambia, with the support of the Rural Finance Expansion Programme. The Framework was developed to provide a clear structure of coordination amongst key players in the Digital Finance Ecosystem. Given the financial technology advancements in the capital markets, the SEC stands and generally the capital markets, stand to benefit from this development.
- Regtech Africa Conference** – The Commission participated in the Regtech Africa Conference 2022 held virtually under the theme ‘**Transforming Regulatory Innovation in a Digital World**’. The Conference brought together regulators, innovation ecosystem builders, investors, corporates, and government representatives to engage, collaborate and share knowledge around new technologies and practices that support better regulations. Therefore, we leveraged the platform to share insights on our experiences of partnerships with various digital ecosystem players during a panel discussion dubbed ‘**How to pave the way for collaboration between Fin/RegTechs & Financial Institutions**’.

MARKET SUPERVISION

UNIVERSE OF CAPITAL MARKETS OPERATORS

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



Capital Markets regulatory universe

MARKET SNAPSHOT

Stock Market Indicators & Issuers

- ❖ LASI breached the 7,000 points barrier increasing **21.1%** to **7,337.79 points** from 6,059.86.66 points December 2021.
- ❖ Market Capitalisation including shoprite grew to **K72.8 billion** (December 2021: 67.1 Billion). Year-on-year market capitalisation grew 8.5%
- ❖ Excluding Shoprite market capitalization grew 17.6% to **K38.047 billion** from K32.4 Billion.
- ❖ 42 Issuers as of December 2022 (December 2021: 45).
- ❖ Most of the listed companies submitted annual reports and held Annual General meetings

Licensees (Exchanges, Dealers & Investment Advisors) <ul style="list-style-type: none"> ❖ 213 licenses as of December 2022 (December 2021: 200) ❖ 30 licenses approved since in the year ❖ 17 licenses surrendered in 2022. ❖ 2 applications rejected. 	Collective Investment Schemes <ul style="list-style-type: none"> ❖ K1,690 million Assets under Management (AUM). ❖ ↑K350 million (26%) increase year-on-year. ❖ K1,494 million invested locally (↑28% increase year-on-year). ❖ K196 million invested in foreign CISs (↑13% increase year-on-year). ❖ 271, 598 investors across 11 local umbrella funds comprised of 60 sub-funds. ❖ 306 investors in 5 foreign CISs (37-sub funds).
PROJECTS & OTHER REGULATORY MATTERS <ul style="list-style-type: none"> ❖ Risk Based Supervision <ul style="list-style-type: none"> ○ 2022 RBS implementation/ roll out plan developed. Capacity building, PR & Communications plans developed linked to SEC Strategic Plan Implementation plan & draft CMMP. ○ RBS launched on 5th April 2022. ○ Self-Assessments Questionnaires rolled out in May 2022. ○ Risk Management Guidelines issued for comments in May 2022. ○ Corporate Governance Guidelines drafted. ❖ Regulatory Sandbox <ul style="list-style-type: none"> ○ Four (4) Sandbox participants are currently testing their innovations. ○ Two (2) participants have submitted exit reports requesting to exit the sandbox. ❖ Green Finance Mainstreaming Working Group 	

SEC CORE SUPERVISORY PROCESS & SUPERVISORY TOOLS

The Commission launched Risk Based Supervision (“RBS”) in the Zambian capital markets effective 5th April, 2022. Effective April 2022, the Commission’s migrated the Zambian Capital markets from a compliance based supervisory approach to RBS. The Commission’s progress in implementing RBS is discussed in detail below.

Under RBS, the Commission has developed a dynamic, iterative and continuous supervisory process. This guides both industry wide and firm-specific supervisory work. This approach also ensures the Commission’s risk assessments are current and forward looking, which is vital to its ongoing effectiveness. There are three broad steps:

(1) Planning & Risk Profiling:

A supervisory strategy for each CMO is prepared annually. The supervisory strategy identifies the supervisory work necessary to keep the CMO’s risk profile current. The intensity of supervisory work depends on the nature, size, complexity and risk profile of the CMO. The Commission’s planning also includes a process to compare the work effort across CMOs, e.g., thematic reviews. This is done to ensure that assessments of



risk for individual CMOs are subject to a broader standard, and that supervisory resources are allocated effectively to higher-risk CMOs and significant activities.

(2) Executing supervisory work and updating the risk profile

There is a continuum of supervisory work that ranges from monitoring (CMO-specific and external) to off-site reviews, to on-site reviews, including testing or sampling where necessary. When there are changes in the risk assessment of the CMO, the Commission responds by adjusting work priorities set out in the supervisory strategy and annual plan, as necessary, to ensure that important matters emerging take precedence over items of lesser risk. Such flexibility is vital to the Commission’s ability to meet its mandate.

(3) Reporting and intervention:

For each CMO, the Commission will designate a staff member as the relationship manager (RM). The RM will be responsible for the supervisory process in 4.2 and 4.3 for the CMOs under his or her responsibility. RM will be the main point of contact for the CMO with respect to all supervisory matters.

Among other communications, the Commission communicates its supervisory assessment and supervisory concerns to CMOs through Supervisory letters. Supervisory Letters are addressed to the CMO’s Board of Directors with a copy to the Chief Executive Officer (CEO). The CMO is required to respond to the Commission and address all issues raised within timelines set by the Commission.

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

List of SEC supervisory tools

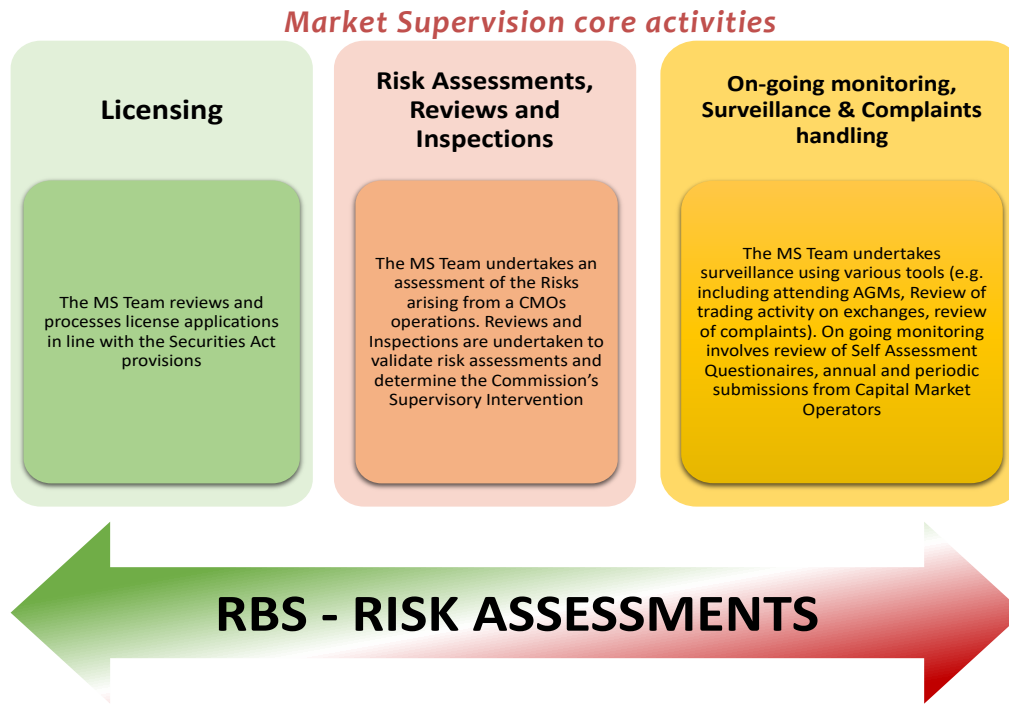


The supervisory mandate of the Commission is anchored upon four pillars as follows:

- 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 undertakes the core functions as highlighted in the following table:



The Commission's risk assessments and ongoing monitoring are based on information submitted by and collected on Capital markets Operators. CMOs 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.
- Self-Assessment Questionnaires.

These reports and information form the basis of the Commission's on-going monitoring, Risk Assessments under RBS 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 2022

The Commission issued **30** licenses in the year to December 2022 and while 17 licenses were surrendered, bringing the total number of issued licenses at year end to **213**. The movement in the number of licensees by category for then ended is provided in the table below:

Movement in number licensees

	At January 2022	Issued during the year	Cancelled, revoked or surrendered during the year	At December 2022
Dealers	32	5	(4)	33
Dealers' Representatives	136	14	(10)	140
Investment Advisers	10	4	(1)	13
IA's Representatives	19	7	(2)	24
Securities Exchanges	2	-	-	2
Credit Rating Agencies	1	-	-	1
TOTAL	200	30	(17)	213

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 & risk assessments

In line with the adoption and launch of Risk Based Supervision, in 2022, the Commission designed and deployed Self-Assessment Questionnaires (“SAQs”) for Capital Market Operators. The SAQs were designed to enable the Commission develop preliminary risk assessments for each Capital

Market Operator and develop a supervisory plan for 2023. The supervisory plan will include reviews and/ or inspections of CMOs with priority being given to high risk and/or high impact CMOs.

SURVEILLANCE AND COMPLAINTS HANDLING

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.

Annual General Meetings (“AGMs”)

DMSD monitored Annual General Meetings (“AGMs”) for issuers and Collective Investment Schemes (“CISs”). Some of the AGMs were attended by the Commission in an observer capacity for surveillance and investor protection purposes. Issuers and CISs continued to hold virtual or physical AGMs with some opting for a hybrid option (virtual and physical). 87% of listed companies and 73% of Collective Investment Schemes held their AGMs in 2022. From the listed tier, three (3) companies did not hold their AGMs, i.e., Madison Financial Services Plc, Investrust Bank Plc and ZCCM-IH Plc. Two (2) Collective Investment Schemes (i.e. Madison Unit Trust and Laurence Paul Unit Trust) did not hold their AGMs due to the ongoing supervisory possession of their management companies (i.e., Madison Asset Management Company Limited and Laurence Paul Investment Services Limited respectively). The Commission will take appropriate supervisory steps to address these failures.

Complaints

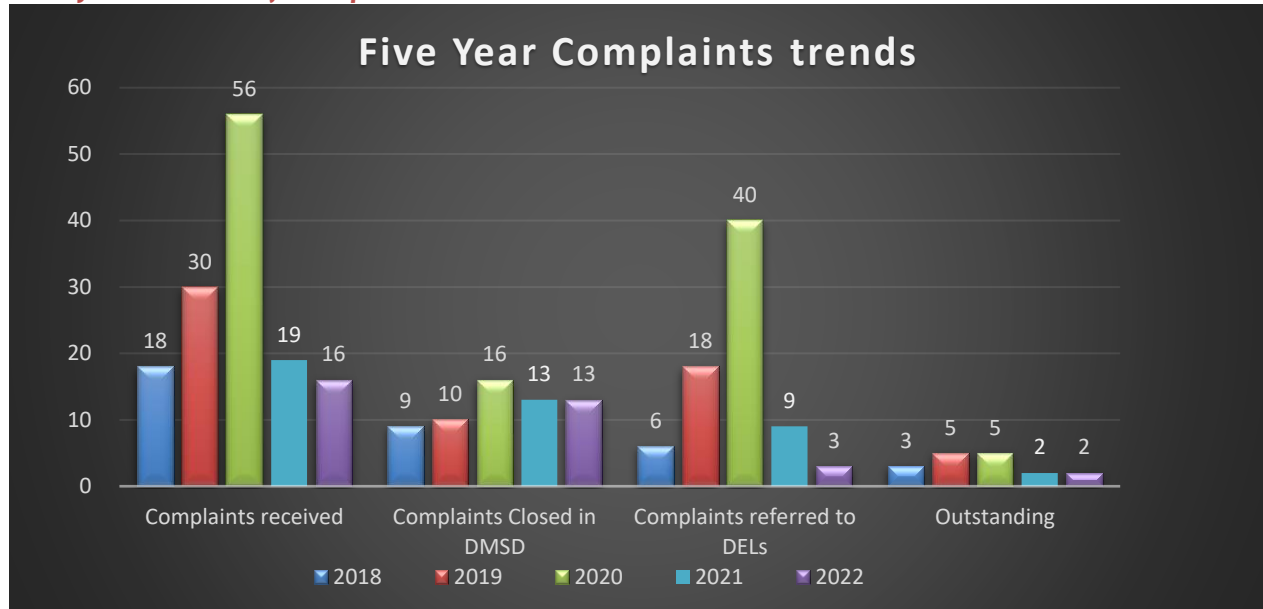
In 2022, Market Supervision received 16 complaints. 13 complaints (87%) were closed within DMSD and while three (3) were referred to DELS. The table below shows a summary of complaints that were handled by DMSD during the year:

Status of complaints handling at 31st December, 2022

As at 31 st December 2021		As at 31 st December 2022	As at 31 st December 2021
Complaints brought forward as at Jan ‘22	a	2	5
New complaints received	b	16	19
Total Complaints	a+b=c	18	24
Complaints referred to DELS	d	(3)	(9)
Total Complaints not referred to DELS	c-d=e	15	15
Complaints closed in DMSD	f	(13)	(13)
Number of active complaints	e-f=g	2	2
DMSD complaint closure rate	f/e	87%	87%

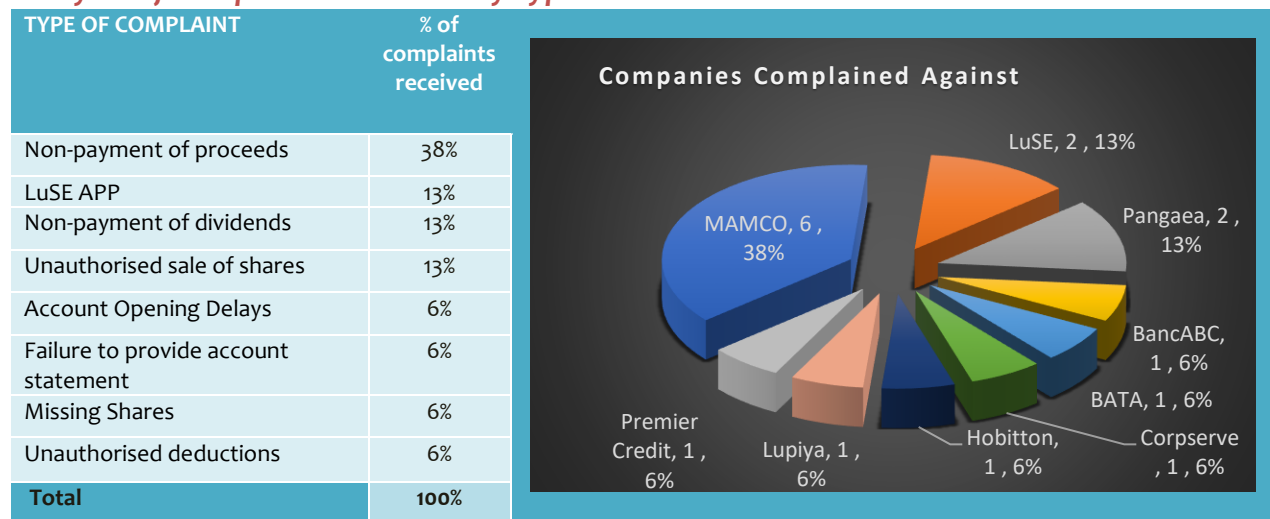
The Commission has noted a downward trend in complaints received over the last five (5) years as shown below.

Five-year trends of complaints



There was a 16% decline in complaints received from 2021 to 2022. The chart below shows which companies were complained against and the nature of complaints received.

Analysis of complaints received by type and CMO



38% of the complaints received in 2022 were against Madison Asset Management Limited relating to non-payment of redemptions and investment maturities.

Other surveillance activities

Through the surveillance function of the Commission, DMSD referred four (4) entities for various suspected illegal activities as follows:

- Suspected pyramid schemes**
Number of operators: Two (2)
Source of detection: social media (WhatsApp)
Description of illegal activities: Soliciting for money from members of the public and promising high returns within a few hours.

Status: Referred to DELS for further investigation and action.

- Offering financial services without a license/ Prohibited product offering**
Number of operators: One (1)
Source of detection: Mystery shopping
Description of illegal activities: Offering financial services without a license. These included Fixed Term Deposits, Brokerage, Investment Management, Investment Licenses, Financial Services and Insurance Services, Car loans and mortgages.
Status: Referred to DELS for further investigation and action.
- Offering unregistered Securities to members of the public**
Number of operators (1)
Source of detection: Inquiries from member of the public based in the Diaspora
Description of illegal activities: Selling of shares in a mining company.
Status: Referred to DELS for further investigation and enforcement action.

Public alerts and announcements

CONTRACT FARMING – During the year 2022, the Commission received several enquiries as to whether companies or individuals that were advertising and soliciting (asking) for the public to invest in contract farming schemes/agreements were regulated by the Commission. The Commission guided that in as much as it welcomed innovations and possible partnerships in the various sectors, members of the public were urged to be cautious and conduct the necessary due diligence before making investments.

The investing public was further guided that contract farming together with the concerned promoters (entities as well as individuals) who were soliciting for the public to invest in these schemes did not fall under the supervisory purview of the SEC.

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. The CIS industry has recorded significant growth of 227% in Assets Under Management (“AUM”) since 2018 to close at **K1,690 million** at 31st December, 2022 and year-on-year growth of **K350 million (26%)**.

K1,494million of CIS AUM (representing 88% of total CIS Industry) were invested locally. Local AUM grew **K196 million or 28%** year-on-year. The balance of CIS AUM were invested in foreign CISs which grew 13% year-on-year. 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 as well as increases in the values of the underlying assets under management.

The number of local authorised CISs increased to Eleven (11) with the authorisation of Prudential Unit Trust managed by Prudential Pension Management Zambia Limited. The charts below illustrate the share of AUM by CIS and distribution of local CIS AUM:

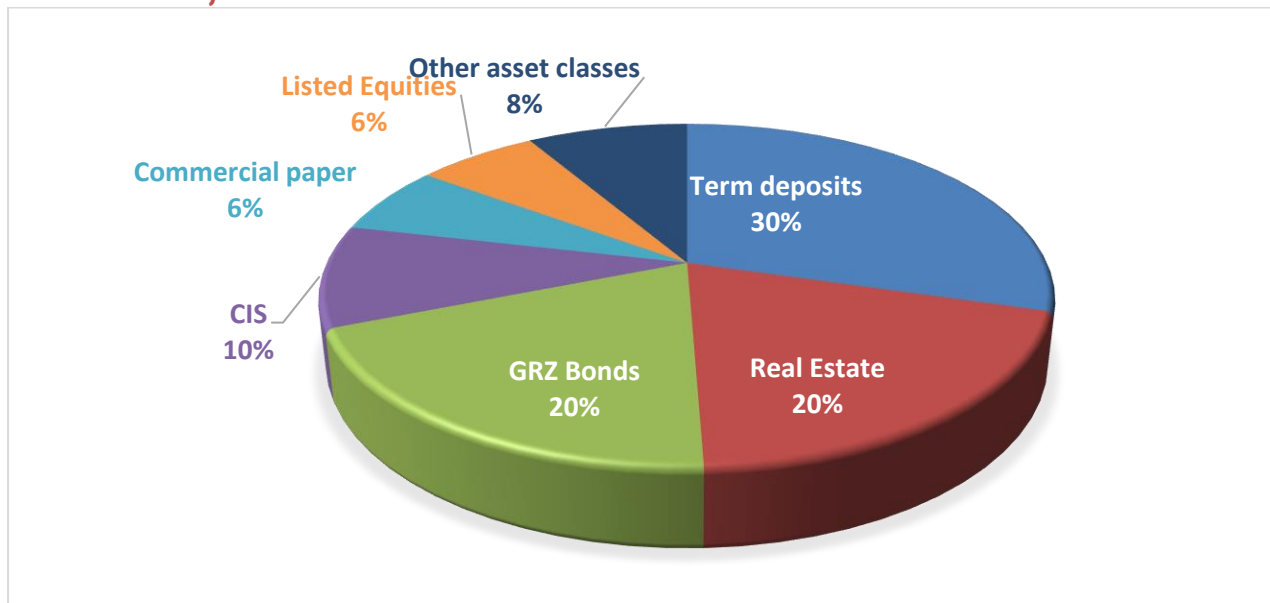
Market share of AUM at December 2022

#	Name of Fund	2022	2021
1	Mpile Unit Trust	46.1%	43.1%
2	ABC Unit Trust	21.5%	17.8%
3	Standard Chartered Bank Zambia Plc*	11.6%	19.2%
4	Madison Unit Trust*	9.4%	11.0%
5	Longhorn Unit Trust	3.1%	2.0%
6	Hobbiton Unit Trust	2.8%	1.2%
7	ECR Unit Trust	1.9%	1.7%
8	Altus Unit Trust	1.3%	1.2%
9	Kukula Fund 1	1.1%	1.4%
10	Laurence Paul Unit Trust*	0.8%	0.9%
11	Intermarket Unit Trust	0.4%	0.5%
12	Prudential Unit Trust	0.2%	-
Industry total		100.0%	100.0%

* Standard Chartered Bank Zambia Plc is the Zambia Representative for foreign based collective investment schemes.

In terms of deployment of AUM, the bulk of local CIS AUM were invested in Term Deposits, Real Estate, GRZ Bonds and other Collective Investment Schemes (Refer to Figure below).

Distribution of AUM at December 2022



RISK-BASED SUPERVISION

The implementation of Risk Based Supervision in partnership with the Toronto Centre (“TC”) of Canada under the Long-Term Country Engagement (“LTCE”) was concluded in March 2022. TC issued Capacity Assessment Report which was based on SEC’s self-assessment using a TC assessment framework, supplemented by TC’s interviews conducted with SEC Staff and management. The report shows a significant enhancement in SECZ’s capacity to implement RBS of 78% by the end of the LTCE, compared to 42% at the beginning. Whilst there as an improvement in capacity factors such as Knowledge and Practice (score of 92% in March 2022),

and Leadership and Commitment (90%), the following capacity factors were identified with the most room for improvement:

- 👍 Staff Training (67%)
- 👍 Institutional Development (64%).

Key challenges in these areas were SECZ’s current lean staffing as well as the need for more financial resources and greater outreach and engagement with industry players in the RBS roll-out.

Despite these challenges, the conclusion of the TC LTCE was a key milestone as it meant that the Commission now had a framework for launching RBS in the Zambian capital markets. Below is a status of the RBS Project as of 2022 December 2022.

Status of RBS activities earmarked for 2022

	Key deliverables/activities planned for 2022	Status
1.	Development of RBS Rollout Plan Q2 2022	Done – Further, a Supervisory Plan has been developed. See below for activities undertaken under the Supervisory Plan and Capacity/ PR and Communications strategies.
2.	Development and roll out of Self-Assessment Templates & Returns for market players (to be gazette) Q2 - Q3 2022	Done - Self-Assessment Questionnaires issued to all CMOs. Review of SAQs and preparation of preliminary Risk Assessments is work in progress
4.	Development and issuance of Risk Management Framework ("RMGs") Q4 2022	Done - Draft Risk Management Guidelines issued. Deadline for receipt of comments set for 31st August, 2022 . DMSD currently reviewing submissions received from market players.
5.	RBS Launch in Zambian Capital Markets 5 April 2022	Done - RBS Launched on 5 th April 2022. Two (2) pre-launch events and One (1) Post launch event held with CMOs.
	Development and issuance of Corporate Governance Guidelines ("CGC") Q1 – Q3 2022	WIP - Draft Corporate Governance currently undergoing internal reviews. Was initially earmarked for issuance for stakeholder comments in September 2022. This has been revised to Q1 2023. However, Capacity building engagement held with CMOs.
	Development of a Small Firms Strategy for Collective Investment Schemes: Q3 – Q4 2022	Done - Recruitment of more resources has been done and & establishment of a CIS unit with dedicated resources is currently underway.
	Supervisory process re-engineering Q2 – Q3 2022	WIP – ongoing. This activity has remained WIP pending finalisation of the SEC Organisational structure, which in turn is dependent on finalisation of the SEC Strategic Plan.

The Commission implemented a number of activities under the RBS roll out plan focusing on the three thematic areas as follows:

- (i) **Stakeholder relationship management & PR:** Enhance awareness of RBS by all Key stakeholders and manage the PR messaging around RBS.
- (ii) **Capacity building:** Address capacity gaps in markets players and Staff.
- (iii) **Supervisory plan:** Undertake supervisory work on CMOs following launch of RBS.

STAKEHOLDER AND PUBLIC RELATIONS

In 2022, the Commission continued to build on the stakeholder engagements undertaken in 2021 during the development of the RBS Framework. The key activities under this RBS work stream included the following:

(1) **Launch of Risk Based Supervision – 5th April, 2022**

In 2022, DMSD focused on launching RBS with a view to rolling it out fully to all Capital Markets Operators over next 5 years. The risk-based supervision framework was launched on 5th April 2022 at the Chairperson’s breakfast. The launch was graced by the permanent secretary – Economic Management & Finance from Ministry of Finance and National Planning, Mr. Danies K. Chisenda. The RBS framework was launched under the theme “Reshaping supervision for enhanced resilience in Capital Markets”. The event was attended by CMOs both physically and virtually and had representation via live remarks from the Toronto Center (TC) program leaders, the Secretary General of the International Organisation for Securities Commissions (IOSCO), Kenya Capital Markets Authority (CMA).

SEC Team, SEC Chairperson, PS, CMAZ Vice President & SEC CEO

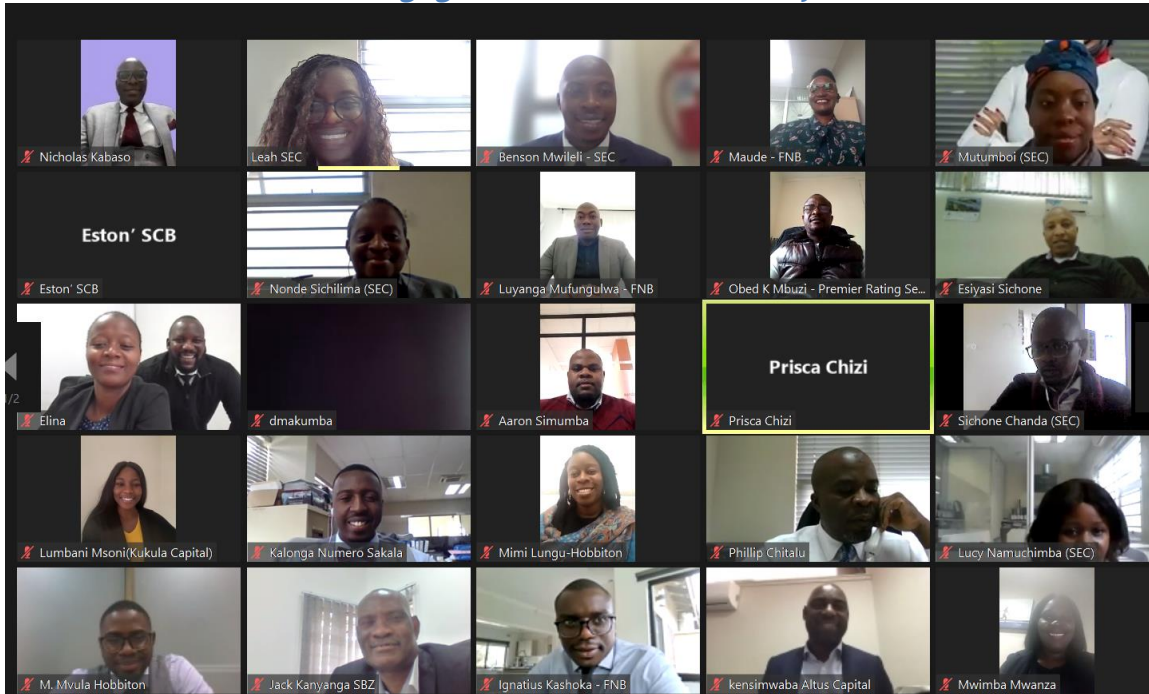


(2) **RBS Pre & Post-Launch Events:** Prior to the launch of RBS, the Commission conducted two (2) virtual pre-launch and one (1) post launch market engagements with the market players as follows:

- Overview of Risk based supervision – [23 March 2022]

- Risk management guidelines – [29 March 2022]
- Self-Assessment Questionnaires – [7 April 2022]

Virtual Pre-RBS Launch engagements with Market Players



- (3) **RBS Website:** Prior to the launch of RBS, the Commission developed a dedicated tab for RBS on our website where we uploaded an RBS toolkit for the market, which comprised of:
- market announcement for the launch of RBS
 - A tab called the RBS toolkit where we upload various documents e.g., the risk management guidelines, the SAQs, speeches for the launch etc.,
 - RBS frequently asked questions (FAQs)
- The RBS website can be accessed at
- (4) **Annual Capital Markets Workshops:** The Commission held a two-day annual CMO workshop on 3rd and 4th May, 2022 and looked at the topics ranging from the draft 8th National Development Plan, Update on the CMMP and the building blocks [sandbox, green bonds, ETFs and RBS], Making Zambian Capital Markets Greener, Industry Review and outlook, Review of Capital Markets (industry perspective), RBS implementation and Enforcement update. The CMOs actively participated and provided feedback. The team is working on developing a plan around the action points that emanated from the workshop so that they can be addressed.

SUPERVISORY PLAN

Due to staff resource constraints, some activities could not be undertaken/ concluded according to the plan. Below are the activities which has since been moved to be undertaken in 2023 with the hope that the staff resource constraints, will be addressed.

- (5) **Issuance of Risk Management Guidelines (“RMGs”):** The Draft RMGs were issued in May 2022 for comments. The deadline for submission of the comments is 31st August 2022. The Commission received the comments and is planning to meet the market players/stakeholders to provide feedback upon conclusion of reviewing the submission in Q1 of 2023. The implementation of the RMGs will also be undertaken in Q1 of 2023.
- (6) **Issuance of Corporate Governance Code (“CGC”):** A webinar on the draft the draft Corporate Governance Code (“CGC”) was held on 23rd August 2022. The draft CGC was drafted and was currently undergoing review in liaison with the legal department. The code will be circulated for comments in Q1 of 2023.
- (7) **Self-assessment questionnaires (“SAQS”):** The Commission rolled out the self-assessment questionnaires for CMOs in May 2022 and most submissions were made after the deadline. The team could not conclude the assessments and this exercise has since continued and should be finalized by Q1 of 2023. Validation meetings will also be held with the market players to validate the findings from their submissions.

CAPACITY BUILDING

The Commission recognises the need for capacity building among Capital markets operators as RBS Concepts are very new to Zambia and may require adjustments in the way CMOs and the Commission undertake their activities. To this end, the Commission has prioritised capacity building for the Commission, CMOs, Investors and other stakeholders. This is in line with the proposals contained in the CMMP approved post 2022. Below are some of the activities undertaken in 2022:

- (8) **Risk Management Masterclass (Livingstone 31st May – 1 June 2022):** During the period under review, the Commission held a risk management masterclass in Livingstone.

Risk Management Masterclass at Protea, Livingstone



The masterclass class was well attended (almost 50 participants) and the participants actively participated and engaged with the facilitator and the Commission.

- (9) **In-house Training on RBS** – a Three-day training session was conducted for all the new members of staff. The training was aimed at introducing Risk Based Supervision and equipping the new joiners (drawn from DMSD, DELS and DFA) on the risk management concepts embedded in the SEC RBS Policy.
- (10) **Monthly RBS engagement on corporate Governance 23rd August 2022:** An engagement was held with the CMOs focusing on the draft SEC Corporate Governance Code which is anticipated to be issued in early September 2022 for comments. CMO participation was very good (approx. 50 people attended) and initial feedback was as follows:
- (i) The CGC should prescribe the tenure of CMO Board members;
 - (ii) CGC should provide more guidance on the establishment of oversight functions considering the cost implications and taking into account the size and complexity of entities; and
 - (iii) CGC should address the rights of minority shareholders especially in the listed companies.
- (11) **Corporate Governance Masterclass (Lusaka, 28 – 29th September 2022):** During the period under review, the Commission held a corporate governance masterclass in Lusaka targeted at CMO board members and senior management.



CORPORATE GOVERNANCE MASTERCLASS AT SANDY'S CREATION, LUSAKA

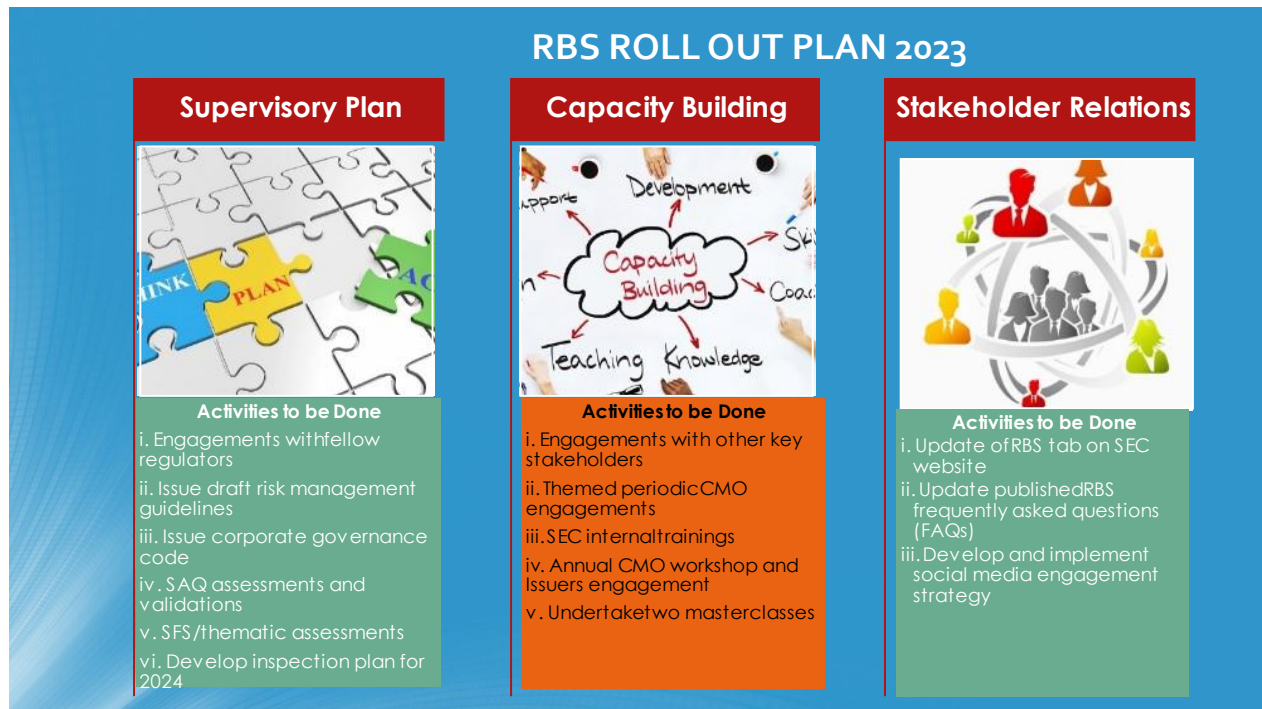
The masterclass was well attended with over 80 people who actively participated and engaged with the Commission.

- (12) **Virtual engagement with newly licensed entities (2nd November, 2022):** DMSD held an engagement with 22 representatives from newly licensed entities. The objective was to educate on the continuing obligations of licensees (including Dealers and Investment Advisers), Fund Managers (CIS Returns) and Issuers. The discussions

also touched on some of the work the Commission is undertaking such as the Risk Management Guidelines under the RBS rollout.

FOCUS FOR 2023

An implementation plan for 2023 was developed by the team under the already identified pillars (see high level summary in the figure below).



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. The Table below sets out a summary of planned activities for 2023.

SEC Supervisory Technology Strategy

In furtherance to seeking solutions aimed at addressing findings of the Institutional Capacity Assessment Report of 2019, the Commission has taken initiative to explore available technology that would help the Zambian market. To this end, the Commission entered into a partnership at no cost with Innova Limited, a Kenya based developer, to undertake a Suptech/ Regtech Proof of Concept (“POC”) for the automation of the CIS Return process. The Objective of the POC was to develop a secure Cloud/Web based Regulatory Technology (“Regtech”) & Analytics Solution that solution would enable:

- Financial & Risk Analysis of Securities & Collective Investment Schemes (Suptech & Regtech)
- RegTech & Reporting Automated Regulatory Reporting & Analytics

The focus of the POC was to prove that the Innova Platform could automate the Commission’s CIS Return processes for Fund managers and Custodians, automate the reporting processes and automate the compliance review both for the CMOs and the

Commission. Two (2) Fund Managers and Two (2) Custodians participated in the POC alongside the Commission. The PoC was successfully concluded in November 2022. The POC highlighted the following key benefits from implementing a Suptech tool such as the Innova Suptech tool:

- (i) **Increased efficiencies and turnaround times:** by removing the challenges of manual-based returns system (e.g., incomplete submissions, manual consolidation) which would reduce turnaround times on both ends - the market and the regulator;
- (ii) **Focus on analysis and risk management:** Supervision staff will be able to focus on analysis and risk identification and ensuring the risks are properly managed as opposed to data collection and compilation as is currently the case.
- (iii) **Enable real time reporting** of transactions from Fund Manager's systems which will enable the Commission to identify and respond to risks in real time as opposed to days or weeks after the event. This can be done by automating systems interfaces between the platform and the Commission's and CMOs' systems using Application Programming Interfaces (API) technology.

Further, the POC also served as a pre-cursor/ case study which provided the Commission with hands-on experience on Suptech applications prior to acquiring the planned robust Commission-wide ICT System as it embarks on implementation of its Suptech strategy.

Commission's proposed SUPTECH Strategy

In a bid to develop the Commission's capacity, ten (10) members of staff (with all directorates represented), attended the Suptech Lab Innovation Leadership Programme offered by the Cambridge University. Through this programme the SEC team were able to show case their Project for a Data Collection Tool for Collective Investment schemes.

A key output of the Cambridge training was the rationalisation of the Commission's approach to supervisory and regulatory technology use cases into five (5) broad categories listed below. These have been proposed for inclusion into the SEC Suptech Strategy. Data Warehousing has also been proposed as an additional use case. These use cases are summarised as follows:

- 1) **Data Collection:** Collection, validation, analysis, reporting and storage
- 2) **Supervisory Assessments** – RBS
- 3) **Licensing:** Licensing, registrations, and authorisations
- 4) **Case management:** for complaints, investigations, enforcement, and litigations
- 5) **Surveillance:** both market surveillance and other market surveillance activities
- 6) **Data warehousing:** to create a central data store which address the different needs of internal and external stakeholders

In 2023, the Commission plans to build on lessons from the PoC and Cambridge Innovation Leadership Programme by finalising and implementing the Suptech Strategy to be driven by a core Suptech project team. DMSD aims to use the successfully completed PoC to ensure that adequate Suptech solutions are acquired. In particular the aim for 2023 is the acquisition of a data collection tool, starting with the Collective Investment Schemes with a view to rolling out to other supervisory processes. The Commission anticipates to have implemented the bulk of the systems work over the next three years.

SEC Sustainable and Green Finance Initiatives

The key challenges for DSMD and the Commission in 2023 will be navigating the resource challenges in terms of numbers, skills and systems. DSMD will continue to be proactive in the implementation of the Suptech Strategy, whilst continuing to participate in the development and finalisation of the Commission's organisation restructuring aimed at addressing the staff constraints. This process is critical for the directorate to attain key milestones within its Activity Plans for 2023 and beyond.

The Commission considers sustainability as a key strategic agenda. Over the course of 2022, the Commission was engaged in numerous initiatives aimed at promoting sustainable finance within the Capital Markets and the broader financial markets.

The following are the initiatives:

- **Green Finance Mainstreaming Working Group Meetings:** The Green Finance Mainstreaming Working Group was formulated in 2021 under the auspices of tripartite Memorandum of Understanding (MoU) entered in by the three financial sector regulators – Bank of Zambia (BoZ); Pensions and Insurance Authority (PIA); and Securities and Exchange Commission (SEC). The working group's main objective is to mainstream green finance in the financial sector.

The working group is composed of the above stated three financial sector regulators with technical support from the United Nations Development Programme Biodiversity Finance Initiative (BIOFIN) and the World Wide Fund for Nature (WWF). During 2022, the Ministry of Finance and National Planning also formally became a member of the working group.

Under the working group, BIOFIN sponsored consultants to undertake the following projects to support the greening of the Zambian financial sector:

- Development of a Green Finance Policy and Implementation Plan for Zambia's financial sector.
- Development of a Green Finance Tagging and Reporting System for Zambia's financial sector.
- Provide Green Bond Technical Assistance Support:
 - a. Develop a sectoral green bond taxonomy for Zambia.
 - b. Develop a web based Green Bond Investment Portal for Zambia
 - c. Provide technical assistance (handholding support) for potential issuers towards issuing a green bond.
 - d. Undertake gap analysis of next steps to fully develop Zambia's green bond market.

The first of the three projects above that relates to provision of green bond technical assistance officially commenced in the fourth quarter of 2022 with a meeting being held between the consultants and green finance mainstreaming working group representatives in October 2022. Activities under this project are earmarked to fully kick off in the first quarter of 2023.

- **Green Bond Fiscal Incentives:** The Commission also lobbied, together with partners like BIOFIN, for fiscal incentives to support green bond issuances. On 28th September 2022, the Minister of Finance and National Planning Honorable Situmbeko Musokotwane announced during the 2023 Budget Speech that stating 1st January 2023, there would a waiver on withholding tax on interest

earned from investments in green bonds that are listed on the Lusaka Securities Exchange and have a tenure of over three years. This measure is expected to not only encourage green bond issuances but sends a categorical signal to markets both locally and internationally of the strategic importance the government places on the sustainability agenda.

- **Input into Eighth National Development Plan:** The Commission is also part of the Eighth National Development (8NDP) Cluster Group on Environmental Sustainability and has contributed towards exploring various financing solutions to support this critical development area in the plan. The outputs from the consultancy projects that BIOFIN is supporting under the green finance mainstreaming working group are earmarked to feed into the 8NDP implementation plan as they will ultimately support the development of financing solutions for some elements of this development area.
- **Part of the Energy Sector Advisory Group:** The Commission was also part of the Energy Sector Advisory Group. The Energy Sector Advisory Group (ESAG) is a committee formed under the Ministry of Energy, containing representatives from government ministries and authorities, development agencies, and commercial enterprises. Its purpose is to encourage harmony between all sectors of the economy in terms of energy policy, and provide an informed opinion on energy matters to policy-makers. Specifically, the Commission is part of the subcommittee on renewable energy and the subcommittee on cross cutting issues (gender, climate change and environment). During the meetings in 2022, the Commission offered insights into how the financial markets and capital markets specifically could offer solutions to some of the financing needs faced within the energy sector.
- **Capacity Building:** Members of staff from the Commission were engaged in a number of capacity building activities related to sustainability. These included the following:
 1. Completion of SI Master Class on Governance of Complex Transformation Projects offered by the Swedish Institute.
 2. Program on Climate Change Risks: Implications for Financial Sector Regulators offered by the Toronto Centre.
 3. Certified Expert in Sustainable Finance Programme offered by the Frankfurt School of Finance and Management.
- **Conferences and Seminars Attended:** The Commission was also represented at several important conferences and seminars where its staff made presentations sharing experiences of the work the Commission was engaged in and also built numerous networks and relationships that it has been able to leverage in driving the sustainability agenda. The following are some of these conferences:
 1. **Nature Based Solutions Workshop:** This event was organized by the Capital Markets Association of Zambia and WWF in June 2022. The event brought together a variety of stakeholders to promote multisectoral solutions to the challenges posed by climate change, including the challenges related to finance. The Commission made numerous presentations and contributions at the event primarily focusing on the role green bonds can play as a financing solution and how the broader financial sector including the capital markets can be leveraged to overcome many of the financing challenges that exist in the climate change agenda.

2. **COP 27:** The Commission also took part in the 27th United Nations Framework Convention on Climate Change Conference of Party meeting in Sharm El Sheikh Egypt. This was held from 6th to 18th November 2022. The conference is one of the largest global climate summits bringing together close to 30,000+ delegates.

The Commission used the time at the meeting to meet with critical stakeholders including large climate investors and climate funds, to benchmark against other countries' climate financing initiatives and to champion the agenda to position Zambia as a preferred global green investment hub.

The Commission's attendance of the meeting generated various leads that are currently being followed up and that are expected to materialize into tangible results to support the Commission's green agenda.

Anti Money Laundering and Countering the Financing of Terrorism and Proliferation

The Financial Intelligence Centre Act No 46 of 2010 (Amended 2020) designates the Securities and Exchange Commission as a supervisory Authority for Anti-Money Laundering and Countering the Financing of Terrorism or Proliferation (AML/CFTP) purposes. In this regard the Commission is mandated to oversee its regulated entities (reporting entities) and ensure that they have adequate AML/CFT measures in place and that they are in compliance with the FIC Act.

In this regard, the Commission was engaged in a number of activities related to AML/CFTP. These include the following:

- **Awareness Campaigns:** In this regard the Commission continues to conduct various activities to carry out its mandate. The Commission on 7th December 2022 in collaboration with the Financial Intelligence Centre held a Capital Markets CEOs AML/CFT Awareness Breakfast. The aim of the breakfast was to raise awareness regarding various AML/CFT requirements on the part of capital markets operators. The breakfast was also an opportunity for the FIC to highlight to capital market reporting entities some areas in which the market could improve on, relating to AML/CFT controls.
- **Industry Risk Assessment:** The Commission also carried out an AML/CFT securities industry risk-based assessment – with emphasis on securities intermediaries (Stockbrokers, Investment Advisers, Fund Managers and Securities Intermediaries). The report is aimed at providing the Commission with insights regarding areas where possible weaknesses and vulnerabilities exist within the market in relation to AML/CFT.
- **Participation in the Bi- Annual Meetings:** The Commission also participated the Bi-annual meetings of the Eastern and Southern African Anti Money Laundering Group (ESAAMLG). It is worth noting that the Minister of Finance and National Planning was the elected the president of the ESAAMLG Council of Ministers for the 2021/2022 cycle and on this premise, Zambia hosted the 22nd Council of Ministers and 44th Taskforce of Senior Officials Meetings in Livingstone. Staff from the Commission were part of the local organizing team for the meetings.
- **Participation in AML/CFT Private/Public Sector Dialogue Meeting:** Commission staff also participated in the Sub-Saharan AML/CFT Private/Public Sector Dialogue Meeting that focused on AML/CFT risks surrounding Virtual Assets, an emerging area. The meeting provided valuable

insights into various regulatory and supervisory options that regulators and AML/CFT supervisors could consider in supervising virtual assets.

Capacity building activities

In line with the Commission’s strategic objective to enhance Human Capital, Staff from DMSD participated in the following capacity building programmes:

- 1) **Master Class on Governance of Complex Transformation Projects:** September 2021 – January, 2022 by Swedish Institute: Number of staff trained (2).
- 2) **Program on Climate Change Risks: Implications for Financial Sector Regulators** by Toronto Centre - Jan 2022. Number of staff trained (2).
- 3) **Certified Expert in Sustainable Finance Programme** by the Frankfurt School of Finance and Management: Number of staff trained (2).
- 4) **Cambridge Fintech and Regulatory Innovation:** University of Cambridge: Number of staff trained (2).
- 5) **Corporate Governance Workshop** as part of the Strategic Planning Process – August 2022: Number of staff trained (3).
- 6) **AML requirements for Virtual Assets and Virtual Service Providers:** World Bank Group - July 2022
- 7) **Crisis simulation exercise by the World Bank and Bank of Zambia:** May to August 2022: Number of staff trained (3).
- 8) **Cambridge Suptech Lab - Innovation Leaders Programme (“ILP”)** facilitated by the University of Cambridge – October to December 2022: Number of staff trained (4).
- 9) **Masterclasses** – see under capacity building under RBS.

OUTLOOK FOR 2023

In 2023 the DMSD will seek to actualise the following key aspirations:

- **Capital Markets Development** with an emphasis on the key deliverables for 2023 including the formative steps such as appointment of the governance structures, creation of the action teams and monitoring and evaluation mechanisms. Capacity building is also key across the various stakeholders involved in the CMMP.
- **Capacity building and stakeholder engagement:** in tandem with the capacity building activities embedded in the CMMP, SEC will also need to enhance its Public Relations function to ensure that the Commission communicates the right message to all stakeholders.
- **Digitisation and automation** of supervisory processes (Supervision, investigations and enforcement) using a Development Operations Model that embraces Human Centered Design (“HCD”) concepts;
- **Process optimisation** - Supervisory process review across the SEC and across departments. Key to successfully implementing this is the re-organisation of the Commission as proposed by SEC Management in the December Board meeting.
- **Enhanced supervisory and reporting frameworks** – ease of doing business for CMOs

- **Development of SEC Data Warehouse** – build a solid base to enable the Commission develop data warehouses for internal and external access to all SEC stakeholders.

To this end DMSD will focus on core activities in the DMSD activity plan anchored on the following key projects:

- (1) **Capital Markets Master Plan** – the CMMP was launched by the President on 23rd February, 2023. There are implementation aspects that require DMSD involvement and interventions especially Capacity building (Investors, CMOs and other key stakeholders), RBS and the Suptech Project (see below).
- (2) **Green and Sustainable Finance** – to actualise the Commission drive to position Zambia as a Preferred Global Green Investment Hub.
- (3) **Suptech Project** – building on the skills acquired from the Cambridge Suptech Lab Innovation Leaders Program and the project/ use case developed at the end of the project. DMSD intends to undertake phase 1 of the Suptech Project which focuses on Data Collection for Collective Investment Schemes. DMSD will also participate in the workflow management element of the Suptech Project.
- (4) **ESG/ Sustainability Reporting** – in addition to the existing financial reporting projects (Internal Controls over Financial Reporting).
- (5) **Crypto Assets** – the Commission looks to put in place a supervisory framework for crypto assets in conjunction with the Central Bank.
- (6) **Market Surveillance** – Project scoping and planning in readiness for implementation in 2024.
- (7) **Supervisory Manuals** – ensure all supervisory processes are streamlined and documented in line the SEC RBS Policy and other regulatory frameworks (e.g. AML/ CFT and PFMI) applicable to the capital markets.
- (8) **Financial Analysis** – enhance the Commission’s analytical capacity in line with the Data Collection Suptech Project and plans to establish a data warehouse.

DIRECTORATE OF ENFORCEMENT AND LEGAL SERVICES

‘Never let a good crisis go to waste,’ is a phrase that has been attributed to many, including former British Prime Minister Winston Churchill, and Rahm Emanuel, a former Mayor of Chicago and former United States of America President, Barack Obama’s Chief of Staff. The phrase has been used increasingly often in recent years, especially since the global financial crisis began in 2007 and more recently, during the global Covid-19 pandemic (“the pandemic”). The phrase resonates with the Directorate of Enforcement and Legal Services (“DELS”) because while the pandemic crippled global economies and life as the world knew it, it helped DELS re-evaluate how it conducted its business and taught the Directorate how to stay relevant in a crisis. The transition from 2021 to 2022 was one of hope and optimism for the Commission, DELS and the capital markets at large. The pandemic had seemingly eased, the global economy was making strides to recovery, and the world was slowly opening up again.

In the year under review, DELS embraced the winds of change and reinforced its support to the Commission’s investor protection mandate by creating and promoting conditions in the capital markets aimed at ensuring orderly growth, integrity and development. The Directorate remained agile in the wake of what was termed as the ‘new normal’, diligently and effectively discharging its functions as the Commission’s legal advisor and enforcer of the securities legal framework. The Directorate diligently conducted investigations of suspected breaches of the securities regulatory framework, competently opined on various issues affecting the market and the Commission for the benefit of Management and the Board, and enforced the securities laws with impartiality ensuring both the protection of investors and compliance among the market players. Further, the Directorate championed legislative development in Zambia’s capital markets and overall secured the Commission’s interests before various courts of law and the Capital Markets Tribunal (“CMT”).

DELS continues to be contemporary and forward looking in its role of supporting the Commission in enhancing investor protection and promoting investor confidence in the integrity of capital markets by championing progression, fairness, orderliness and efficiency in Zambia’s capital markets.

Through section 9 of the Securities Act No. 41 of 2016, the Commission ensures compliance with the Act and regulations or rules made in accordance with the Act in a bid to safeguard the interests of investors in the capital markets. This is done through investigations, enforcement and to some extent, litigation.

The importance of an effective enforcement system in the capital markets cannot be overemphasized. A breach of the securities law has the potential of disrupting the entire market to the detriment of investors and Zambia’s economy as a whole. The credibility of the system as a whole rests on the existence of effective discipline and enforcement systems.

INVESTIGATIONS

The Directorate investigated a number of cases in 2022, amounting to over twenty (20). The Directorate noted a rise in regulatory breaches arising from failure by the market players to adhere to the securities regulatory framework particularly with regard to financial reporting, operating

with the requisite license for both the dealer and representatives, minimum capital and liquidity requirements, to mention a few.

Further, the Directorate noted a rise in money circulation schemes in the market with a significant number of participation by the investing public. One such scheme is the contract farming which prompted the Commission to issue a public alert warning the public to exercise caution before investing in any financial product especially those that are not regulated but any one of the three financial regulators.

Of the over twenty cases under investigation, five were referred to LEAs for further investigations as they bordered more on criminal liability than on the breach of the securities regulatory framework.

ENFORCEMENT

In the year under review, the Directorate successfully enforced over fifteen matters and these involved failure to submit audited annual reports within stipulated time; noncompliance with the minimum capital and liquidity requirements, and dealing without a license and/or allowing employees to deal without the requisite representative license. The available enforcement sanctions include revocation of licenses, private and public censures, and administrative fines. The Commission continued its supervisory possession of two major capital markets operators and took a number of enforcement actions against other defaulting market players.

Further, to enhance the collating of information and statistics relating to the Directorate's operations and enforcement activities, the Directorate embarked on an exercise to create an enforcement database which is now operational.

LEGAL ACTIONS

The Directorate started the year with eight active court matters; two before the Court of Appeal ("CoA") and six before the CMT. The matters vary but the most underlying motivation for these cases is dissatisfaction, by some capital market players, with a decision of the Commission. With the operationalisation of the CMT, there has been an increase in matters before the CMT. It is encouraging to see the market exercising their constitutional rights of legally challenging the decisions made by institutions that have been created for such purposes.

The highlight of the first quarter was a victory in the CMT in relation to the Securities (Takeover and Mergers) Rules Statutory Instrument No. 170 of 1993 and the requirement for payment of an authorisation fee with respect to a takeover, and a victory in the CoA with regard to the correct forum to commence litigation matters under the repealed Securities Act, Chapter 354 of the Laws of Zambia. The CoA upheld the decision of the High Court ("HC") siding with the Commission to the effect that the HC had the jurisdiction to hear matters arising out of the repealed Securities Act.

The Directorate gained momentum in the second and third quarter which were mostly characterized by a combination of continuation of matters from the first and a few new activities. The Commission celebrated another victory in the third quarter with a ruling from the CMT to the effect that the Commission has broad powers espoused in Part XIV of the Securities Act, No. 41 of

2016 which include the power to order a forensic audit of any entity in the capital markets. The Tribunal also addressed the importance of a forensic audit as a mechanism meant to aid the resolution of litigation with a potential of exonerating an audited entity.

In the same ruling, the CMT held that it has broad powers under Rule 24 of the CMT Rules to hear and determine any application for a stay of legal proceedings, stay of execution or a stay to halt or postpone the actions of a party. The Directorate closed off the year with a total of ten (10) active court cases spread out in the various Courts and the CMT.

LAW REVIEW AND LEGISLATIVE DRAFTING

AMENDMENT TO THE SECURITIES ACT NO. 41 OF 2016

<p><i>Securities (Amendment)</i> [No. 21 of 2022 511</p> <p>GOVERNMENT OF ZAMBIA</p> <p>ACT</p> <p>No. 21 of 2022</p> <p>Date of Assent: 23rd December, 2022</p> <p>An Act to amend the Securities Act, 2016. [27th December, 2022</p> <p>ENACTED by the Parliament of Zambia.</p> <p>1. This Act may be cited as the Securities (Amendment) Act, 2022, and shall be read as one with the Securities Act, 2016, in this Act referred to as the principal Act.</p> <p>2. Section 2 of the principal Act is amended by the—</p> <p>(a) deletion of the definitions of “board” and “capital markets operator” and the substitution therefor of the following definitions in the appropriate places:</p> <p>“board” means a board of a capital markets operator; and</p> <p>“capital markets operator” means a person whose securities are registered in accordance with this Act, or who is authorised, recognised or licensed in accordance with this Act to perform specific functions in the capital markets, including a person or entity, whether incorporated in the Republic or not, who is granted or receives authorisation from the Commission, an intermediary, nominee or a person conducting a professional development or asset management programme; and</p> <p>(b) insertion of the following new definitions in the appropriate places in alphabetical order:</p> <p>“debt fund” means a fund which invests primarily in debt securities of listed and unlisted investee companies according to the stated objectives of the fund;</p> <p><small>Single copies of this Act may be obtained from the Government Printer, P.O. Box 30136, 10101 Lusaka. Price K28.00 each.</small></p>	<p>Enactment</p> <p>Short title Act No. 41 of 2016</p> <p>Amendment of section 2</p>
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The first quarter of 2022 was characterised with activity for the law review function of the Directorate. From preparation of a road map to chart the way for the enactment of the Securities Bill into law, to the Bill being tabled before Cabinet for approval, to it being presented before Parliament for first reading as National Assembly Bill (“NAB”) No. 23 of 2022 and finally to it being enacted into law. The process did not, however, go without opposition despite the wide stakeholder consultations and endorsement by several regulators and policy institutions.

Against all odds, the Securities Act, No. 41 of 2016 was, on 23rd December 2022 amended by the Securities Act, No. 21 of 2022. This was necessitated by a review of the Securities Act of 2016 which identified hiatuses in the law. The new law has introduced a number of changes taking into account regulatory best practice as well as mandatory requirements for the operation of the securities industry. The reforms include, among others, the

widening of the scope of the Commission’s functions to include the vetting of directors and shareholders of persons operating in the capital markets; the adoption of a risk-based approach in the supervision and regulation of capital markets introduced under the Financial Intelligence Centre Act; the amplification of the Commission’s supervisory power over capital markets operators; revision of the powers of the Commission and the Capital Markets Tribunal to include immunity of Tribunal Members and members of staff of the Commission.

The Amendment Act is now law following Gazette Notice No. 2263 of 2022 dated 27th December, 2022.

AMENDMENTS TO SUBSIDIARY LEGISLATION UNDER THE SECURITIES ACT

Further to the amendment to the Securities Act, the Directorate embarked on the process of reviewing the subsidiary legislation emanating from the repealed 1993 Securities Act so as to cure any disparities and lacunae in the law. The review will enable incorporation of provisions that are consistent with the current Securities Act and pave the way for the creation of subsidiary legislation to address new provisions in the current Act.

A regulatory impact assessment workshop was held with the Business Regulatory Review Agency (“BRR”) and validation meetings with capital markets stakeholders in 2021. Thereafter, BRR approved the following draft rules and regulations:

- the Securities (Capital Market Operators) (Complaints Handling Requirements) Rules;
- the Securities (Registration of Securities) Regulations;
- the Securities (Recognition of Self-Regulating Organisations) Regulations;
- the Securities (Self-Regulatory Organisations) (General Requirements) Rules;
- the Securities (Capital Market Operators) (Licensing and Operations Requirements) Rules;
- the Securities (Capital Markets Operators) (General Licensing Procedures and Requirements) Regulations;
- the Securities (Fees and Levies) Rules; and
- the Securities (Compensation Fund) (Amendment) Regulations.

In the third quarter of 2022, the Commission submitted the BRR-approved Rules and Regulations to the Ministry of Finance and National Planning (“MoFNP”) for onward submission to the Ministry of Justice (“MoJ”) for further drafting and enactment.

The year ended with a consultative meeting with MoJ in order to expedite the re-drafting and enactment of the draft rules and regulations. It is hoped that the year 2023 will see the enactment of these revised and new rules and regulations to enable the Commission to continue carrying out its mandate efficiently.

CORPORATE AFFAIRS

SECRETARIAL SERVICES

The Directorate competently rendered its corporate, legal and secretarial services to the Commission and the Board.

LOCAL AND INTERNATIONAL RELATIONS

DELS continued to nurture its relations with Law Enforcement Authorities (“LEAs”) such as the Zambia Police (“ZP”) and the Drug Enforcement Commission (“DEC”) 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.



It has also maintained international relations by continuing to be the contact point for liaison with foreign capital market regulators on information sharing and exchange of information. In addition, with the world steadily opening up, the Directorate participated in various engagements organised by international associations such as the International Organization of Securities Commissions (“IOSCO”) and the Southern African Development Community (“SADC”) Committee on Insurance, Securities and Nonbank Administrators (“CISNA”), and IOSCO’s Africa / Middle East Regional Committee (“AMERC”) among other international bodies.



In CISNA, the Commission is represented at the highest level with the membership of the Commission Secretary and Director – Enforcement and Legal Services on the Governance Council. It was,

therefore, important for the Commission to support and participate in the launch of the CISNA Secretariate in October 2022 hosted by the Mauritian Financial Services Commission. The event was attended by delegates from twelve (12) Southern African Development Community (“SADC”) Member States, namely Angola, Botswana, Democratic Republic of Congo, Eswatini, Malawi, Mauritius, Mozambique, Namibia, South Africa, United Republic of Tanzania, Zambia and Zimbabwe.

Below are some of the highlights of the event in pictorial format:





REGULATORY COMPLIANCE

NATIONAL REGULATION

During the year under review, we saw the operationalisation of the Emoluments Commission, established under Article 232 of the Constitution of Zambia (Amendment) Act No. 2 of 2016, by the

enactment of the Emoluments Act No. 1 of 2022. The Act was assented on April 8, 2022 and gazetted on July 6, 2022.

Following the commencement order, two circulars of interest to the Commission were published by Cabinet Office. The first was Cabinet Circular No. 14 of 2022 dated 11th August 2022 wherein Cabinet Office advised that all contracts entered into before the commencement of the Act are to continue in force until they expire or are amended by mutual consent by the parties involved. However, such amendment should be approved by the Commission. In this regard, the Circular informed all Applicable Entities that any contracts to be entered into or conditions of service to be agreed, after the commencement of the Act, need the Emoluments Commission’s prior approval before execution or renewal in as far as the contract relates to emoluments. Through the said Circular, Cabinet further requested that relevant authorities submit all documentation providing for emoluments of officers in a State Institution and State Organ to the Emoluments Commission for assessment and valuation.

The second was Cabinet Circular No. 15 of 2022 which was published in line with article 250 of the Constitution of Zambia Amendment Act No. 2 of 2016. In that circular, Cabinet directed all state organs to ensure that all documents and records such as agreements, contracts, circulars, conveyances and memorandum of understanding are sent to the office of the Auditor General as soon as they are entered into or generated.

The Commission, through the Directorate, has ensured that it has remained compliant with these regulatory directives.

INTERNATIONAL BEST PRACTICE: RISK BASED SUPERVISION

The Directorate’s enforcement function was amplified following the launch of the Risk-Based Supervision (“RBS”) framework which required the Commission to reorganise its processes to consider risk. The Directorate therefore revised its enforcement processes in order to align to international best practice as prescribed in the IOSCO principles and objectives as well as the Financial Action Task Force (“FATF”) guidelines.



The RBS approach entails that the Directorate now gives prior consideration to the harm and risk likely to be suffered by the market and investors in determining the

appropriate enforcement measure to be taken for a breach of the securities legal framework as opposed to the post risk compliance-based approach.

ENHANCED MULTILATERAL MEMORANDUM OF UNDERSTANDING (“EMMoU”)

The Commission reviewed the provisions of the Securities Act with respect to Zambia’s qualification to become signatory to an EMMoU with IOSCO which would and additional powers to the Commission that IOSCO has identified as necessary to ensure continued effectiveness in

safeguarding market integrity and stability, protecting investors and deterring misconduct and fraud. Further, the EMMoU will foster greater cross-border enforcement cooperation and assistance among securities regulators, enabling them to respond to the risks and challenges posed by globalisation and advances in technology. The powers include–

- a) Audit – to obtain and share Audit work papers, communications and other Information relating to the audit or review of financial statements;
- b) Compulsion – to compel physical attendance for testimony (by being able to apply a sanction in the event of non-compliance);
- c) Freezing – to Freeze assets if possible, or, if not, advise and provide information on how to Freeze assets, at the request of another signatory;
- d) Internet Service Provider (ISP) records – to obtain and share existing Internet service provider (ISP) records (not including the content of communications) including with the assistance of a prosecutor, court or other authority, and to obtain the content of such communications from authorized entities; and
- e) Telephone – to obtain and share existing telephone records (not including the content of communications) including with the assistance of a court, prosecutor or other authority, and to obtain the content of such communications from authorized entities.

However, the Commission has noted that it has limitations in the freezing powers which might require legislative review if these powers are to be effectively deployed for use by the Commission in its investor protection regulatory role. Once the legislative framework is enabling, then the Commission can consider applying to be a signatory of the IOSCO E-MMoU which currently only has 14 signatories worldwide.

POLICY REVIEW

The Directorate undertook a review of the Commission’s strategic documents, policies, guidelines and charters. A total of eight (8) policies were reviewed which included:

- a) Code of Ethics;
- b) Communication Policy;
- c) Transport Policy;
- d) Staff Loans Policy;
- e) Internal Audit Manual;
- f) Proposed Investment Policy;
- g) Whistle Blowing and Complaints handling Policy and Procedures; and
- h) Staff Wellness Policy.

CAPACITY BUILDING

CAMBRIDGE SUPTECH LAB INNOVATION LEADERSHIP PROGRAMME

During the period in review, the Commission nominated several members of staff to undertake a nine (9) week Cambridge SupTech Lab Innovation Leadership Programme under the theme, accelerating the digital transformation of financial supervision. The Programme seeks to equip financial regulators with the necessary data science and technological skills necessary for the delivery of innovative financial services, greater protection of investors, and the pursuit of other



policy objectives such as financial integrity and the oversight and mitigation of environmental and governance risks. will drive innovation in the financial sector for the decade to come.

For their capstone project, the Commission’s nominees were working on developing a project charter in order to procure a digitalized solution for the automation of core processes for the Commission which include licensing, registration, authorization and case management for complaints, investigations and litigation.

The programme was successfully completed.

CORPORATE GOVERNANCE MASTERCLASS

The Directorate participated in a Corporate Governance Masterclass held in September 2022 which was targeted at Capital Market Operators (“CMO”) board members and senior management. The masterclass was well attended with over eighty (80) participants who actively participated and engaged with the facilitator and the Commission.

SWEDISH INSTITUTE MANAGEMENT PROGRAMME (SIMP-AFRICA)

This programme has a focus on sustainability and responsible leadership. The Director participated in the 2022 cohort together with participants from Kenya, Rwanda, Uganda, Tanzania and Ethiopia. Offered over a six-month period with a mix of online and a one week physical participation, the course offers participants great insights into building and operating sustainable businesses.

Participants are required to identify an existing problem affecting the institution they represent and create a project for which a solution is then developed using the tools and techniques shared during the training. The Commission’s adopted project was to identify the challenges preventing the issuance of the debut green bond despite the regulatory framework having been in existence since 2019.



INVESTMENT ADVISORS AND STOCKBROKERS COURSE

The Investment Advisors and Stockbrokers Course facilitated by the Zambia College of Pensions and Insurance Trust (“ZCPIT”), in conjunction with the Commission and the Lusaka Securities Exchange Limited (“LuSE”) is a foundational course that is offered to each new member of staff



INVESTMENT ADVISORS AND STOCKBROKERS COURSE

Who should participate?
Fund Managers, Accountants, Stockbrokers
Lawyers Merchants Bankers, Financial Analysts
Portfolio Managers, Investment Advisors and
Intermediaries associated with securities
markets

K4,500
Per Participant

0979 905802 0979 446457 0978 169040
[Register Online](#) www.zgft.ac.zm/short-courses

22ND NOV- 13TH DEC
Online Training

that joins the Commission. It enables them quickly learn about the regulatory environment in which they operate.

During the review period, three (3) of the Directorate's staff participated in the. The course is a one-month intensive competence course that has been specially designed to equip professionals and intermediaries on the securities market with the skills and knowledge about the operations of securities market in Zambia. In addition, the Director is one of the course resource persons that supports the running of the training programme.

DIRECTORATE OF FINANCE AND ADMINISTRATION: 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 2022 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
02.03.2022	Zambia National Building Society	Waiver from compliance with continuing obligations	02.03.2022	To consider application for waiver from complying with continuing obligations
02.03.2022	Atlas Mara	De-registration of securities	02.03.2022	To consider application for the de-registration of ZMW 400 million Medium Term Note Programme
02.03.2022	Prudential Pensions Management Zambia	Authorization of Collective Investment Scheme	02.03.2022	To consider the application for the authorization of Prudential Collective Investment Scheme.
02.03.2022	Zambia Consolidated Copper Mines Investment Holdings	Takeover transaction	02.03.2022	To consider take over fee offer from ZCCM-IH for the takeover of Mopani Copper mines Plc
15.06.2022	Unifi Credit Limited	Registration of securities	15.06.2022	To consider application for registration of ZMW 50 million Commercial Paper.
07.09.2022	Ikulileni Plc	De-registration of securities	07.09.2022	To consider the application for the de-registration 50,000,000 shares
07.09.2022	First Quantum Minerals	De-registration of securities	07.09.2022	To consider the application for the de-registration of 28,000,000 depositary receipts


DATE	COMPANY	TYPE AND NUMBER OF SECURITIES/OR TRANSACTIONS	DATE APPROVED/ DEFERRED	PURPOSE OF MEETING
07.09.2022	Kukula Capital	Waiver	07.09.2022	To consider the application for a waiver from compliance with clause 6.1.3 of the Private Funds Guidelines
23.11.2022	Unifi Credit Limited	Waiver	23.11.2022	To consider the application to waive conditions attached to the registration of commercial paper.
23.11.2022	African Life Financial Services Limited	approval	23.11.2022	To consider the application to increase the authorized amount to be raised under Mpile Property Fund.


PHILLIP K. CHITALU
CHIEF EXECUTIVE OFFICER

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SECURITIES AND EXCHANGE COMMISSION

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SECURITIES AND EXCHANGE COMMISSION

FINANCIAL STATEMENTS 31ST DECEMBER 2022
(UNAUDITED)



**SECURITIES AND EXCHANGE COMMISSION
FINANCIAL STATEMENTS – 31 DECEMBER 2022**

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Statement of financial position	4
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Detailed statement of comprehensive income	Schedule

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 2022, 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 2022

	Note	31 December 2022 ZMW	31 December 2021 ZMW
Income			
Grants and other income	6	<u>108,718,053</u>	<u>118,130,378</u>
Expenditure			
Employee benefits costs		(22,415,782)	(17,452,372)
Depreciation		(268,954)	(350,212)
Other operating expenses		(14,025,915)	(8,562,231)
		(36,710,651)	(26,364,815)
Surplus/(Deficit) for the period	7	72,007,402	91,765,563
Total comprehensive income		<u>72,007,402</u>	<u>91,765,563</u>

SECURITIES AND EXCHANGE COMMISSION
STATEMENT OF CHANGES IN EQUITY FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2022

	Accumulated reserves ZMW	Total ZMW
At 1 January 2021	2,089,199	2,089,199
Total comprehensive loss for the period At 31 December 2021	91,669,137 93,758,336	91,669,137 93,758,336
Total comprehensive surplus for the year At 31 December 2022	<u>72,007,402</u> <u>165,765,738</u>	<u>72,007,402</u> <u>165,765,738</u>

**SECURITIES AND EXCHANGE COMMISSION
STATEMENT OF FINANCIAL POSITION - 31 DECEMBER 2022**

	Note	2022 ZMW	2021 ZMW
ASSETS			
Non-current assets			
Motor vehicles, furniture, and equipment	9	<u>3,192,607</u>	<u>1,434,896</u>
		<u>3,192,607</u>	<u>1,434,896</u>
Current assets			
Short term deposit	10	154,501,248	85,965,589
Trade and other receivables	11	13,061,744	5,899,928
Cash and cash equivalents	12	<u>3,662,868</u>	<u>9,137,224</u>
		<u>171,225,860</u>	<u>101,002,742</u>
Total assets		<u>174,418,467</u>	<u>102,437,638</u>
EQUITY AND LIABILITIES			
Funds and reserves			
Accumulated reserves		<u>165,765,738</u>	<u>93,854,762</u>
		<u>165,765,738</u>	<u>93,854,762</u>
Current liabilities			
Trade and other payables	13	<u>8,652,729</u>	<u>8,582,876</u>
		<u>8,652,729</u>	<u>8,582,876</u>
Total equity and liabilities		<u>174,418,467</u>	<u>102,437,638</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 2022

	31 December 2022	31 December 2021
	ZMW	ZMW
Cash flows from operating activities		
Surplus/(Deficit) for the period	72,007,402	91,765,563
Depreciation	268,954	350,212
(Profit)/Loss on sale of assets	-	-
Interest received	-	-
Decrease in trade and other receivables	(1,282,171)	(5,489,230)
(Decrease)/increase in trade and other payables	<u>335,828</u>	<u>408,822</u>
Net cash (outflow)/inflow (on)/from operating activities	<u>71,330,013</u>	<u>87,035,367</u>
Investing activities		
Purchase of property, plant, and equipment	(1,757,711)	(264,890)
Investments purchased	(6,510,999)	-
Interest received	-	-
Investments redeemed	-	-
Proceeds from disposal of assets	-	-
Net cash inflow/(outflow) from/(on) investing activities	<u>(8,268,710)</u>	<u>(264,890)</u>
Increase/(decrease) in cash and cash equivalents	<u>63,061,303</u>	<u>86,770,477</u>
Cash and cash equivalents at beginning of the period	<u>95,102,813</u>	<u>8,332,336</u>
Cash and cash equivalents at end of the period	<u>158,164,116</u>	<u>95,102,813</u>
Represented by:		
Cash in hand and at bank	<u>158,164,116</u>	<u>95,102,813</u>

SECURITIES AND EXCHANGE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022

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 2022 (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 2022

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 2022 (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 2022 (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 2022 (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 2022 (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 2022 (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 2022 (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 2022 (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:

	2022		2021	
	ZMW	(%)	ZMW	(%)
Grants from GRZ	10,198,956	9	8,868,595	8
Registration of securities	125,000	0	286,195	0
LuSE trade commissions	79,953,997	74	96,659,386	82
Other fees and revenues	<u>18,440,100</u>	17	<u>12,316,202</u>	10
	<u>108,718,053</u>		<u>118,130,378</u>	

7. (Deficit)/surplus for the period

Surplus for the year is stated after charging:-

Depreciation	<u>268,954</u>	<u>350,212</u>
Auditors' remuneration:		
Internal audit	-	-
External audit	450,579	186,997
	<u>450,579</u>	<u>186,997</u>
Commissioners' and committee expenses	<u>1,117,048</u>	<u>1,099,768</u>

**SECURITIES AND EXCHANGE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022 (CONTINUED)**

8. Income tax expense

The Commission is exempt from income tax.

9. Motor vehicles, furniture, and equipment

Depreciation	Motor Vehicles	Office equip	Office Furni	Computer equ	CWIP	Total
	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW
Cost						
At 1 January 2021	974,098	501,729	854,081	1,466,926	1,065,665	4,862,499
Additions		507,435	-	558,919	-	1,066,354
Disposals	-	-	-	-	-	-
At 31 December 2021	974,098	1,009,164	854,081	2,025,845	1,065,665	5,928,853
Additions	-	173,910	-	-	-	173,910
Disposals/Adjustment	-	-	-	-	-	-
At 31 December 2022	974,098	1,183,074	854,081	2,025,845	1,065,665	6,102,763
Depreciation						
At 1 January 2021	974,098	321,263	526,444	897,716	-	2,719,523
Charge for the period	-	18,332	8,919	66,187		93,440
Disposals	-					-
At 31 December 2021	974,098	339,595	535,363	963,903	-	2,812,959
Charge for the period	-	8,311	17,377	71,509		97,197
Disposals/(Adjustment)		-	-			-
At 31 December 2022	974,098	347,906	552,740	1,035,412	-	2,910,156
Net Book Value						
At 31 December 2022	-	835,168	301,341	990,433	1,065,665	3,192,607
At 31 December 2021	-	101,652	7,179	260,401	1,065,665	1,434,896

SECURITIES AND EXCHANGE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022 (CONTINUED)

	2022 ZMW	2021 ZMW
10. Short term deposit		
Standard Chartered Bank PLC	136,001,248	43,965,589
Barclays Bank PLC	18,500,000	42,000,000
	<u>154,501,248</u>	<u>85,965,589</u>
11. Trade and other receivables		
GRZ Grant	-	-
Investment income	11,192,733	4,583,743
Staff debtors	1,629,258	931,915
Issuer's fee	-	140,000
Inspection fees	-	56,700
Trade Commissions	86,055	65,948
Accrued income – interest	-	62,451
Prepayments and deposits	<u>153,698</u>	<u>49,661</u>
	13,081,744	1,943,089
Staff debtors	-	219,170
Provisions for doubtful debts	(20,000)	(20,000)
	<u>13,061,744</u>	<u>2,162,261</u>
12. Cash and cash equivalents		
Cash in hand and at bank	<u>158,164,116</u>	<u>95,102,813</u>
13. Trade and other payables		
Provisions and accruals	5,939,122	5,776,094
Deferred Income	20,000	480,000
PAYE	928,943	773,340
Market Development Fund	364,102	364,102
NHIMA	-	-
Sundry creditors	58,001	58,001
SAYE	500	500
Amount due to Compensation Fund	53,334	58,250
Napsa	43,488	56,905
	<u>7,406,990</u>	<u>7,567,193</u>

**SECURITIES AND EXCHANGE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022 (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 2022 ZMW	31 December 2021 ZMW
Short term deposits	154,501,248	85,965,589
Trade and other receivables	13,061,744	5,899,928
Cash and cash equivalents	<u>3,662,868</u>	<u>9,137,224</u>
	<u>171,225,860</u>	<u>101,002,742</u>

SECURITIES AND EXCHANGE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022 (CONTINUED)

14. **Financial assets and liabilities (continued)**

(a) **Credit risk (continued)**

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

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

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

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

	2022	2021
	ZMW	ZMW
Days		
0 – 30	629,258	296,083
61 – 90	600,000	79
Over 90	<u>400,000</u>	<u>-</u>
	<u>1,629,258</u>	<u>352,862</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 2022	-	-	-	-
31 December 2021	-	-	-	-

**SECURITIES AND EXCHANGE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022 (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 2022 is summarised below:

At 31 December 2022:

	Within 6 months ZMW	Within 6 to 12 months ZMW	1 to 5 years ZMW
Non-derivative Financial liabilities			
Trade and other payables	2,467,868	1,939,122	3,000,000
Total	<u>2,467,868</u>	<u>2,057,249</u>	<u>1,300,000</u>

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	2,085,374	2,057,249	1,300,000
Total	<u>2,085,374</u>	<u>2,057,249</u>	<u>1,300,000</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 2022 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 2022 (CONTINUED)

14. **Financial assets and liabilities (continued)**
(f) **Categories of financial instruments**
At 31 December 2022

	Receivables ZMW	Fair value ZMW
Financial assets		
Receivables	13,061,744	13,061,744
Short term deposit	154,501,248	154,501,248
Cash and cash equivalents	<u>3,662,868</u>	<u>3,662,868</u>
Total financial assets	<u>171,225,860</u>	<u>171,225,860</u>
Financial liabilities at amortised Cost ZMW		
Trade payables	<u>7,406,990</u>	<u>8,582,876</u>
Total financial liabilities	<u>7,406,990</u>	<u>8,582,876</u>
Net position	<u>163,818,870</u>	<u>93,419,866</u>

At 31 December 2021

	Receivables ZMW	Fair value ZMW
Financial assets		
Receivables	5,899,928	5,899,928
Short term deposit	85,965,589	85,965,589
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		
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>

SECURITIES AND EXCHANGE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2022 (CONTINUED)

15. **Related party transactions**

The following transactions were carried out with related parties:

	2022	2021
	ZMW	ZMW
(i) <i>Key management compensation</i>		
Salaries and other short-term benefits	4,777,818	3,959,244
Defined contribution pension Commissions	<u>43,984</u>	<u>41,724</u>
	<u>4,821,802</u>	<u>4,000,968</u>
(ii) <i>Commissioners' remuneration</i>		
Fees for service as Commissioners	<u>610,560</u>	<u>601,321</u>
(iii) <i>Loans to key management</i>	105,499	=

16. **Capital commitments**

There were no capital commitments either contracted or authorised at 31 December 2022 (2021 – 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 500,000 which are yet to be agreed with the Commission - (2021: ZMW300,000). This amount has not been provided for in these financial statements.

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

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

SECURITIES AND EXCHANGE COMMISSION
DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER
2022

	2022	2021
	ZMW	ZMW
INCOME		
Grants		
Revenue grants	<u>10,198,956</u>	<u>8,868,595</u>
Fees and other income		
Authorisation fees	199,998	2,900,629
Commission – LuSE trades	79,953,997	96,659,386
Licensing fees	1,270,674	1,256,556
Registration fees	125,000	286,195
Scrutiny fees	150,000	100,001
Sundry income	50,000	92,146
Interest received	67,590	-
Issuers fee	1,460,000	1,240,000
Investment income	13,811,052	5,034,364
Inspection fees	-	54,180
Annual fees	87,325	73,322
Levy on Collective Investment Commissions (CIS)	1,200,063	1,268,367
Exchange gain	- 189,637	
Administrative Fines	143,397	107,000
	<u>98,519,097</u>	<u>109,261,783</u>
Total income	<u>108,718,053</u>	<u>118,130,378</u>
EXPENDITURE		
Advertising expenses	218,615	160,686
Audit fees	450,579	186,997
Bank charges	70,542	69,418
Bad debts provision	40,000	20,000
Board and committee expenses	1,117,048	1,099,768
Consultancy fees	375,513	231,228
Depreciation	268,954	350,212
Employee benefits costs	22,415,782	17,452,372
Education & Awareness	2,080,789	400,115
Medical	1,168,097	1,400,812
Insurance	291,824	309,795
Motor vehicle expenses	393,587	330,114
Office operational costs	654,784	269,707
Postage and telephones	294,307	444,478
Electricity and water	61,365	44,041
Printing and stationary	86,953	87,926
Rent	2,078,971	1,948,567
CISNA	-	86,709
Repairs and maintenance	100,710	292,633
Security	266,261	269,327
Subscriptions and publications	828,079	596,993
Workshops and seminars	3,447,893	473,607
	<u>36,710,651</u>	<u>26,364,815</u>
Surplus/(Deficit) for the year	<u>72,007,402</u>	<u>91,765,563</u>

APPENDICES

Appendix I Corporate Address and Contact Details



Securities and Exchange Commission

Corporate Office Address:

Plot 3827 Parliament Road

Olympia

P.O. Box 35165

Lusaka, ZAMBIA



(0211) 227012/222368/222369/226386

Fax: (0211) 225443



info@seczambia.org.zm

Website: www.seczambia.org.zm

Appendix II Governance Structure

SEC Commissioners in 2022

During the period under review, the following Commissioners appointed from institutions specified in the Securities Act, No. 41 of 2016 served as the Commission Board Members:



Board Chairperson (elected on 17th March 2022)

Mrs. Ruth Simwanza Mugala

Mrs. Ruth Simwanza Mugala, a seasoned Accountant and business consultant, is the Board's elected Chairperson since March 2022 having previously served as the Board Vice-Chairperson from 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.



Board Vice-Chairperson (elected on 17th March 2022)

Mr. Paul Nkhoma

Mr. Nkhoma, a development economist, with a wealth of management, arbitration and insurance knowledge, is the elected Board Vice-Chairperson since March 2022. He has been a Board Member since 10th March 2021 and 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.



Commissioner

Mr. Mulele Maketo Mulele

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.



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, served on the SEC Board from March 2018 until she left the Board in xx 2022. Mrs. Kalimukwa was, during her tenure on the Board, the Administrator General and Official Receiver for the Republic of Zambia and she represented the Ministry of Justice on the Board. She also chaired the Commission’s Compensation Fund Committee.



Commissioner

Dr. Leonard N. Kalinde

Dr. Kalinde, a legal practitioner, has been a SEC Board Member since January 2022. Dr. Kalinde who is a partner at the legal firm with the name and style of Equitas Legal Practitioners, has over 20 years’ experience in central bank operations and financial system supervision and regulation. He represents the Law Association of Zambia on the Board and chairs the Licensing Committee of the Board.



Commissioner

Ms. Brenda Mwanza

Ms. Mwanza is a development economist with a wealth of experience in macroeconomic and financial sector analysis, policy development, research, survey implementation and data analytics, gained in the central bank over a period of more than 28 years. She became a member of the Securities and Exchange Commission Board in January 2022, representing the Bank of Zambia and chairs the Risk and Audit Committee. Currently serving as Assistant Director- Financial Sector Development, at the Bank, her role entails coordinating the thematic areas of financial inclusion, financial sector development and collaboration with financial sector stakeholders in the public and private sector as well as international partners.

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.



Ex-officio Commissioner

SEC Management in 2022

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, trained commercial Arbitrator and is passionate about sustainability.



*Director - Market Supervision &
Development*

Mutumboi Mundia

Ms. Mundia, a fellow of the Association of Chartered Certified Accountants (ACCA) and a Certified Expert in Sustainable Financing, 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.



Manager – Market Transactions & Investments

Bruce Mulenga

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



Manager – Finance

Mateyo Lungu

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



Manager – Administration

Saul Nyalugwe

Mr. Nyalugwe has been with the Commission from October, 2012 until March 2022 when he retired from service. He holds a bachelor of laws degree from Nelson Mandela Metropolitan University in South Africa, a Diploma in Purchasing and Supply from Sandwell College of Higher and Further Education (West Bromwich) UK and a Diploma in Human Resource Management from Zambia Institute of Human Resource Management. He also trained in Domestic Arbitration by the Chartered Institute of Arbitrators.



Manager – Market Supervision

Abraham Alutuli

Mr. Alutuli, a chartered accountant, had been with the Commission from May, 2014 to February 2022 when he resigned his position at the Commission. 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.



Manager – Market Supervision

Nonde Sichilima

Mr. Sichilima, a chartered accountant, has been with the Commission since September, 2015. He holds a BA (Hons) Degree in Accounting and Finance from Athlone Institute of Technology, Ireland. He is a member of the Zambia Institute of Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants (FCCA).



Manager – Market Supervision

Benson Mwileli

Mr. Mwileli has been with the Commission since January 2017. He holds a Bachelor of Arts Degree in Economics from the University of Zambia and a Master of Science Degree in Finance and Investment from the University of Bradford in the United Kingdom. He also holds an Advanced Diploma in Management Accounting from the Chartered Institute of Management Accountants (CIMA) and is a Certified Sustainable Finance expert with the Frankfurt School of Finance and Management in Germany.



Manager -Market Development

Dingase Makumba

Mrs. Makumba has been with the Commission since May 2014. She holds a Master of Business Administration from the Eastern and Southern Africa Management Institute (ESAMI), Bachelor of Arts in social sciences from the University of Zambia and a Postgraduate Diploma in Marketing from the Chartered Institute of Marketing-UK and various Industry certifications from the Chartered Institute for Securities and Investments, Zambia College of Pensions and Insurance Trust, Toronto Centre and the Cambridge Centre for Alternative Finance.



Manager – Financial Inclusion

Mubanga Kondolo

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.



Manager – Law Reform and Enforcement

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 – Investigations and Enforcement

Kambole Seta

Mrs. Seta has been with the Commission since July 2022. She holds a Bachelor of Laws Degree obtained from the University of Lusaka and is a legal practitioner with 6 years of experience post bar qualification. She also holds a Post Graduate Diploma in Legislative drafting obtained from the Zambia Institute of Advanced Legal Education in 2022.



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

Appendix III SEC Staff in 2022

	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	March 2022
7	Mr. Abraham Alutuli	Manager – Market Supervision	February 2022
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	Mr. Thomas Thole	Investigations Officer	-
16	Ms. Gertrude Buyungwe	Analyst/Inspection Officer	-
17	Mr. Benson Mwileli	Analyst/Inspection Officer	-
18	Mr. Sydney Katumba	Information Technology Officer	-
19	Mrs. Theresa Chimbila	Accounts Assistant	-
20	Ms. Priscilla Mwale	Personal Assistant to the CEO	-
21	Ms. Siberia T. Siamayuwa	Pool Secretary	-
22	Mr. Saviour Mooya	Driver	-
23	Mr. Alexander Tondo	Office Assistant	-



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Let's talk Capital Markets

Appendix IV

List of Authorised Capital Market Players as at 31st December, 2022

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:

Securities Exchange Licenses

The following entities held a securities exchange license as at 31st December, 2022:

Item	Company Name	2022		2021	
		Yes	No	Yes	No
1.	Lusaka Securities Exchange Plc	✓		✓	
2.	Bond & Derivatives Exchange Zambia Plc	✓		✓	

Credit Rating Agency's Licences

The following entity held a Credit Rating Agency license as at 31st December, 2022:

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

Investment Adviser's License

The following corporate entities held an Investment Advisors license as at 31st December, 2022:

#	NAME OF LICENSEE	2022		2021	
		YES	NO	YES	NO
1	Charles Sichangwa	✓		✓	
2	Enock Bwalya	✓		✓	
3	Errol Neal Molver	✓		✓	
4	deVere and Partners Investment Services (Zambia) Ltd	✓		✓	
5	Riscura Zambia Limited	✓		✓	
6	Vunani Asset Management Limited	✓		✓	
7	DM Investment Advisers and General Business Consultants Limited	✓		✓	
8	Inside Capital Partners Zambia Limited	✓		✓	
9	Amano Capital Limited	✓		✓	
10	Finluca International Limited	✓		✓	
11	Money Acumen Advisory Limited	✓		✓	
12	Carrick Wealth Zambia Limited	✓		✓	
13	Abu Khan	✓		✓	
14	Simon Kalunga	✓		✓	

Investment Adviser's Representative License

The following persons held an Investment Advisors Representatives license as at 31st December, 2022:

#	NAME OF LICENSEE	NAME OF PRINCIPAL	2022		2021	
			YES	NO	YES	NO
1	Mr. Chibamba Nyangu	deVere and Partners International Limited	✓		✓	
2	Ms. Lynda Syamunyangwa	deVere and Partners International Limited	✓		✓	
3	Ms. Maureen Nabulyato	deVere and Partners International Limited	✓		✓	
4	Mr. Gift Kapande	deVere and Partners International Limited	✓		✓	
5	Mr. Julian Visser	deVere and Partners International Limited	✓		✓	
6	Mr. Arthur Kalumba	deVere and Partners International Limited	✓		✓	
7	Mr. Wenu Mutiti	deVere and Partners International Limited	✓		✓	
8	Ms. Lwiindi Muzongwe	deVere and Partners International Limited	✓		✓	
9	Mr. Moss M Sibongo	deVere and Partners International Limited	✓		✓	
10	Ms. Zamiwe Ndhlovu	deVere and Partners International Limited	✓		✓	
11	Ms. Mubanga Nundwe	deVere and Partners International Limited	✓		✓	
12	Ms. Charity Siwela	Riscura Zambia Limited	✓		✓	
13	Ms. Kandiye T. Liweleya	Benefits consulting	✓		✓	
14	Mr. Munyumba Mutwale	Vunani Asset Management Limited	✓		✓	
15	Mr. Darious Mumba	DM Investment Advisers and General Business Consultants Limited	✓		✓	
16	Rushil Patel	Inside Capital Partners Zambia Limited	✓		✓	
17	Malcom Kasuba Shirley	Amano Capital Limited	✓		✓	
18	Ackim Kawamya	deVere and Partners International Limited	✓			✗
19	Theresa Gumbo	Money Acumen Advisory Limited	✓			✗
20	Lyapa M. Mbewe	Money Acumen Advisory Limited	✓			✗
21	Carmen Hachandi	Carrick Wealth Zambia Limited	✓			✗
22	Roemary Edith Mercer	Finluca International	✓			✗
23	Hamubbwatu Hanakooma	Carrick Wealth Zambia Limited	✓			✗
24	Mwape Kunda	Carrick Wealth Zambia Limited	✓			✗
25	Mr. Dennis Nyirongo	deVere and Partners International Limited		✗	✓	
26	Ms. Theresa Gumbo	deVere and Partners International Limited		✗	✓	

Dealer's Licenses

The following corporate entities held a Dealer's license as at 31st December, 2022:

#	NAME OF LICENSEE	2022		2021	
		YES	NO	YES	NO
1	Aflife Capital Zambia Limited	✓		✓	
2	African Banking Corporation Investment Services Limited	✓		✓	
3	African Banking Corporation Zambia Limited	✓		✓	
4	African Life Financial Services Limited	✓		✓	
5	Altus Capital Limited	✓		✓	
6	Autus Securities Zambia Limited	✓		✓	
7	Absa Bank Zambia Plc	✓		✓	
8	Citibank Zambia Limited	✓		✓	
9	Equity Capital Resources Plc	✓		✓	
10	Finance Securities Limited	✓		✓	
11	First National Bank Zambia Limited	✓		✓	
12	Hobbiton Investment Services Limited	✓		✓	
13	Investrust Bank Plc	✓		✓	
14	Kukula Capital Plc	✓		✓	
15	Laurence Paul Investment Services Limited	✓		✓	
16	Longhorn Associates Limited	✓		✓	
17	Madison Asset Management Company Limited	✓		✓	
18	Pangaea Securities Limited	✓		✓	
19	Prudentail Pension Management Zambia Limited	✓		✓	
20	Stanbic Bank Zambia Limited	✓		✓	
21	Standard Chartered Bank Zambia Plc	✓		✓	
22	Stockbrokers Zambia Limited	✓		✓	
23	Zambia National Commercial Bank Plc	✓		✓	
24	Monter Capital Partnership Limited	✓		✓	
25	Zambia Industrial Commercial Bank Limited	✓		✓	
26	Access Bank Zambia Limited	✓		✓	
27	Indo Zambia Bank Limited	✓		✓	
28	United Bank for Africa	✓		✓	
29	Eco-Bank Zambia Limited	✓			✗
30	First Capital Bank Zambia Ltd	✓			✗
31	WCAP Limited	✓			✗
32	Providence Asset Management Limited	✓			✗
33	Treasfin Limited	✓			✗
34	Aflife Holdings Zambia Limited		✗	✓	
35	Aflife Private Wealth Limited		✗	✓	
36	Prudential Life Assurance Zambia Limited		✗	✓	
37	Thirty Thirty Capital Limited		✗	✓	

Dealer's Representative's Licences

The following persons held a Dealer's representative's license as at 31st December, 2022:

#	NAME OF LICENSEE	NAME OF PRINCIPAL	2022		2021	
			YES	NO	YES	NO
1	Mr. Mukudzei-Ishe Zhou	Aflife Capital Zambia Limited	✓		✓	
2	Mr. Danny Mulenga	African Banking Corporation Investment Services Ltd	✓		✓	
3	Mr. Nicholas Kabaso	African Banking Corporation Investment Services Ltd	✓		✓	
4	Ms. Zangose Mwanza	African Banking Corporation Investment Services Ltd	✓		✓	
5	Ms. Michelle M Musonda	African Banking Corporation Investment Services Ltd	✓		✓	
6	Mr. Clifford Muzoka	African Banking Corporation Investment Services Ltd	✓		✓	
7	Mr. Richard Ndhlovu	African Banking Corporation Zambia Limited	✓		✓	
8	Mr Christopher K. Mwelo	African Banking Corporation Zambia Limited	✓		✓	
9	Ms. Theresa Chiluba	African Banking Corporation Zambia Limited	✓		✓	
10	Mr. Geoffrey Musekiwa	African Life Financial Services Limited	✓		✓	
11	Ms. Vanessa K. Wright	African Life Financial Services Limited	✓		✓	
12	Mr. Jones Phiri	African Life Financial Services Limited	✓		✓	
13	Mr. Mumba Musunga	African Life Financial Services Limited	✓		✓	
14	Ms. Valarie M Mwiinga	African Life Financial Services Limited	✓		✓	
15	Mr. Joseph Mazila	African Life Financial Services Limited	✓		✓	
16	Ms. Nasilele Ngumbi	African Life Financial Services Limited	✓		✓	
17	Ms. Cecilia K. Siabusu	Providence Asset Management Limited	✓		✓	
18	Mr. Ken Simwaba	Altus Capital Limited	✓		✓	
19	Mr. Mataka Nkhoma	Autus Securities Zambia Limited	✓		✓	
20	Mr. Aaron Phiri	Absa Bank Zambia Plc	✓		✓	
21	Mr. Boston Nkuname	Absa Bank Zambia Plc	✓		✓	
22	Mr. Lesa Mulenga	Absa Bank Zambia Plc	✓		✓	
23	Mr. Stanley Kaweme Tamele	Absa Bank Zambia Plc	✓		✓	
24	Mr. Mukelebai Wambulawae	Absa Bank Zambia Plc	✓		✓	
25	Mr. Blessings S. Banda	Absa Bank Zambia Plc	✓		✓	
26	Ms. Mwela Sunkuntu	Absa Bank Zambia Plc	✓		✓	
27	Mr. Kamwaya Hamoonga	Absa Bank Zambia Plc	✓		✓	
28	Ms. Ngosa Mary Kafwembe	Citibank Zambia Limited	✓		✓	
29	Mr. Steven Chitete	Citibank Zambia Limited	✓		✓	
30	Mr. Victor Zimba	Citibank Zambia Limited	✓		✓	
31	Mr. Choongo Chibawe	Equity Capital Resources Plc	✓		✓	

#	NAME OF LICENSEE	NAME OF PRINCIPAL	2022		2021	
			YES	NO	YES	NO
32	Mr. Barkat Ali	Finance Securities Limited	✓		✓	
33	Mr. Gerald Ndhlovu	First National Bank Zambia Limited	✓		✓	
34	Mr. Kapumpe Chola Kaunda	First National Bank Zambia Limited	✓		✓	
35	Mr. Ignatius Innocent Kashoka	First National Bank Zambia Limited	✓		✓	
36	Mrs. Naomi Hara Palale	First National Bank Zambia Limited	✓		✓	
37	Ms. Chali Maria Mulenga	First National Bank Zambia Limited	✓		✓	
38	Ms. Nonde Nsomi	First National Bank Zambia Limited	✓		✓	
39	Mr. Mulenga Kawimbe	First National Bank Zambia Limited	✓		✓	
40	Ms. Celine P. Chauwa	Hobbiton Investment Management Services Limited	✓		✓	
41	Mr. Moses Mfula	Hobbiton Investment Management Services Limited	✓		✓	
42	Mr. Richard Mutukwa	Investrust Bank Plc	✓		✓	
43	Mr. Tue Andersen	Kukula Capital Plc	✓		✓	
44	Mr. Aaron Yobe Zulu	Laurence Paul Investment Services Limited	✓		✓	
45	Mr. Martyn Banda	Laurence Paul Investment Services Limited	✓		✓	
46	Ms. Namoonga Malambo	Laurence Paul Investment Services Limited	✓		✓	
47	Ms. Chiwoni Soteli	Longhorn Associates Limited	✓		✓	
48	Ms. Joy Nanyiza	Longhorn Associates Limited	✓		✓	
49	Ms. Mercedes Mwansa	Madison Asset Management Company Limited	✓		✓	
50	Ms. Blessing Chilombe	Madison Asset Management Company Limited	✓		✓	
51	Mr. Mupanga Chilungu	Madison Asset Management Company Limited	✓		✓	
52	Ms Claire Machila Lungwe	Madison Asset Management Company Limited	✓		✓	
53	Ms. Siphwe Nkunika	Madison Asset Management Company Limited	✓		✓	
54	Ms. Nkumbu P Pelekamoyo	Madison Asset Management Company Limited	✓		✓	
55	Ms. Sindisiwe Malambo	Monter Capital Partners Limited	✓		✓	
56	Mr. Ceaser Siwale	Pangaea Securities Limited	✓		✓	
57	Ms. Tidale Mwale-Chisunka	Pangaea Securities Limited	✓		✓	
58	Ms. Wendy Nsamwa Nglazi-Tembo	Pangaea Securities Limited	✓		✓	
59	Mr. Ernest Kando	Prudential Pension Management Zambia Limited	✓		✓	
60	Matepa Chingambu	Prudential Pension Management Zambia Limited	✓		✓	
61	Mr. Alinani Simbule	Stanbic Bank Zambia Limited	✓		✓	
62	Ms. Chenge Besa Mwenechanya	Stanbic Bank Zambia Limited	✓		✓	
63	Ms. Chitemwe Ng'ambi Kapaya	Stanbic Bank Zambia Limited	✓		✓	
64	Mr. Dean Nathaniel Onyambu	Stanbic Bank Zambia Limited	✓		✓	

#	NAME OF LICENSEE	NAME OF PRINCIPAL	2022		2021	
			YES	NO	YES	NO
65	Mr. Mwila Pascal Mwenya	Stanbic Bank Zambia Limited	✓		✓	
66	Mr. Musenge Komeki	Stanbic Bank Zambia Limited	✓		✓	
67	Ms. Prudence Khumbo Mhango	Stanbic Bank Zambia Limited	✓		✓	
68	Ms. Veronica Sinkala	Stanbic Bank Zambia Limited	✓		✓	
69	Mr. Victor Chileshe	Stanbic Bank Zambia Limited	✓		✓	
70	Mr. Mintu Chitebe	Stanbic Bank Zambia Limited	✓		✓	
71	Mr. Luke Siame	Stanbic Bank Zambia Limited	✓		✓	
72	Mr. Benjamin N. Mulenga	Standard Chartered Bank Zambia Plc	✓		✓	
73	Ms. Chimuka Muyovwe	Standard Chartered Bank Zambia Plc	✓		✓	
74	Mr. Davy Nanduba	Standard Chartered Bank Zambia Plc	✓		✓	
75	Mr. Derek Bobo	Standard Chartered Bank Zambia Plc	✓		✓	
76	Ms. Dorothy N. K Moono	Standard Chartered Bank Zambia Plc	✓		✓	
77	Ms. Edna Towela Lungu	Standard Chartered Bank Zambia Plc	✓		✓	
78	Mr. Joseph Chibwe Ngesa	Standard Chartered Bank Zambia Plc	✓		✓	
79	Mr. Kabwe Mwaba	Standard Chartered Bank Zambia Plc	✓		✓	
80	Mr. Kayeba Mwenechanya	Standard Chartered Bank Zambia Plc	✓		✓	
81	Mr. Mubanga Yvonne Mukuka	Standard Chartered Bank Zambia Plc	✓		✓	
82	Mr. Muchindu Lombe	Standard Chartered Bank Zambia Plc	✓		✓	
83	Mr. Mulolwa Nkhata-Kamana	Standard Chartered Bank Zambia Plc	✓		✓	
84	Ms. Mwaka Kalenga Mfula	Standard Chartered Bank Zambia Plc	✓		✓	
85	Ms. Mwali Chisala	Standard Chartered Bank Zambia Plc	✓		✓	
86	Mr. Ravi Kapadia	Standard Chartered Bank Zambia Plc	✓		✓	
87	Ms. Tamara Mooya Bbuku	Standard Chartered Bank Zambia Plc	✓		✓	
88	Mr. Wiggins Mupango	Standard Chartered Bank Zambia Plc	✓		✓	
89	Ms. Valerie M Chulu	Standard Chartered Bank Zambia Plc	✓		✓	
90	Mr. Fred C. Kabombo	Standard Chartered Bank Zambia Plc	✓		✓	
91	Ms. Bwalya Kasito	Standard Chartered Bank Zambia Plc	✓		✓	
92	Mr. Kangwa C. Chengo	Standard Chartered Bank Zambia Plc	✓		✓	
93	Ms. Sarudzai Mucchemera	Standard Chartered Bank Zambia Plc	✓		✓	
94	Mr. Kamungoma Mate	Stockbrokers Zambia Limited	✓		✓	
95	Ms. Maxime Chiluba Harlaar	Stockbrokers Zambia Limited	✓		✓	
96	Mr. Charles Mate	Stockbrokers Zambia Limited	✓		✓	
97	Mr. Jack Kanyanga	Stockbrokers Zambia Limited	✓		✓	
98	Mr. Boniface Mwamba	Stockbrokers Zambia Limited	✓		✓	
99	Mr. Bwalya Mwape	Stockbrokers Zambia Limited	✓		✓	
100	Mr. Austin Hamukonka Chijikwa	Zambia National Commercial Bank Plc	✓		✓	
101	Mr. Charles Kamungu	Zambia National Commercial Bank Plc	✓		✓	
102	Mr. Cliff George Sakala	Zambia National Commercial Bank Plc	✓		✓	

#	NAME OF LICENSEE	NAME OF PRINCIPAL	2022		2021	
			YES	NO	YES	NO
103	Mr. Fredrick Mulenga Kaputo	Zambia National Commercial Bank Plc	✓		✓	
104	Ms. Kaluba Gloria Kaulugombe	Zambia National Commercial Bank Plc	✓		✓	
105	Ms. Kunda Catherine Chikumbi	Zambia National Commercial Bank Plc	✓		✓	
106	Ms. Virginia L. Mwalilino	Zambia National Commercial Bank Plc	✓		✓	
107	Mr. Lishala Clarence Situmbeko	Zambia National Commercial Bank Plc	✓		✓	
108	Mr. Tiyeze Chilembo	Zambia National Commercial Bank Plc	✓		✓	
109	Ms. Nana Mukwiza	Zambia National Commercial Bank Plc	✓		✓	
110	Mr. Mudenda Sikapoto	Zambia National Commercial Bank Plc	✓		✓	
111	Ms. Ivor Chambwe	Zambia National Commercial Bank Plc	✓		✓	
112	Mr. Roy Mwamba	Zambia National Commercial Bank Plc	✓		✓	
113	Mr. Jibinga Kelly Jibinga	Zambia National Commercial Bank Plc	✓		✓	
114	Mr. Kennedy Zeula	Zambia National Commercial Bank Plc	✓		✓	
115	Mr. Jonathan Bupe Imakando	African Life Financial Services Limited	✓		✓	
116	Mr. Elijah Chanda Kabaso	African Life Financial Services Limited	✓		✓	
117	Mr. Eleutherius Chimansa Nyanga	African Life Financial Services Limited	✓		✓	
118	Ms. Nancy Lwisa Nambela	African Banking Corporation Investment Services Ltd	✓		✓	
119	Ms. Mwaba Ethel Mupinde	African Banking Corporation Investment Services Ltd	✓		✓	
120	Ms. Karen Kabage Kapika	Zambia Industrial Commercial Bank Limited	✓		✓	
121	Mr. Rudolph Ngulube	Zambia Industrial Commercial Bank Limited	✓		✓	
122	Mr. Wiza Chinula	Access Bank Zambia Limited	✓		✓	
123	Mr. Calvin Sichilomba	Access Bank Zambia Limited	✓		✓	
124	Mr. John Keyala	Access Bank Zambia Limited	✓		✓	
125	Mr. Yotamu Mwale	Indo-Zambia Bank Limited	✓		✓	
126	Ms. Mwaka Kopakopa	United Bank for Africa Zambia Limited	✓		✓	
127	Mr. Mwape Bwanali	Treasfin Limited	✓			✗
128	Mr. Nyeji Ruth Chilembo	WCAP Limited	✓			✗
129	Mr. Bill Njamba	Absa Bank Zambia Plc	✓			✗
130	Ms. Cecilia Sindano	Eco-Bank Zambia	✓			✗
131	Ms. Lupupa Mulenga	African Banking Corporation	✓			✗
132	Malama Nicholas Mushinga	Fisrt Capital Bank	✓			✗
133	Marlon Nsofu	Longhorn Associates Limited	✓			✗
134	Mr. Lukwesa Munyinda	Fisrt Capital Bank	✓			✗
135	Mr. Mubanga Bwalya	Absa Bank Zambia Plc	✓			✗
136	Mr. Damien Harris	Kukula Capital Plc	✓			✗
137	Mr. Mphaso Banda	Kukula Capital Plc	✓			✗
138	Mrs. Musa Imakando Mzumara	Stanbic Bank Zambia Limited	✓			✗

#	NAME OF LICENSEE	NAME OF PRINCIPAL	2022		2021	
			YES	NO	YES	NO
139	Mr. Brian Mufalali Chasimpha	Standard Chartered Bank Zambia Plc	✓			✗
140	Mr. Trust Sileke Mwaisaka	Stockbrokers Zambia Limited	✓			✗
141	Ms. Fortunate Ngatsha	Aflife Holdings Zambia Limited		✗	✓	
142	Mr. Munakupya Hantuba	Aflife Private Wealth Limited		✗	✓	
143	Mr. Matete M. Sichizya	Prudential Life Assurance Zambia Limited		✗	✓	
144	Ms. Prabhleen Kohli	Prudential Life Assurance Zambia Limited		✗	✓	
145	Mr. Olusegun M. Omoniwa	Standard Chartered Bank Zambia Plc		✗	✓	
146	Mr. Sampa David Shiyunga	Standard Chartered Bank Zambia Plc		✗	✓	
147	Ms. Kadidja M Sidibe	Thirty Thirty Capital Limited		✗	✓	
148	Ms. Nyangu Florence Mkalipi	Zambia National Commercial Bank Plc		✗	✓	
149	Mr. Chewe Mwila	Zambia National Commercial Bank Plc		✗	✓	

Appendix V 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 Situmulaho</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
Website: 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
Website: 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.atlasmazarambia.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: bccheembela@bancabc.co.zm
website: www.atlasmazarambia.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: Msusa@financesecuritiesltd.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.chibungu@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
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: luwabelwa@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
Website: 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 or enock.bwalya@yahoo.com
Skype: bwalya70
Website: 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-zam.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@zccmih.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



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*Annual report and Financial Statements
for the year ended 31st December 2022*