



The Securities and Exchange Commission (SEC) is the apex regulator of the Capital Markets in Zambia. It was established through an Act of Parliament, the Securities Act CAP354 of 1993. Our role as regulator entails supervision and development of the Zambian Capital Markets. The SEC primarily effects regulation through licensing, registration and authorization for financial intermediaries, issuers of debt / equity instruments and collective investment schemes. As part of its mandate to develop Capital Markets, SEC supports initiatives by various market players which are aimed at increasing participation and improve liquidity of the markets. The creation of an alternative market by the Lusaka Stock Exchange (LuSE) is one such initiative.

WHAT IS THE ESSENCE OF THE LuSE ALTERNATIVE MARKET or ALT-M?

The LuSE Alternative Market (Alt-M) has been established to create a more enabling platform or avenue for Small and Medium Enterprises (SMEs) or indeed any other emerging companies to participate on the Capital Markets and thereby raise capital for growing their businesses. It is envisaged that the creation of an Alt-M will bring the following benefits to Zambia:-

- Increase competitiveness in Zambia as there will be a rapid increase of graduation of companies from SME category to large local corporations in each industry
- Increase growth of business activity
- Provide stable and rapidly increasing job creation through business expansion activities of listed SMEs



WHY MUST YOU CONSIDER LISTING ON THE ALT-M?

The stock exchange is potentially the single most substantial source of capital. There are extensive benefits to listing from both the company and stakeholder point of view.

Listing on the Alt-M can allow you to:-

- Access long term funding through the Capital Markets for growth activity
- Potentially lower costs of borrowing and accessing finance
- Access the Capital Market at lower cost compared to main board
- Create and develop businesses that will contribute towards employment creation and economic development
- Offer share option incentives to increase employee commitment and improve quality of recruits
- Improve your image and attract new investors and investment.
- Increase investor confidence and corporate image through use of value-adding reporting as well as better quality of information dissemination both internally and externally
- Create liquidity and realise value for existing shareholders



WHAT IS THE ROLE OF THE SEC IN THE ALT-M?

SEC's mission:

"To have Zambian Capital Markets that provide a safe and secure environment for Issuers to raise Capital while protecting Investors and providing for transparent and secure trading, clearing and settlement"

Pursuant to the above mission, SEC's role in the Alt-M is broadly twofold:

1. Registration of securities intended to be listed on the Alt-M
2. Supervision of players in the Alt-M



WHAT ARE THE SEC REQUIREMENTS FOR COMPANIES INTENDING TO LIST ON THE ALT-M?

Pursuant to the Securities Act, it is a requirement that all parties wishing to list on any exchange in Zambia must first register their securities with the SEC.

The company intending to issue securities must be a public company and if not must convert to being such. The public company can then file in a registration statement, accompanied with an application letter, sent through a broker or in the case of the Alt-M, a Designated Advisor (DA). The following documents also need to be submitted with the application:

- Certificate of incorporation
- Share certificate

- Board resolutions authorising allotment and issue of shares
- Board resolution authorising issue of the shares
- Audited financial statements for the last three years or a shorter period

WHAT NEXT AFTER THE SEC REGISTRATION?

Following the SEC registration, companies can proceed to apply to the LuSE Alt-M for the registered securities to be listed.

The SEC's other role apart from registration (and listing) is to supervise players (i.e. issuers including DAs, the exchanges themselves and others). The objective is to ensure that the players conduct themselves in a responsible manner and in conformity with the Securities Act. It is paramount that companies listed on the LuSE Alt-M meet their continuing obligations as set out in the Securities Act.

For more information on the registration process contact:

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