



THE SECURITIES ACT,CAP. 354 OF THE LAWS OF ZAMBIA

SECURITIES AND EXCHANGE COMMISSION DIRECTIVES ON THE MAINTENANCE OF BANK ACCOUNTS OF COLLECTIVE INVESTMENT SCHEMES, 2016

1.1 DIRECTIVES TO MANAGERS, TRUSTEES AND CUSTODIANS OF COLLECTIVE INVESTMENT SCHEMES

Pursuant to the provisions of Section 79 of the Securities Act, Cap. 354 of the Laws of Zambia, and in a bid to enhance accurate accountability of investors funds and ensure investor protection, the Securities and Exchange Commission hereby directs all operators of Collective Investment Schemes ("CIS"), specifically the fund managers, trustees and custodians to comply with this directive on the maintenance of CIS bank accounts.

1.2 TYPES OF BANK ACCOUNTS TO BE MAINTAINED

The Commission hereby directs that the following types of bank accounts should be maintained in respect of each registered CIS:

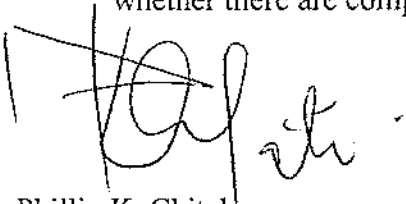
- 1) **Collections Account:** This account shall be opened for the purposes of depositing members' contributions. Funds from this account shall be transferred to the Investments Account on a regular basis but no longer than once every week. Therefore, the only transactions permitted on this account will be collections, bank charges and transfers made to the Investments account.
- 2) **Investment Account:** This account shall be opened for purposes of effecting investment transactions that arise on the fund. These include purchase of investments, investment income, sales of investments and maturity proceeds of investments. The only transactions to be permitted on this account will be transfers from the collections account, Investment transactions, transfers to the payments account and bank charges, no other transactions will be permitted on this account.
- 3) **Payments Account:** This account shall be opened for the payment of administrative expenses and redemptions of units by members. Therefore apart from transfers from the investment account, expenses, redemptions and bank charges, no other transactions will be permitted on this account.

1.3 SEPARATE BANK ACCOUNTS TO BE OPENED FOR EACH FUND

The Commission further directs that dedicated bank accounts as prescribed above must be operated for each fund under management. This requirement applies to each sub-fund within an umbrella fund and therefore means that a bank account may not be used for purposes of effecting transactions relating to more than one fund.

1.4 APPLICATIONS WAIVER FROM THE ABOVE DIRECTIVES

In the interim only, Trustees/ Custodians and fund managers must seek a waiver from the application of the directives. In granting the waiver, the Commission will determine whether there are compelling grounds to grant the waiver.

A handwritten signature in black ink, appearing to read 'P. Chitalu', is written over a large, stylized 'X' mark.

Phillip K. Chitalu

**SECRETARY AND CHIEF EXECUTIVE
BY ORDER OF THE BOARD**