



SECURITIES AND EXCHANGE COMMISSION
Protecting Investors in the Capital Markets

Capital Markets

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Save and invest ... for a better future

From humble beginnings to investing in capital markets, you too can be empowered. Secure your future by choosing the right investment today.

Investing in shares, collective investment schemes (e.g. unit trusts), bonds can help you to:

- Generate additional resources to protect your future well being
- Achieve your financial goals e.g. buy your dream house, a car or start a business
- Secure your retirement income

Let's talk Capital Markets



SECURITIES AND EXCHANGE COMMISSION
Protecting Investors in the Capital Markets



By Dingase Nunkwe Makumba
Manager – Market Development

Once again, a warm welcome to you our esteemed partners and readers to the third issue of the Capital Markets Bulletin.

In the past months, we have journeyed together, talking and unveiling the opportunities embedded in Capital Markets. We have been undertaking this through a Capital Market Investors and Public Education Awareness Programme dubbed as 'Let's Talk Capital Markets'.

The campaign has not gone unheard as evidenced by the feedback that we have received from our stakeholders. By design, we included the children and youths as one of our primary audience for the campaign. Undoubtedly, this audience is akin to developing fresh ideas and a culture of investing. The Collective Investment Schemes Schools Challenge undertaken in Lusaka based schools was received gratuitously. It is amazing how effectively and affectively the SEC, in partnership with licensed Fund Managers and others, imparted knowledge, empowering the children and the youth to appreciate how to grow money in Capital Markets.

It therefore is appropriate to say to the committee that included SEC staff and market players across the Securities Industry; well done for this successful initiative. Special commendations go to all participating schools and notably those pupils whose hard work earned them the Chairman's award for a scholarship to study with the Chartered Institute of Securities & Investment (CISI) under the joint partnership with SEC.

Esteemed readers, it is gratifying to know that the efforts we are making to create awareness are falling on good ground. Each time we receive enquiries, complaints and submissions, we are delighted because we know then that more and more people are becoming aware about the investment opportunities embedded in capital markets and investors rights.

We thank you for your readership and continued support through observations and suggestions on the content of this bulletin. Enjoy the read and may our Good Lord bless you!



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The Let's talk capital markets investor Education and Awareness Campaign; its conceptualization and what it aimed to achieve



By Dingase Nunkwe Makumba
Manager – Market Development

The past months have been buzzing with quite a number of activities all aimed at turning heads to Capital Markets. In this article we share the conceptualization of the “Let’s Talk Capital Markets” awareness campaign. The communications campaign makes one of our continued efforts to bring to the public the much needed information about opportunities embedded in Capital Markets.

But why do we need to bring to light capital markets? As regulator of the market, we see all the opportunities that are there for you and me to grab. However, we feel there’s much more to be done to bring appreciation and appetite for investing in capital markets to the general public and this is what has driven the “Let’s Talk Capital Markets” awareness campaign.

Premised to the campaign are financial literacy levels which until now remain unsatisfactory. A survey done in 2012 by the SEC revealed that there is low awareness by the public about capital markets in general and the role of the SEC. This low awareness has been validated by subsequent interactions with various stakeholders exhibiting nothing or limited knowledge about capital markets. These interactions have included the provincial shows where the SEC co-exhibited with other regulators in the Financial Sector and also exhibitions plus speaking engagements at forums such as the African Women Economic Summit held in Lusaka in July 2014 and the ACCA/CIMA/ZICA business conference that was held in Livingstone in August 2014. The job shadows involving a few schools that were held jointly with our partners during the 2014 Financial Literacy Week further confirmed that even among children there’s work to be done in order to increase their knowledge about capital markets. Recently, finscope released results of a survey undertaken which revealed, much to the amusement of our government, that there has been a significant increase in financial inclusion from 37.3% of our adult population in 2009 to 59.3% in 2015.

Undoubtedly, the level of financial literacy remains unsatisfactory and it goes without saying that high levels of financial illiteracy, if left unaddressed have a potential to reverse most, if not all, our efforts to economically develop the nation.

Given the reality, we were convinced that as regulator we needed to address the aspect of investor education with respect to achieving capital markets awareness. Investor education is important to the development of capital markets and it is for this reason that the SEC, with funding from the Financial Sector Development Plan (FSDP) Financial Markets Working Group, sought to engage a consulting firm to undertake the development and implementation of a comprehensive capital markets investor and public education awareness programme.

The FSDP, which officially came to an end on 30th June 2015, was both a vision statement and a comprehensive strategy by the Government of the Republic of Zambia to address the current weaknesses in the Zambian financial system. It was aimed at guiding efforts to realise the vision of a financial system that is ‘stable, sound and market-based and that would support efficient resource mobilization necessary for economic diversification and sustainable growth’. One of the key deliverables of the FSDP was the National Strategy for Financial Education launched on 12th July 2012. The objective is to empower Zambians with improved knowledge, understanding, skills, motivation and confidence to help them to secure positive financial outcomes for themselves and their families. Further,

this is consistent with Vision 2030 which is to make Zambia a prosperous middle-income country by 2030. SEC is co-implementer of Zambia’s National Strategy for Financial Education Whilst the SEC remains committed to ensuring sound market regulations and effective supervision as a way to protect investors, it also remains convinced that by far the best way for investors to protect the money they put into the securities markets is by acquiring knowledge about how the capital markets operate and what their rights as investors are. The foregoing entails getting the right information and asking the right questions. The cornerstone and what compels us to embark on an awareness programme aimed at investor education is that as regulator, one of our mandate stated in the Securities Act is to

“Encourage the development of the securities market in Zambia and the increased use of such markets by investors in Zambia and elsewhere.”

As we promote the development of capital markets and encourage both investors and issuers to come to the capital markets to help secure their financial well being; albeit to invest for the long term or access long term capital to grow their businesses. It then follows that awareness campaigns such as this one are no longer a luxury but a necessity.

The Let's talk Capital Markets Investor Education & Awareness Campaign in pictures



Hon Minister of Finance - Alexander Bwalya Chikwanda officiating the launch of the capital markets investor education and awareness campaign.



Round Table breakaway workshop for State Owned Enterprises



Round Table breakaway workshop for SME's Access to Finance.



Photo taken with officials and brand ambassador Kalenga (far left) at the launch



Market Players at the launch.



Left to right SEC Secretary and Chief Executive Phillip Chitalu, SEC Board Chairman Chintu Mulendema and Minister of Finance Alexander Chiwanda MP.



Awareness workshop with parliamentarians.



Meet Zambia's youngest commercial pilot Kalenga Kamwendo - 2015

I take control of my investment ... so should you

Because my father saved and invested his money the right way, I am a pilot today. Did you know that the Zambian Capital Markets give you an opportunity to invest in stocks, bonds and collective investment schemes? I learnt from my father and now I have the chance to invest and secure my future.

Let's talk Capital Markets Awareness Campaign.



SECURITIES AND EXCHANGE COMMISSION
Protecting Investors in the Capital Markets

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LISTING A COMPANY'S SECURITIES ON THE EXCHANGE



Phillip K. Chitalu
SECRETARY AND
CHIEF EXECUTIVE

Listing or putting a company's shares on a stock exchange is not a complicated process. Of concern to most people is the loss of privacy to the details of a way a business operates as listing requires and demands that transparency is assured in the way business is done.

This article is meant to enlighten readers on the simple process defined by Law regarding the due process that is followed before securities (mostly shares) are listed on a securities exchange such as BaDEX or LuSE for instance.

Listing a company's securities follows a laid down process that includes registration with the Securities and Exchange Commission (SEC) and the eventual putting of such registered securities on a market commonly known as an exchange. Although the process requires the use of licensed entities, the process itself is not complicated for a well-managed and transparent business entity.

Before we go into the actual listing process, we need to define what a security is as far as the Securities Act is concerned.

Securities defined

The Securities Act CAP354 of the laws of Zambia define securities as

- (a) Shares, debentures, stocks or bonds issued or proposed to be issued by a government;
- (b) Shares, debentures, stocks, bonds or notes issued or proposed to be issued by a body corporate;
- (c) Any right or option in respect of any such shares, debentures, stocks, bonds or notes; or
- (d) Any instruments commonly known as securities or which are prescribed by rules made by the Commission to be securities for the purposes of this Act;



This is a catch-all type definition meant to capture all manner of securities, however presented to the public.

• REGISTRATION WITH THE SEC

Registration of the securities with the SEC is the first step towards listing. At registration, the entity's shares become "quoted" but remain unlisted. These shares can trade but at the time of quoting, there are normally no changes in the shareholder structures. Basically, and usually, the shareholders remain the same before and after registration. The registration is more of a disclosure process that requires that information as prescribed by the Securities Act is made known. For instance, an issuer should disclose all the company's existing shareholders, directors, any legal suits, assets, and other requirements.

• LISTING WITH AN EXCHANGE

The existing rules for listing securities with the LuSE requires a minimum of 300 different shareowners, or 30 depending on which "window" is suitable for a particular firm. For large corporate organisations, the LuSE may require that the "window" for large corporates, which come with its own specific requirements is used. The LuSE may also advise Small to Medium Enterprises (SMEs) to list their securities on an Alternative "Window", the Alt-M, where the Alt-M lower parameters are fulfilled.

The listing process itself ensures original shareholders sell some of their shares (scaling down) and in the process establish a price (price discovery) of such an entity's securities. It is therefore important to note that unless a company has at least 300 shareholders or 30 as the case maybe after registration and it has applied and been admitted to the listing tier by an exchange such as LuSE, such an entity is not listed. The test therefore is the need to be admitted to the market by an exchange such as the LuSE, which normally follows that the company should have a minimum number of different individual shareholders before consideration for listing is made.

• SOME REASONS FOR WANTING TO LIST

A company wanting to have its securities listed on an exchange would normally have their own reasons

of wanting to be listed, which may include risk spreading, improvement in governance, access to finance or capital raising, share valuation, public policy, marketing, and a myriad other reasons. We will attempt to see how listing could address some of these reasons.

• RISK SPREADING

Of concern to some investors is the concentration of risk in putting money in one project from one person or one family in a business that may succeed or fail. Therefore, an investor may choose to invite other people in participating in a venture such as a sugar or milling plant, a mining or construction business so that the ups and downs of the business are equally shared or proportionately shared. Therefore, as an investment risk mitigating strategy, and fearing that going it alone as they say would be too much exposure to one sector, a company could actually list and in the process invite other people to share the joys and cries, successes and failures of the performances of a particular business venture. Therefore, these other people help the founding shareholders mitigate their investment risks as the firm rolls down the long up and down path of the business world. I am not sure we score highly in this area as Zambians. We want all the cake to ourselves, which may actually be dropped on the way and thus losing all our life savings in the process. If only we had just a 25 percent share in the cake, we would not be that affected by losing only 25% instead of 100 % of the cake.

• IMPROVEMENT IN GOVERNANCE

Generally, research shows that firms that have wider ownership are better run! The theory and practice is that 10 shareholders meeting and participating in making decisions together are likely to have decisions subjected to debate and in the process arriving at the best possible alternative. It is also proven than the consultation process that is required to convince these nine other shareholders would result in less rash decisions being made while every ngwee spent would be questioned as to its effectiveness to meeting the company's stated objectives. All these would help improve the way the business is run and thus ensure profitability required to give a good return on investment is achieved.

Again, as observed above, we normally shy away from working with other people who would question our every move. We however, have examples of Zambians who have embraced listing of their entities, which has resulted in better governance and higher profits for everyone. As an exercise, think of or better still google up some household name product or service provider and see whether they are owned by one individual or family. You will note that most successful companies including google, facebook, Microsoft, Anglo American, First Quantum etc are all listed! Therefore, there is either something wrong we are doing or something beneficial in listing that we have missed on the way.

• ACCESS TO FINANCE

This is everyone's favourite topic. Access to finance is considered easier for big firms than to individuals. However, we sometimes fail to question why some people have all the gain and the rest, all the pain in accessing finance. The explanation could include the fact that big corporate entities and well-organised individuals have track records, produce their financials every period, have structures of governance that finance houses would believe in and in fact can approach people that they do not know to give them money for their business and they would succeed. This is what happens on capital markets. The capital markets provide an opportunity for well-managed businesses to approach total strangers (investors) with a story supported by verifiable information, to "loan" them funds and they actually succeed in obtaining funds. However, our typical Zambian business is usually a husband-wife setup with a son on the Board. These setups only have accounts prepared as and when required and typically cannot show a track record such as bank accounts and regular use of such an account. We therefore fail to attract or even get admitted to the clubs that well-managed firms access. Therefore, although this is generally known, the issue of access to finance by small to medium entities is greatly affected by governance related issues.

• SHARE VALUATION

Most investors are unaware of the inherent value within their businesses. However, those that have been able to sell their businesses normally use



professional advisors who have valued their business prior to such a sale. In this way, value of a business, which in most cases is more than the mere addition of the values of individual assets, is only known at disposal time. In capital markets, it is possible to be aware of the value of your business on a daily basis if the business was listed on an exchange such as the LuSE. In achieving risk sharing and an improvement in governance, shareowners in a firm actually gets to know what they are worth at any given point in time by checking how well their shares are doing on the exchange. It is also possible to only sell off a portion of shares that you need for another use at an arm's length valuation.

• PUBLIC POLICY

We have entities on the exchange that are listed due to deliberate government public policy. Government may determine from time to time that some sectors are so important that

citizens should participate for the benefit of the majority on nationals. We see such policies have been utilised since 1994 whereby entities previously owned by the government were sold off and various levels of ownership sold to nationals through the exchange. These companies include Chilanga Cement now called Lafarge Zambia Plc, Zambian Breweries Plc, National Breweries Plc, Zambia National Comercial Bank Plc and others listed on the Lusaka Securities Exchange (LuSE). We also see that sector specific policies have been made whereby players in some sectors such as in the telecommunications are required to list as part of public policy.

• VISIBILITY

Business entities could also go to market to enhance their visibility in the environment where they operate. Listed entities are considered more transparent as they are required to operate within some specific legal and

business expectations. For instance, all material transactions would require to be publicly disclosed while their financial statements are an open book. Apart from disclosure requirements, a company that goes to the market becomes a public entity as it is required to be owned by at least 300 shareowners. In practise, the list of an entity through an Initial Public Offering (IPO) may actually have thousands and thousands of people owning shares in such an entity. This itself is a means of self advertising as these shareowners plus their immediate family and friends become aware of the existing of such an entity. The listing process itself, which requires massive levels of publicity meant to attract investors acts as a campaign awareness that lets people become aware of such an entity's products, markets, performance, and even the company's founder shareholders and managers. All these add to enhancing a company's visibility.

WHAT NEXT AFTER REGISTRATION OF SECURITIES?



There are certain disclosure obligations that are imposed on quoted and listed companies by the Securities Act. This article attempts to remind potential issuers and those that have already registered their securities with the commission of their obligations to disclose certain information to the investors as prescribed by the Securities Act.

By Bruce Mulenga
Manager – Market Transactions

There are certain disclosure obligations that are imposed on quoted and listed companies by the Securities Act. This article attempts to remind potential issuers and those that have already registered their securities with the commission of their obligations to disclose certain information to the investors as prescribed by the Securities Act

Once securities are registered under Part V, section 32 of the Securities Act, there are certain obligations that are triggered. Furthermore, if the securities are also listed there are certain obligations under the listing rules that an issuer also has to comply with. However the focus of this article is on the continuing obligations under the Securities Act and will not dwell on the requirement of listing rules as set out by the exchanges.

If a company's securities are registered by the SEC, whether they are listed (listed tier) or not (quoted tier), the company is obliged to comply with the continuing obligations as stipulated under part IV of the Securities (Registration of Securities) Rules. Hence this article also serves as a reminder to all issuers of their continuing obligations stipulated under the Securities Act.

Basically the rationale behind continuing obligations under part IV of the Securities (Registration of Securities) Rules is to ensure investor protection, investor protection in the context of part IV of the Securities (Registration of Securities) Rules encompasses the availability of information to investors so as to help

them make an informed decision, the equal treatment of all investors in the same class, and to uphold the rights of investors.

What are these continuing obligations that the Act demands of from the issuers of securities? Part V, Section 38(1) of the Securities Act states that "Once registered securities are issued, the issuer must inform and keep the public informed of all matters which affect the value of the issuer; by placing an advertisement in a newspaper of general circulation and by reports to the Commission and to any securities exchange on which they are listed". Part IV of the Securities (Registration of Securities) Rules under the Securities Act also spells in detail what is required of an issuer in terms of continuing obligations. One of the continuing obligations of issuers of securities stipulated is the publication of interim reports by issuers of securities for the first six months of the issuer's financial year. A year is too long for an investor to make an informed decision, therefore the Securities Act requires the issuer to publish their financial results for the first six months of the issuers financial year so as to enable investors to make an informed decision. Other continuing obligations stipulated, just to mention a few of them are as follows:

- It is a requirement for an issuer to publish in at least two (2) newspapers circulating throughout Zambia notice of a general meeting not less than fourteen (14) calendar days before such a meeting.

- It is also a requirement for an issuer to send every shareholder a copy of the director's report and its annual accounts, not less than twenty one (21) days before the date of the annual general meeting.
- Issuers are also required to publish in at least two (2) newspapers circulating throughout Zambia notice of the closure of its register of members at least fourteen (14) calendar days before such closure.
- The Issuer under part IV of the Securities (Registration of Securities) Rules is required to inform the Commission at least three (3) clear business days in advance of the date fixed for any board meeting at which declaration, recommendation or payment of dividend is expected to be decided or at which any announcement of the profit or losses for any year, half year or other period is to be approved for publication.

These are just some of the requirements under continuing obligations, there are other continuing obligations that have not been cited above that issuers need to adhere to them as stipulated under continuing obligations of an issuer. The Commission encourages all issuers to familiarise themselves and comply with all the obligations under part IV of the Securities (Registration of Securities) Rules.



Investing is an activity that enables one to put his money and other resources into a project or security with the view to having a return/profit. Investments may be short term or long term depending on your objectives or expectations of what you want to achieve.

By Leah K. Simasiku
Accounts Officer

Many a time, we hear about Capital Markets offering investment opportunities. Below is a discussion of some of the investment options available.

Investing in Shares

This is one of the most commonly known security or investment option in the Capital Markets. A share is a unit of ownership. An issuer (usually a company) after meeting the necessary requirements may issue shares on the market with a view to raising capital for their business. The members of the public are then free to purchase shares, thereby investing in the company that has issued the shares. The share price may be as low as 50 Ngwee to as high as K100 or more per share. You can buy the number of shares you can afford. Depending on the performance of that company, they may decide to issue dividends to its share holders and hence you benefit from this.

The share price may vary over time, if it goes up, it means the value of your investment (shares you own) goes up. Similarly, if the share price goes down, the value of your shares investment reduces in value.

Investing in Bonds

Bonds are debt instruments found in Capital Markets. In its entirety, a bond simply means a contract, agreement or guarantee. An investor who purchases a bond is lending money to the issuer, and the bond represents the issuer's contractual promise to pay interest and repay principal according to specified terms. Bonds offer a way for institutions such as governments and corporations to borrow from many individuals rather than just a handful of bankers or other lending institutions.

Bonds are often thought of as low-risk instruments for conservative investors. Therefore, if your risk

appetite is low, investment in bonds might just be where you go.

Investing in Collective Investment Schemes/Unit Trusts

A CIS is an arrangement that enables a number of investors to 'pool' their assets (money) and have these professionally managed by an independent professional investment manager or fund manager or management company. Investments may typically include deposits, bonds and equities, but depending on the type of scheme may go wider. Collective Investments Schemes are usually run by a professional investments manager. The manager or management company is tasked with the responsibility of investing on behalf of the owners into different assets such as equities, venture capital, bonds, real estates and other money and capital markets instruments.

In other words, a group of people can come together, put their monies or resources together make an investment and based on the performance they share the returns.

We encourage you to know more about Collective Investment Schemes and the benefits thereof. You may contact any of the following fund managers:-

1. African Banking Corporation Unit Trust (managed by African Banking Corporation Investment Services Limited).
2. Mpile Unit Trust Umbrella Fund (managed by African Life Financial Services Limited).
3. Intermarket Unit Trust (managed by Intermarket Securities Zambia Limited)
4. Kukula Fund 1 managed by Kukula Capital Plc)
5. Equity Capital Resources Unit Trust (managed by Equity Capital Resources Plc)
6. Madison Unit Trust Fund (managed by Madison Asset Management Company Limited)
7. Laurence Paul Unit Trust (managed by Laurence Paul Investment Services Limited)

To invest in shares and corporate bonds listed on the Lusaka Stock Exchange(LuSE). You will need to open an account with a brokerage firm.. There are seven brokerage firms in our market and these are:-

1. African Alliance Zambia
2. Stockbrokers Zambia
3. Pangea Securities
4. Intermarket Securities
5. Equities Capital Resources
6. Finance Securities
7. Madison Asset Management.

Ask how much is required to open an account, and what documentation is necessary.

Making investments is a smart way of living...it will help you secure your future financial wellbeing.

BASIC FACTS ABOUT SECURITIES & THE STOCK MARKET

1

What is a stock exchange?

A stock exchange is a market where the securities of companies and other institutions are bought and sold, i.e. traded.

What are securities?

Securities are instruments for raising finance by the shareholders of a company. They come in two types—equity securities and debt securities. Equity securities, which are also known as shares, give one part-ownership of a company and with it the right to a share of a company's dividends. Debt securities represent a debt by an organization. They can be issued variously by companies and governments both local and central. They do not give their owners ownership of the organization. They are usually issued for a fixed term and the amount of capital represented by them has to be paidback to their owners at the end of the debt security's term. Debt securities usually also carry an interest charge which is paid to their holders at specified periods during the debt security's term.

2

What is trade?

A trade is the action of transacting in securities on the stock exchange. A trade is effected when buyers and sellers orders match at a given price.

3

What is a primary market?

Primary market offerings of securities occur when securities are offered for sale to the public for the first time.

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5

What is meant by secondary market trading?

Secondary market trading of securities occurs when shares that have been bought through a primary market offering are traded on a stock exchange.

6

What law governs the operation of a stock exchange?

The operations of the stock exchange are governed by the Securities Act, No. 38 Cap 354 of the Laws of Zambia. The implementation of the Securities Act is the role of the Securities and Exchange Commission Zambia.

What is the proof of ownership of securities?

There is what is known as a Contract Note (CN). It is issued after a trade has settled on the stock exchange. The CN is produced by the buyer's stockbroker who then hands it over to the buyer of a security.

7

8

What is the Central Share Depository?

The Central Share Depository (CSD) is a computerized central point in which all the shares of listed and quoted companies and all listed debts securities are held. It is a type of "warehouse" of records for the holders of all instruments that are tradable on the Lusaka Securities Exchange Plc. An account is opened for every holder of the instrument. On that account is the name of the instrument, the name of the holder of the instrument, a record of how much of a given instrument an individual owns and when the instrument was purchased.

9

What is meant by a listed company?

A listed company is one which has a presence on the top tier of the stock exchange, the "listed tier". The listed tier is composed of public limited companies (PLCs) that have met the listing requirements.

What is meant by a quoted company?

A company that has registered its issued equity securities with the Securities and Exchange Commission (SEC) will automatically be quoted on the stock exchange. Although a quoted company has not met the requirements to be listed, it is expected that that this company will work towards being a listed company.

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What is an ISIN Code?

Each security on the stock exchange is assigned an International Security Identification Number (ISIN) which identifies each security uniquely. This is one of the features of a modern stock exchange.

What is an Initial Public Offering?

An Initial Public Offering (IPO) occurs when a company offers its shares for sale to the public for the first time. When a company decides to have an IPO it is said to be "Going Public". Going Public describes the process through which a company converts itself from a private limited company to a public limited company (Plc) and subsequently sells its shares to the general public via an IPO over a licensed stock exchange.

12

13

What are listed debt securities?

In order to be listed, debt securities must have first been registered with the SEC. After the debt securities have been offered and bought on the open market, the listing application is formally applied for after which the debt securities are indicated on the stock exchange listed debt securities tier.

What are quoted debt securities?

As with listed debt securities, quoted debt securities must first be registered with the SEC Zambia. However, issuers of these debt securities never formally apply for listing on the stock exchange. As such, they remain on the quoted tier.

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HOW TO INVEST IN SECURITIES

15

In order to invest in securities that are listed or quoted on the stock exchange, what is the first step an investor must take?

Having decided to invest in securities that are listed or quoted on the stock exchange, investors must choose a stockbroker.

What is a stockbroker?

A stockbroker is a firm that is licensed by the SEC as a dealer and is a member of an exchange to buy and sell securities on the stock exchange on behalf of investors. To start the process of investing, the stockbroker will usually request the investor to open an account with them.

16

What are the requirements for opening an account with a stockbroker?

In order to open an account with a stockbroker you will be required to produce the following:

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- A National Registration Card/Passport
- A document showing proof of physical address, e.g. a lease agreement with your landlord
- Two passport size photos

Is a stockbroker a bank?

No! Any monies collected from investors are held separately from the stockbroker's own funds.

18

19

What are the broker charges for transacting on the stock exchange?

The stock exchange has a guide commission charge of 1.375% of the value of the transaction. For big transactions, the amount can be negotiated. When investing a small amount, you must weigh up carefully if the amount you invest can absorb the commission. For instance, if you want to invest K20 the commission worked out should be K5.50. However, if the minimum brokerage commission is K10, then what you will end up investing is actually K10 because the stockbroker will automatically deduct their commission. This will thus effectively reduce the amount you invest by half. If you invest K100 the commission will be K1.375 and if the minimum commission is K10 you will pay K10.

After opening an account with a stockbroker for the first time, what happens next?

The stockbroker will advise you on which shares are doing well. You can also choose what you want to invest in. You will fill out a "Buy Order". By filling out the Buy Order Form you are authorizing the broker to look for securities you wish to purchase on the stock exchange on your behalf.

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What happens if the broker is successful in finding me the securities I want?

Once this happens, the transaction shows as a trade on the stock exchange. However, if you are buying shares you only acquire formal ownership after three days because the transaction must first be cleared through the settlement and clearing system. If you are buying debt securities, the transaction can clear on the same day.

What is the “T +3” trading system?

The “T+3” trading system is the three day process required for a transaction involving shares to settle on the stock exchange. Literally translated, it stands for “Transaction + 3 business days”. In the case of debts securities, “T+0” is the trading system. In other words, the transaction settles on the same day as it takes place.

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When is the stock exchange Open for Business?

Trading occurs on business days Monday to Friday excluding public holidays for 2 hours continuously from 11:00 to 13:00 hours.

BENEFITS OF INVESTING IN STOCK MARKET INSTRUMENTS**How safe is my investment in stock exchange instruments?**

The SEC as regulator of the capital markets, oversees the key participants including securities exchanges, brokers and dealers, investment advisors, and Collective Investment Schemes. Here the SEC is concerned primarily with promoting the disclosure of important market-related information (continuing obligations), maintaining fair dealing, and protecting the public/investor against fraud.

All companies that have their securities listed or quoted on the stock exchange are required to publish in the national print media, information that can materially affect the value of the price of one's securities. Failure to publish information that can materially affect a company's share price in the national press can result in severe penalties for the directors and management of a company.

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How does one benefit from investing in shares?

There are two principal ways in which a party benefits from investing in shares. The first is through the payment of a dividend, whilst the second is via the price appreciation of the shares that are bought, the share's capital gain. Taken together, these two factors determine your return on holding shares in a company. If for example you bought a share for K10 and the share price has risen to K12 and you have received dividends worth K 1 from the company that issued the shares, then your total return from holding the share is 30% - the K2 (price appreciation) + K1 (dividend)/K10 (price paid for the share).

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What is a dividend?

A dividend is usually a cash payment to the shareholders of a company. It is drawn from the cash reserves that a company has at the end of the year. Sometimes dividends can be issued by companies in other forms such as bonus shares.

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How are dividends divided up among a company's shareholders?

Dividends are divided up among ordinary shareholders according to how many shares they own in a company.

How often does a company pay dividends to shareholders?

This is entirely up to the directors of the company and is dependent on how much profits it makes and whether the directors choose to declare a dividend. Generally though, most companies pay out dividends at least once a year. If a company has been operating profitably, it sometimes pays out dividends twice a year-usually after every six-month period. A dividend that is paid out during the course of a company's operating year is known as an interim dividend. A dividend that is paid out after the close of a company's Financial Year is known as a final dividend.

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Are dividends taxed?

Yes! Withholding Tax (WHT) of 15% is payable on dividend income to Zambia Revenue Authority (ZRA). The amount is usually deducted at source by the paying company. However, to encourage individuals to invest in shares Government waived WHT on dividends payable to individuals by listed companies. If for instance a person received dividends worth K100 what will actually be paid to that person will be K85 (Before this waiver of WHT it would have been K85 because K15 (15% of K100) would have been deducted by the paying company to pay ZRA).

What is capital gain/loss?

Capital gain/loss is the price appreciation /depreciation in the value of the shares held by an investor. It is the difference between the price at which an investor bought the shares and what the shares are worth today. If for example the price of a share was K10 when an investor bought it and it is worth K15 today, then the person who bought the shares has enjoyed a capital gain of 50% ($(K15-K10=K5)/K10$). If however the price of the share has fallen to K5 then the investor that bought the shares at K10 has incurred a capital loss of 50% ($(K5-K10= -K5)/K10$).

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Is capital gain taxed?

No! There is absolutely no tax on capital gain in Zambia.

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What recourse do I have if I feel that my interests as a share investor are not being protected?

You can lodge a complaint with the SEC Zambia. The SEC Zambia is empowered by the Securities Act to ensure that the interests of investors are adequately protected.

MONITORING YOUR INVESTMENT

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How do I monitor my investment?

It is very easy to keep track of one's investments on the stock exchange. Closing share prices can be obtained freely from the stock exchange or its website. They are also aired daily on TV.

What is dividend per share (DPS) and how is it calculated?

Dividend per share (DPS) is the dividend paid per each company share. It is calculated by dividing the dividend paid by a company by the total number of shares a company has in issue. If for example a company has decided to pay a dividend of K1,000,000 and it has 500,000 shares in issue, then its DPS is $K1,000,000/500,000 \text{ shares} = K2/\text{share}$. It must be noted that DPS takes into account all of the dividends paid by a company during the Financial Year.

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What is the price/earnings (p/e ratio) and why is it a useful tool for monitoring one's investments in shares?

The p/e ratio is the result of dividing the share price of a company by its earnings per share (EPS); EPS is arrived at by dividing a company's profit after tax by the number of shares a company has in issue. If for example, a company has made a profit after tax of K1,000,000 and has 1,000,000 shares in issue then its $EPS=K1$. If the share price of the same company is K5 on a given trading day, then the p/e ratio of the company is 5.

The p/e ratio is officially defined as the payback period from investing in a company's shares. However, it can also be used as a measure of whether one's investment is undervalued, valued correctly or overvalued. In the Zambian context, p/e ratios of 10-12 are considered about right for the stock market. If therefore the p/e ratio is less than this amount, it may be a good idea to hold onto a share because its value may rise soon. If it is greater than this amount, it may be worthwhile to consider selling the shares because they may fall in price in future on account of being overvalued. However, investors should consult their broker before making this decision.

What is divided yield and how is it calculated?

Dividend yield (DY) is the dividend return that one obtains from holding a share at a given share price. It is calculated in percentage terms. It is arrived at by dividing DPS by a company's last share price. If for instance a company paid a dividend of K10 and its last reported share price was K100, then its DY will be reported as being 10%.

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How is the return on a debt security calculated?

The return on a debt security-also known as its yield-is arrived at by adding the difference between its face value and its sale price to its coupon/interest rate then dividing that sum by the debt security's sale price. For example, if a debt security had a face value of K100 and a coupon rate of 10% and one paid K98 for it,i.e. bought it as a discount of K2, one's yield for the debt security would be:

$$2 + 10 / 98 = 12 / 98 = 12.2\%$$

"K2" is the difference between the face value and what was paid for the debt security, i.e. $K100-K98$, 10% is the rate of interest on the debt security and K98 is what was paid for the debt security.

Budgeting – An Essential Tool for You and Me!



By Leah K. Simasiku
Accounts Officer

A wise man once said ‘cut your coat according to your cloth’! It is necessary for everyone to make a proper plan before beginning to put available income to use. A person who spends more than his income will soon fall into trouble. He has to face the financial problems and hardships and thereby mental agony. Could this be the initial principles of financial management? In many ways, this serves to teach us about budgeting. In this article, we take a closer look at the aspects of a budget and what makes it important.

A budget is one term most of us are fairly familiar with. At times, we have even attempted to use it as a tool but maybe we have done away with it in the long run. As regulators in the financial sector and therefore co-implementer of the National Strategy for financial education, we believe in the prudent management of one’s financial affairs and budgeting makes one of the very important aspects of effective financial management of our income/money.

So what is a budget?

Definition

A budget is a plan that outlines how one intends to spend their money or income. It is a concrete, organized, and easily understood breakdown of how much money you have coming in and how much you are letting go. It’s an invaluable tool to help you prioritize your spending and manage your money—no matter how much or how little you have.

Usually, the money you are letting go will be in form of expenses. These expenses can be divided into two parts namely; fixed costs and non-fixed costs. Fixed costs are costs which do not change over a considerable period of time such as rent and water bills whilst non-fixed costs also referred to as changing or variable costs are those that change from month to month e.g. transport airtime and so on.

How do i create a Budget?

- Step 1 *Establish your goals*
- Step 2 *List your sources of income*
- Step 3 *Establish all your expenses*
- Step 4 *Add it all up*
- Step 5 *Make necessary adjustments if needed*

(continues to page 18)



BUDGETING THE S.M.A.R.T WAY



Step 1 Establish your goals

The first step in successful budgeting is to set your financial goals. Do you have debts? What are your financial obligations? Are you trying to save for a car, a home, a farm, a holiday or your future? What do you want to accomplish? Budgeting sets you on the road to making tough choices, but having a goal makes it a easier to focus on your future goals.

Just like any other objective you set, your financial goals must be a SMART goal: Specific, Measurable, Achievable, Relevant and Time Framed.

For example, Leonard wants to get a qualification with the Chartered Institute of Securities and Investment in the next six months. He does his research and finds that he will need to save 150 British Pounds. That means he will need to set aside 25pounds every month. Leonard has just created a smart goal which is:

- *Specific: to get a CISI certificate*
- *Measurable: he knows that he will need to save 150pounds*
- *Achievable: Leonard will need to save 25pounds per month to achieve his goal*

- *Relevant: the goal is relevant to him*
- *Time-Framed: Leonard plans to reach his goals in 6months.*

Think of a goal that you plan to accomplish and try using the SMART goal steps! Be sure to give us feedback!

Step 2 List your Sources of income

List the sources of your income(e.g work, business, bursaries, parents) and the amounts that come in from each source each month.

Step 3 Establish your expenses

Do you sometimes wonder where all the money went? Before you can manage your money, you have to establish how you are spending it. Get in the habit of recording your expenditures once a day. You will need to separate your expenses into fixed costs and changing costs as will be demonstrated in the example below. You will see that categorising your expenses will help you balance your budget by identifying which expenditures should be cut back on first.

By the way, treat your monthly savings goal as an expense. It is much easier to save if you have planned for it in your budget. Savings will help you in the future especially in unforeseen

circumstances.

Step 4 Add it all up

In this step, you will be able to establish whether you have a deficit or a surplus. With deficits, you can look at your sources of income and establish whether you can increase that portfolio or you can consider reducing on your expenses.

Step 5 Make necessary adjustments if needed

Are you over the budget? What next? You will need to critically analyse your costs and cut out the unnecessary costs, starting with wants and not needs so that you can balance up your budget. Look at your fixed and non fixed costs and see which ones you can change in the long run. For example, you may decide to start taking the bus so that you spend K400 on transport instead of K2, 000 per month using a taxi. Instead of buying lunch worth K50.00 every day, you might want to carry your lunch from home and spend K30.00 less on a healthier meal.

Add it all up and you will be surprised at how much you save.

With this budget, it will help Mable to know how and where to spend her money. We can see that at the end of it all, Marble will have a surplus of K80. A surplus is the money that remains after paying your expenses whilst a deficit means that you have more expenses than the amount of money you have to spend on them which then results in a negative balance on your budget.

IMPORTANCE OF BUDGETING

So why must you and i budget? Budgeting will help one to live within their means. It will help you to prioritise your needs over your wants. A need is an essential that one cannot live without for example, food, water and shelter whilst a want is something one can live without and these maybe smart phones, branded clothes and so on. A budget is a plan that helps you to spend more responsibly.

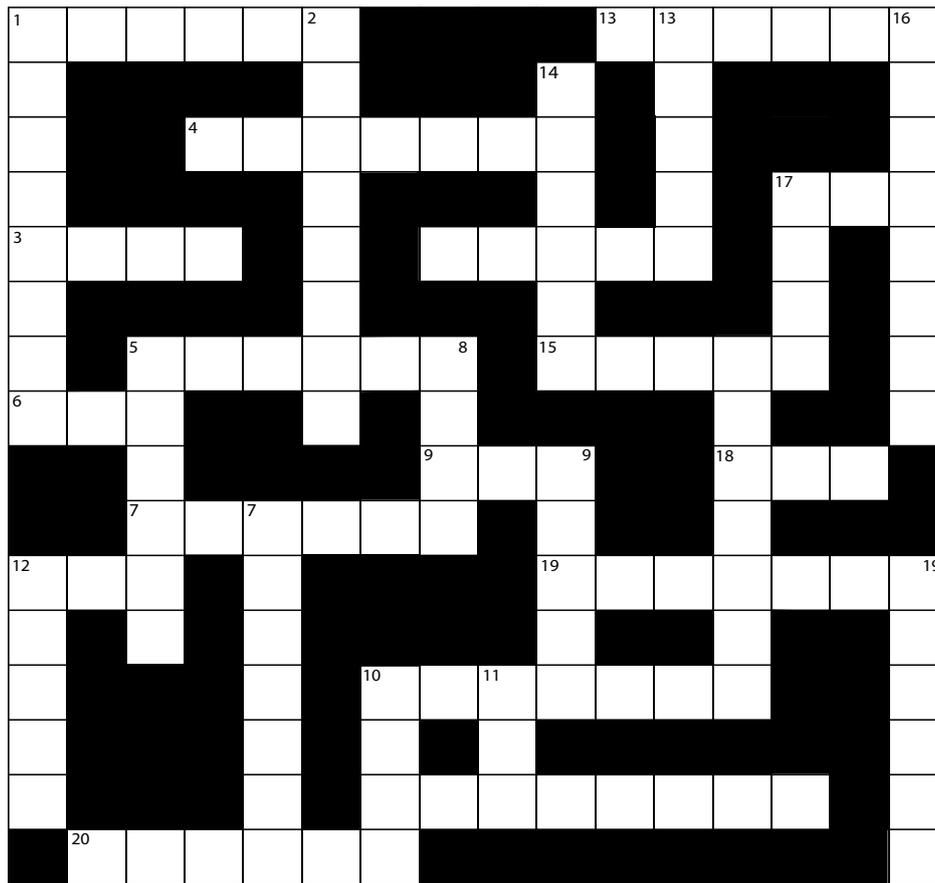
As Sir Winston Churchill put it...He who fails to plan, is planning to fail.

An Example of a Budget

Mable works as a waitress and earns a monthly income of K1, 500.00. She is taking a part time course and helps to take care of her mother. Take a look at Marble’s monthly budget

Fixed Costs	‘K’
Tithe	150
Rent	300
School Fees	250
Mother	150
Total Fixed Costs	850
Changing Costs	
Electricity & Water	80
Groceries	100
Clothing	100
Transport	80
Airtime	60
Total Changing Costs	420
Savings(10% of Income)	150
Summary	
Income	1,500
Expenses (850+420)	(1,270)
Savings	(150)
Surplus/Deficit	80

CAPITAL MARKETS PUZZLE



Across:

- 1 Put valuables into a venture with the expectation of achieving a profit (6)
- 3 Look at and comprehend (4)
- 4 Whats got in return for labour or service rendered (7)
- 5 Number of achieved goals (6)
- 6 Something that requires effort (3)
- 7 Past commercial transaction (6)
- 9 Licensees are required by to display their licences (3)
- 10 Investment capital provided for a specific purpose (7)
- 12 Take or consume (3)
- 13 Arena in which commercial dealings are conducted (6)
- 15 When share price increases in value over time, the investment has (5)
- 18 Color of danger (3)
- 19 Ceased to work (7)
- 20 A company whose shares are bought and listed on a stock exchange is called a company (6)

Down:

- 1 The percentage of money charged by a lender to a borrower for the use of borrowed money (8)
- 2 Post secondary education (8)
- 5 Set of things working together (6)
- 7 Statement of financial expenditure (7)
- 8 When Maria needed cash she her shares (4)
- 9 The Bank is an international financial institution that provides loans to developing countries for capital programs (5)
- 10 the list of licensed capital market players on page 31 of this edition of Capital Markets Bulletin. (4)
- 11 A group or system of interconnected people or things (3)
- 12 Association formed by people with a common interest (5)
- 13 Choose to take up an idea (5)
- 14 The gradual change of properties during a life span (6)
- 16 Carry out business (8)
- 17 Allow access (4)
- 19 Describe exactly the nature (6)

***To win a prize send your answers to the editor on email: dmakumba@seczambia.org.zm
Correct answers to the puzzle to appear in the next edition.**

2ND QUARTER 2016 MARKET PERFORMANCE

Compiled by the Lusaka Stock Exchange

1. THE EQUITY MARKET

Q2 MARKET TRADING STATISTICS			
	2016	2015	% Change (Quarterly)
Market Capitalization	60,259,000,000	64,723,000,000	-7%
LASI	4,753.24	5,842.08	-19%
Trades	788	1,064	-26%
Volume	33,373,853	73,750,499	-55%
Turnover ZMW	29,167,528	629,834,696	-95%

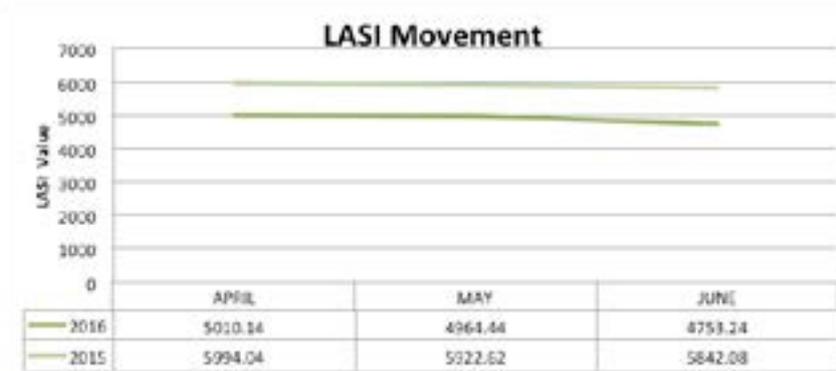
- The Market capitalization closed at K60 billion, a decline of 7% compared to the close of the 2nd quarter of last year.
- The LuSE All Share Index (LASI) closed at 4,753.24 points, a fall of 19% compared to the 2nd quarter, 2015 close. The decrease in the index is due to the fall in the share prices of most stocks.

Share Price Movement

The table below shows how closing prices in the 2nd quarter of 2016 compare with the same period in 2015.

	30th June 2016	30th June 2015	% Change
AELZ	6.85	6.87	-0.02
ATEL	32.97	33.50	-0.53
BATA	2.44	2.46	-0.02
BATZ	5.65	5.74	-0.09
CCHZ	2.00	2.00	0.00
CEC	0.74	0.64	0.10
INVESTRUST	13.50	13.5	0.00
LAFARGE	10.00	24.00	-14.00
MFIN	3.30	3.60	-0.30
NATBREW	13.00	13.50	-0.50
PAMODZI	0.62	0.62	0.00
PRIMA RE	2.90	2.90	0.00
PUMA	0.90	1.05	-0.15
REIZ	4.20	3.45	0.75
REIZ PEF	4.70	4.70	0.00
SCZ	1.59	1.95	-0.36
SHOPRITE	63.00	63.00	0.00
ZAMBEEF	1.15	3.10	-1.95
ZAMBREW	6.20	6.00	0.20
ZAMEFA	5.00	5.00	0.00
ZANACO	0.95	1.34	-0.39
ZCCM-IH	40.00	40.00	0.00
ZSUG	4.50	5.00	-0.50

*Top gainers in the period include REIZ, ZAMBREW and CEC which gained K0.75, K0.20 and K0.10 respectively. LAFARGE lost the most, losing K14.00, followed by AIRTEL and ZAMBEEF which lost K0.53 and K1.95 respectively.



Movement of the LuSE All Share Index (LASI)

The LASI dropped steadily over April, May and June in the 2nd Quarter of 2016, same movement pattern as the 2nd quarter of 2015.



Volume of shares traded in the 2nd quarter of 2016 decreased by 55% compared to the same period in 2015.

Market turnover



The market turnover decreased by 95% compared to the same period in 2015. June 2015 specifically recorded very high turnovers due to the GRZ Sell down of shares in ZCCM-IH.

2. THE BOND MARKET

Q2 BOND MARKET STATISTICS			
	2015	2016	% Quarterly Change)
Trades	78	135	73%
Face Value	1,137,985,000	813,386,510	-29%
Turnover	775,415,248	584,388,167	-25%

- The number of trades on the bond market increased by 73% in the 2nd quarter of 2016 compared to the same period in 2015.
- Volumes traded and turnovers declined by 29% and 25% respectively.

Annual Business Growth Report



Let the market work ... for you

Capital Markets provide opportunities for long term investments and can help secure your future well-being. Talk to a SEC licensed dealer or investment adviser for advice on your investment options.

Take advantage of the Capital Markets and invest in your future.

Let's talk Capital Markets



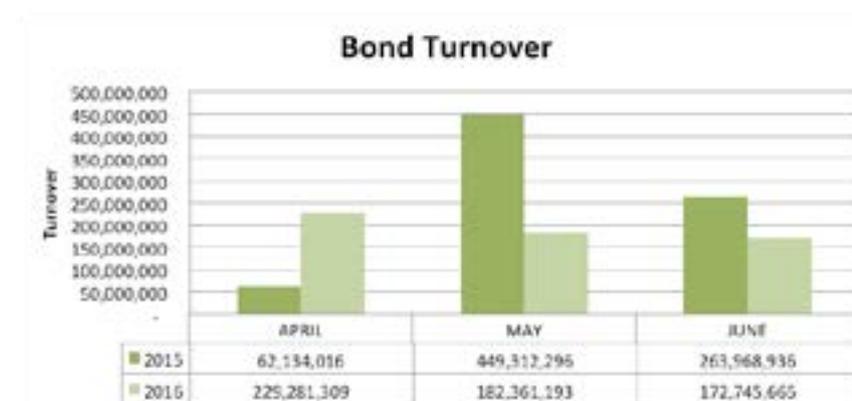
SECURITIES AND EXCHANGE COMMISSION
Protecting Investors in the Capital Markets

Comparative Volumes Traded



The 2nd quarter of 2015 performed better than the period under review

Comparative bond turnovers



Turnover of bonds traded in the 2nd quarter of 2016 was particularly high in April 2016, higher than the same month in 2015. However, overall the turnover of bonds was lower than the same period in 2015, recording a 25% decline.

QUARTER 2 EVENTS

Real Estate Investment Zambia PLC - E.G.M Results

At the Extraordinary General Meeting (“EGM”) of Real Estate Investments Zambia PLC (“REIZ”), held on Thursday 14th April 2016, at Southern Sun Ridgeway Hotel, Lusaka; Shareholders considered the proposed offer by Tradehold API Limited (“Tradehold API”) to acquire a minimum of 51% interest in REIZ.

The resolution to authorize the Board of REIZ to issue as many ordinary shares of REIZ to Tradehold API required to ensure that Tradehold API’s resultant shareholding is a minimum of 51% of REIZ, after taking into consideration the ordinary shares of REIZ acquired by Tradehold API Limited in terms of the Offer made to Shareholders was rejected by a majority poll vote of 93% against the resolution.

Investrust Bank PLC - Renounceable Rights Offer Declaration Announcement

The offer closed on the 29th April 2016. Results are yet to be announced.

Madison Financial Services PLC - Appointment of New Directors

The Board of Directors of Madison Financial Services PLC announced the appointment of Mr. Peter Banda and Mrs. Margaret Chalwe as Independent Non-Executive directors of the Company at the Annual General Meeting held on 24 May 2016.

DIVIDEND NOTICES

COMPANY	FINAL DIVIDEND (K)	RECORD DATE	PAY DATE
AELZ	0.24	29-04-2016	03-05-2016
LAFARGE	0.50	20-05-2016	23-05-2016
ZAMEFA	0.14	22-04-2016	25-04-2016
PRIMA RE	0.06	06-05-2016	09-05-2016
AIRTEL	1.00	20-05-2016	23-05-2016
BATZ	0.10	22-06-2016	27-06-2016
REIZ	0.09	29-04-2016	03-05-2016
ZAMBREW	0.10	29-07-2016	01-08-2016

COLLECTIVE INVESTMENT SCHEMES SCHOOLS CHALLENGE 2015



By Dingase Nunkwe Makumba
Manager – Market Development

Northmead Secondary School was awarded 1st place winners in the Collective Investments Scheme Schools Challenge (CIS) while Roma Girls and Chelston Secondary School came out in second and third place respectively.

The CIS Schools Challenge was launched on July 16th 2015, by the Securities and Exchange Commission (SEC). The competition was flagged off by the Hon Deputy Minister of Education, Science, Vocational Training and Early Education, David Mabumba, MP.

The Securities and Exchange Commission is one of the financial sector regulators that are spearheading educational initiatives which are anchored on the National Strategy for Financial Education. The objective is to empower Zambians with improved knowledge, understanding, skills, motivation and confidence to help them secure positive financial outcomes for themselves and their families thereby making them more financially literate.

As part of its awareness campaign launched on May 19th 2015, SEC developed a programme for awareness to Capital Markets dubbed as 'Let's Talk Capital Markets' in which, the children and the youth were identified as one of the key target groups. In this regard, the Collective Investments Schools Challenge Game was and remains one of the interventions for educating pupils about Capital Markets. In this game, a cluster of pupils under the mentorship of a SEC licensed Asset Manager were required to make investment decisions with the objective of giving them the experience of trading in equities on the market. The rules of the game on which winning was based were that pupils should invest to grow an initial virtual amount of K10,000.00. The school which would build the largest portfolio wins the grand prize after 12 weeks of playing the CIS Schools challenge. At week 12, the winning school, Northmead Secondary School had built an impressive amount of K10,853. 63 while Roma Girls Secondary School coming running up grew their money to K10,357.07 and third in place Chelston Secondary

School had built an investment portfolio amounting to K10,041.96. This competition was piloted in Lusaka. Of the twenty six schools that were invited to participate, eighteen schools signed up as follows:-

- ARAKAN SECONDARY SCHOOL
- CHELSTONE SECONDARY SCHOOL
- DAVID KAUNDA SECONDARY SCHOOL
- KABULONGA GIRLS SECONDARY
- KAMULANGA SECONDARY SCHOOL
- KAMWALA SECONDARY SCHOOL
- LIBALA SECONDARY SCHOOL
- LILAYI SECONDARY SCHOOL
- LUSAKA SECONDARY SCHOOL
- MATERO GIRLS SECONDARY SCHOOL
- MUNALI BOYS SECONDARY SCHOOL
- NELSON MANDELA SECONDARY SCHOOL
- NEW MATERO SECONDARY SCHOOL
- NORTHMEAD SECONDARY SCHOOL
- NYUMBA YANGA SECONDARY SCHOOL
- OLYMPIA PARK SECONDARY SCHOOL
- ROMA GIRLS SECONDARY SCHOOL
- ST MARY'S SECONDARY SCHOOL

The schools were being mentored by SEC licensed fund managers on a voluntary basis. The fund managers that participated were from the following institutions:-

- African Life Financial Resources
- ABC Investments Services
- Equity Capital Resources Plc
- Laurence Paul
- Madison Asset Management Company

As SEC we undertook the administration of the CIS Challenge very seriously. We monitored the competition very closely and we are certain that the children have been imparted with knowledge by the capital markets fund managers assigned to

mentor them. We are also confident that the participating pupils as well as teachers have acquired useful financial education thereby fostering the objective of the National Strategy for Financial Education which is

“TO EMPOWER ZAMBIANS WITH IMPROVED KNOWLEDGE, UNDERSTANDING, SKILLS, MOTIVATION AND CONFIDENCE TO HELP THEM TO SECURE POSITIVE FINANCIAL OUTCOMES FOR THEMSELVES AND THEIR FAMILIES BY 2017”.

SEC has found it delightful to hear testimonies from participating pupils about how much they have learned with regards to investing in the Capital Markets. Many of them stated a newly found interest for a career path as Investment Specialists. Hearing this, Chairman of the SEC, Mr Chintu Y. Mulendema offered a scholarship to participating schools whose pupils would wish to pursue careers in the Securities Industry. This comes with a backdrop of the SEC's intention to partner with the Chartered Institute for Securities and Investment to develop and offer training programmes for capacity building of professionals working in the Capital Markets with internationally recognized skills.

In a ministerial speech read by Mr Simutowe, Principle Standards officer in the Lusaka Province, Ministry of General Education on behalf of the



Northmead Secondary School wins 1st prize in The Securities And Exchange Commission Collective Investment Schemes Schools Challenge.

Deputy Minister of Higher Education, Hon. David Mabumba, the government had this to say...

'The CIS schools challenge was a very important learning tool that gave an opportunity to the young minds to learn what would be regarded by many as a difficult subject of finance in a manner that stimulated their prowess to make analytical financial decisions. The challenge was about using money to make more money. Through the CIS schools challenge, the capital markets community have shared their knowledge and interacted at great length with the pupils in the schools.

As you all know our government regards the youth, including the pupils present here, as important stakeholders of our society. Our gathering here today comes on the backdrop of an important agenda – the capital markets awareness campaign dubbed "let's talk capital markets", that is being spearheaded by the Securities and Exchange Commission (SEC).

I am happy to note that when the Capital Markets planned to embark on this important campaign whose objective is to educate and sensitise the Zambian public about the capital

markets, they did not forget to include the youth of Zambia as a target audience for the intended investor education programmes. For this, I would like to register the Ministry's and indeed my own heartfelt gratitude for this thoughtfulness.'

Given the success of the game and enthusiasm from pupils to learn more about Capital Markets, SEC will continue with its awareness activities targeting the children and youth as well as other key target groups.



SECURITIES AND EXCHANGE COMMISSION
Protecting Investors in the Capital Markets

THE CIS SCHOOLS CHALLENGE



Hon. Deputy Minister of Higher Education, David Mabumba, MP launches the CIS Schools Challenge



Bruce Mulenga, SEC Acting Director for Market Transactions presents on Introduction to Zambian Capital Markets during the launch of the CIS Schools Challenge.



Aaron Zulu, CEO of Lawrence Paul presents Investment Basics to teachers and pupils during the launch of CIS Schools Challenge.



Mr. Munyumba Mutwale making a presentation on Game and Game Rules of the CIS Challenge during the launch of the CIS schools Challenge.



SEC Chief Executive- Mr Phillip Chitalu with Hon. Deputy Minister of Higher Education, David Mabumba, MP and Principle Curriculum Specialist of CDC Mr. Lazarus Kalirani.



Pupils being addressed at the launch of the CIS Schools Challenge



Group photo of all participating schools and officials from the Ministry of Higher Education and SEC.



Deputy Minister of Higher Education with SEC Officials, Provincial Office and Curriculum Development Centre during the launch of CIS Schools Challenge.



Pupils from different Lusaka based secondary schools during the launch of the CIS Schools Challenge.

HOSTING OF COMPETITION & CONSUMER PROTECTION COMMISSION SCHOOL CLUBS FOR FAMILIARISATION TO CAPITAL MARKETS



Students with SEC Officials, during Competition & Consumer Protection Commission School Clubs

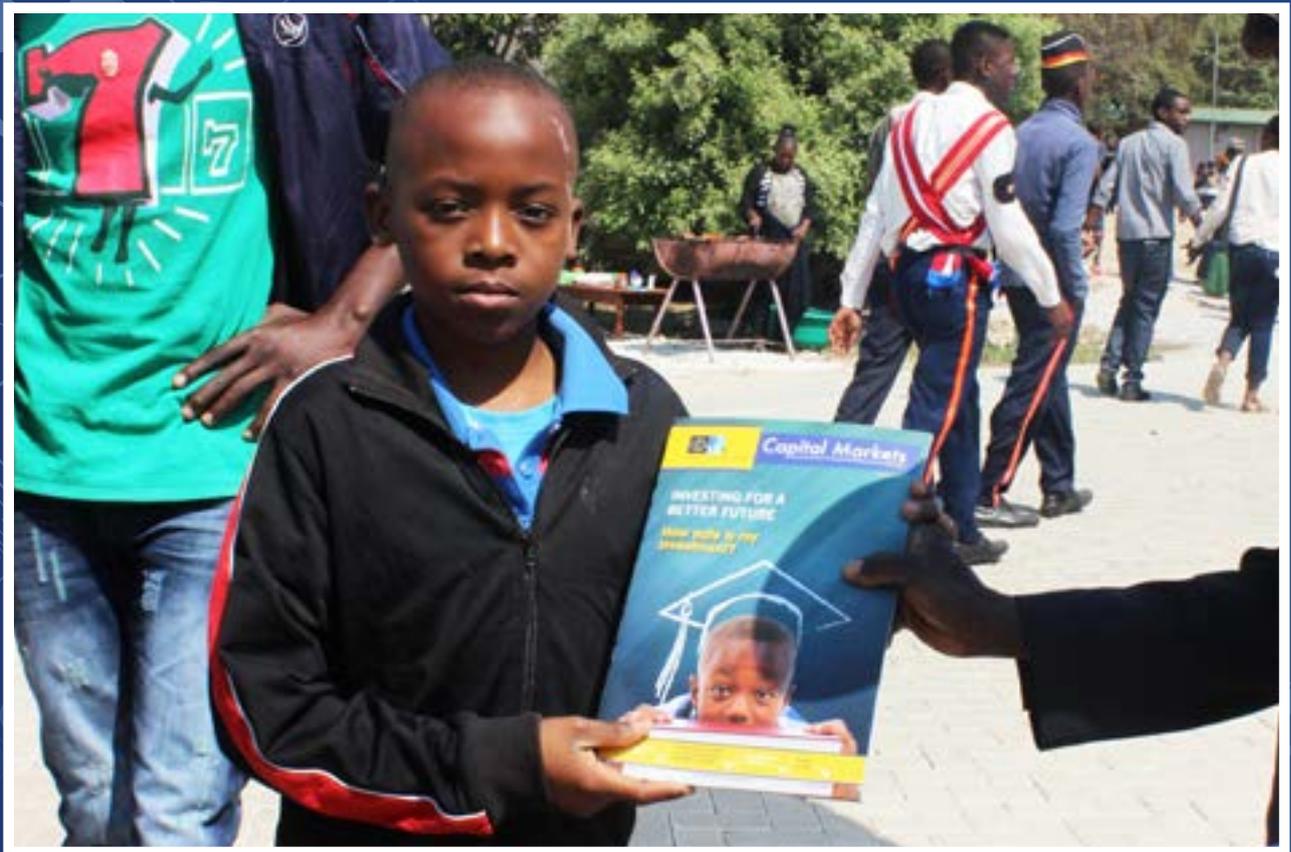
Children and the youth are primary stake holders that need to be exposed to messages such as those in the capital markets in order to empower them with knowledge about how to make sound financial investment decisions for their future financial well-being.

What the workshop entailed was the following:

- Capital markets are part of the financial sector.
- SEC is the regulator of the capital markets.
- The capital markets offer opportunities for raising long term funding for development projects.
- Capital markets offer individuals and institutions investments opportunities in equity and debt instruments such as shares, bonds and unit trusts.
- SEC license and supervise industry players being:
 - *The Securities Exchanges*
 - *Broker dealers and their representatives*
 - *Collective Investment Schemes*
 - *Custodians*
 - *Investment advisers and their representatives*

The ultimate purpose for the SEC is to promote and maintain an organised, accessible, transparent and diversified capital markets in Zambia.

AGRICULTURAL AND COMMERCIAL SHOW 2015, LUSAKA



SEC and capital markets players exhibiting at the Agricultural and Commercial Show 2015 to create awareness and sensitise the general public.



Access capital ... using the stock exchange

Need capital to grow your business? Think Capital Markets! Here is why ...

- Access cheaper long term finance
- Access permanent capital through equity
- Enhance your public visibility and credibility
- Use shares for mergers and acquisitions
- Empower employees through **Employee Share Options**

Let's talk Capital Markets



SECURITIES AND EXCHANGE COMMISSION
Protecting Investors in the Capital Markets

SECURITIES AND EXCHANGE COMMISSION

REVISED LIST OF CAPITAL MARKETS LICENSEES FOR 2016

The Securities and Exchange Commission (SEC), a regulatory body which is established under the Securities Act, Cap 354 of the Laws of Zambia, is the licensing authority for capital markets and securities business intermediaries. As the regulator and supervisor of the capital markets and securities industry in Zambia, the SEC hereby informs the investing public that it is a requirement of the Securities Act for all financial intermediaries conducting securities business such as dealing in securities, collective investment schemes, derivative products, providing investment advisory services, and any similar activities in Zambia to be licensed unless such intermediaries are exempt by law.

Therefore, before any person conducts securities business in Zambia, that person must obtain an appropriate licence from SEC. Likewise, the public should, for their own protection, ensure that they only deal with licensed firms or individuals when conducting investment related transactions such as putting their money in unit trusts, offshore investment plans etc.

Licensees are required by law to display their licences prominently at all their business premises. Members of the public are warned that you should only give instructions to properly licensed persons, as placing your financial assets and other interests with unlicensed persons places your investments at great risk. When in doubt regarding the licensing status of any person offering you securities business, kindly consult the SEC.

The investing public is hereby notified that the following firms and individuals are licensed to conduct the type of securities business in the respective licence categories in which they appear for 2016.

A) DEALER'S LICENCES	
1.	Aflife Capital Zambia Limited
2.	Aflife Holdings Zambia Limited
3.	African Alliance Securities Zambia Limited
4.	African Banking Corporation Investments Services Limited
5.	African Banking Corporation Zambia Limited
6.	African Life Financial Services Zambia Limited
7.	AoN Zambia Pension Fund Administrators Limited
8.	Barclays Bank Zambia Plc
9.	Citibank Zambia Limited
10.	Credit Rating Agency Limited
11.	Credit Rating Agency Limited
12.	Finance Bank Zambia Plc
13.	Finance Securities Limited
14.	First National Bank Zambia Limited
15.	Focus Capital Limited
16.	GroFin Zambia Limited
17.	Intermarket Securities Limited
18.	Investrust Bank Plc
19.	Kukula Capital Plc
20.	Laurence Paul Investment Services Limited
21.	Madison Asset Management Company Limited
22.	Pangaea Securities Limited
23.	Professional Life Assurance (Z) Limited
24.	Stanbic Bank Zambia Limited
25.	Standard Chartered Bank Zambia Plc
26.	Stockbrokers Zambia Limited
27.	Zambia National Commercial Bank Plc

(B) DEALER'S REPRESENTATIVE'S LICENCES		
1.	Mukudzei-Ishe W.N. Zhou	Aflife Capital Zambia Limited
2.	Anura J. Karunaratne	Aflife Holdings Zambia Limited
3.	Fortunate Ngatsha	Aflife Holdings Zambia Limited
4.	Fumanikile Bbuku	African Alliance Securities Zambia Limited
5.	Joseph Simate	African Alliance Securities Zambia Limited
6.	Sherry Mary-Anne Thole	African Alliance Securities Zambia Limited

7. Danny Mulenga	African Banking Corporation Investments Services Ltd
8. Miyanda H. Hamusankwa	African Banking Corporation Investments Services Ltd
9. Tontela Siwale	African Banking Corporation Investments Services Ltd
10. Christopher K. Mwelo	African Banking Corporation Zambia Limited
11. Theresa Chiluba	African Banking Corporation Zambia Limited
12. Geoffrey Musekiwa	African Life Financial Services
13. Jones Phiri	African Life Financial Services
14. Muuka Mukongolwa Banda	African Life Financial Services
15. Pethel Chambwe Phiri	African Life Financial Services
16. Sarudzai Peter Mulendema	African Life Financial Services
17. Munyumba Mutwale	AoN Zambia Pension Fund administrators Limited
18. Mwangala Maron	AoN Zambia Pension Fund administrators Limited
19. Boston Nkuname	Barclays Bank Zambia Plc
20. Lesa Mulenga	Barclays Bank Zambia Plc
21. Mark Penyani Katemangwe	Barclays Bank Zambia Plc
22. Tiyezyeko Chilembo	Barclays Bank Zambia Plc
23. Carmen Kalumba Hachandi	Citibank Zambia Limited
24. Geofrey Mchangila	Citibank Zambia Limited
25. Ngosa Mary Kafwembe	Citibank Zambia Limited
26. Obert Kamuwanga Limbani	Citibank Zambia Limited
27. Steven Chitete	Citibank Zambia Limited
28. Conwell Fungai Musana	Equity Capital Resources Plc
29. Peter Mutale Kang'ombe	Equity Capital Resources Plc
30. Sabera Khan	Equity Capital Resources Plc
31. Chilemba Zulu	Finance Bank Zambia Plc
32. Mungala Chiboola Matongo	Finance Bank Zambia Plc
33. Tushar Thaker	Finance Securities Limited
34. Gerald Ndhlovu	First National Bank Zambia Limited
35. Kapumpe Chola Kaunda	First National Bank Zambia Limited
36. Llewellyn Foxcroft	First National Bank Zambia Limited
37. Naomi Hara Palale	First National Bank Zambia Limited
38. George Mubipe	Focus Capital Limited
39. Chibamba Kizito Lopa	GroFin Zambia Limited
40. Ernest Kando	GroFin Zambia Limited
41. Robinson Daka	GroFin Zambia Limited
42. Busiwa Ndumba Kayira	Intermarket Securities Zambia Limited
43. Joseph Siyawa Mazila	Intermarket Securities Zambia Limited
44. Misento Zibbowah	Intermarket Securities Zambia Limited
45. Harry Mafuta	Investrust Bank Plc
46. Richard Mutukwa	Investrust Bank Plc
47. Jito Kayumba	Kukula Capital Plc
48. Tue Nyboe Andersen	Kukula Capital Plc
49. Aaron Yobe Zulu	Laurence Paul Investment Services Limited
50. Brian Chintu	Madison Asset Management Company Limited
51. Cecilia Kamba Siabusu	Madison Asset Management Company Limited
52. Claire Machila Lungwe	Madison Asset Management Company Limited
53. Muchindu Kasongola	Madison Asset Management Company Limited
54. Siphwiwe Nkunika	Madison Asset Management Company Limited
55. Chenge Besa Mwenechanya	Pangaea Securities Limited
56. Derek John Haake	Pangaea Securities Limited
57. Ceaser Siwale	Pangaea Securities Limited
58. Tidale Mwale-Chisunka	Pangaea Securities Limited
59. Wendy Nsamwa Nglazi Tembo	Pangaea Securities Limited
60. Matete M. Sichizya	Professional Life Assurance (Z) Limited
61. Prabhleen Kohli	Professional Life Assurance (Z) Limited
62. Dean Onyambu	Stanbic Bank Zambia Limited
63. Moses Nkumbu Simbeye	Stanbic Bank Zambia Limited
64. Musenge Komeki	Stanbic Bank Zambia Limited
65. Mwila Pascal Mwenya	Stanbic Bank Zambia Limited
66. Tamara Mooya Bbuku	Stanbic Bank Zambia Limited
67. Veronica Sinkala	Stanbic Bank Zambia Limited
68. Aaron Phiri	Standard Chartered Bank Zambia Plc
69. Chimuka Muyowwe	Standard Chartered Bank Zambia Plc
70. Davy Nanduba	Standard Chartered Bank Zambia Plc
71. Derek Bobo	Standard Chartered Bank Zambia Plc

72. Donna Forte-Regis Muleba	Standard Chartered Bank Zambia Plc
73. Florence Mkalipi Nyangu	Standard Chartered Bank Zambia Plc
74. John Keyala	Standard Chartered Bank Zambia Plc
75. Kabwe Mwaba	Standard Chartered Bank Zambia Plc
76. Kalizya W. Zimba	Standard Chartered Bank Zambia Plc
77. Mubanga Yvonne Mukuka	Standard Chartered Bank Zambia Plc
78. Muchindu Lombe	Standard Chartered Bank Zambia Plc
79. Mulowa Nkhata-Kamana	Standard Chartered Bank Zambia Plc
80. Mwaka Kalengo Mfula	Standard Chartered Bank Zambia Plc
81. Mwali Chisala	Standard Chartered Bank Zambia Plc
82. Nana Mukwiza	Standard Chartered Bank Zambia Plc
83. Nicholas Chikumo	Standard Chartered Bank Zambia Plc
84. Peter L. Mwanza	Standard Chartered Bank Zambia Plc
85. Stanley Kaweme Tamele	Standard Chartered Bank Zambia Plc
86. Tsungai Mabuto	Standard Chartered Bank Zambia Plc
87. Wiggins Mupango	Standard Chartered Bank Zambia Plc
88. Chanda Mutoni	Stockbrokers Zambia Limited
89. Jimmy Mwambazi	Stockbrokers Zambia Limited
90. Kamungoma Mate	Stockbrokers Zambia Limited
91. Austin Hamukonka Chijikwa	Zambia National Commercial Bank Plc
92. Charity Choombe	Zambia National Commercial Bank Plc
93. Charles Kamungu	Zambia National Commercial Bank Plc
94. Cliff George Sakala	Zambia National Commercial Bank Plc
95. Fredrick Mulenga Kaputo	Zambia National Commercial Bank Plc
96. Ignatius Innocent Kashoka	Zambia National Commercial Bank Plc
97. Kunda Catherine Chikumbi	Zambia National Commercial Bank Plc
98. Lishala Clarence Situmbeko	Zambia National Commercial Bank Plc
99. Suzyo M. Ng'andu	Zambia National Commercial Bank Plc
100. Virginia Mwalilino	Zambia National Commercial Bank Plc

(C) INVESTMENT ADVISER'S LICENCES

1. Allied Securities and Asset Management Limited	
2. Benefit Consulting Services Limited	
3. Charles Sichangwa	
4. deVere and Partners Investment Services Zambia Ltd	
5. Entrust Financial Services Limited	
6. Imara ECR Asset Management Limited	
7. Riscura Zambia Limited	

(D) INVESTMENT ADVISER'S REPRESENTATIVE LICENCE

Victor P. M. Sodala	Allied Securities and Asset Management Limited
Collina B Halwampa	Benefit Consulting Services Limited
Kandiye Theresa Liweleya	Benefit Consulting Services Limited
Gift Kapande	deVere and Partners Investment Services Zambia Ltd
Julian Visser	deVere and Partners Investment Services Zambia Ltd
Kabwe Chishimba Chikolwa	deVere and Partners Investment Services Zambia Ltd
Lerato Siame	deVere and Partners Investment Services Zambia Ltd
Lynda Syamunyangwa	deVere and Partners Investment Services Zambia Ltd
Maureen Nabulyata	deVere and Partners Investment Services Zambia Ltd
Muma Ng'ambi	deVere and Partners Investment Services Zambia Ltd
Musenge Kataya	deVere and Partners Investment Services Zambia Ltd
Philip Arthur Matias	deVere and Partners Investment Services Zambia Ltd
Stella Nkole Sata	deVere and Partners Investment Services Zambia Ltd
Chisala C. Mulemba	Entrust Financial Services Limited
David Brown	Entrust Financial Services Limited
Nathan De Assis	Imara ECR Asset Management Limited
Charity Siwela	Riscura Zambia Limited
Cindy Waheed Taudros	Riscura Zambia Limited

(E) SECURITIES EXCHANGE LICENCE

1. Bond and Derivatives Exchange Plc	
2. Lusaka Securities Exchange Plc	
3. Panex Commodity Exchange Zambia Limited (conditional)	

Licensees are hereby informed that, where granted, a conditional licence shall be revoked if the conditions attached to the said licence are not fully met within the specified timeframe.

Issued at Lusaka the 24th day of March, 2015.
BY ORDER OF THE BOARD OF COMMISSIONERS
 Tel: +260 211 227012 Fax: +260211 225443
 E-mail: info@seczambia.org.zm



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