



SECURITIES AND EXCHANGE COMMISSION
Protecting Investors in the Capital Markets

Capital Markets

A Publication of the Securities and Exchange Commission for 2017

| Bulletin



Repositioning the Zambian Capital Markets

Volume 5 | 2017

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Capital Markets Bulletin

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Bulletin

Volume 5, 2017

Editorial

By Dingase Nunkwe Makumba
Manager - Market Development

It is a pleasure to present to you our capital markets bulletin, Volume 5 of 2017.

In this edition we share highlights of the Capital Markets Indaba held in April 2017. The Indaba marked the start of a journey to reposition the capital markets in Zambia by bringing together a host of local and international think tanks together to critically introspect. The Indaba, a precursor to the development of a 10 year Capital Markets Master Plan, was organised by SEC in collaboration with the Capital Markets Association of Zambia and with the support of the Financial Sector Deepening Africa. The Honourable Minister of Finance, Mr. Felix Mutati MP. not only graced the official opening but was an active participant and undoubtedly signaled strong Government support towards the capital markets developmental agenda. The theme of the Indaba was *'Repositioning the Zambian Capital Markets as an enabler to achieving*

Sustainable and Significant Economic Development.'

This edition shall also discuss the investigator's authority and the related salient provisions of the Securities Act No. 41 of 2016. As you may be aware, the aforementioned Act repealed and replaced the Securities Act Cap 354 of 1993. It became necessary to do this owing to changes in the financial sector that needed the regulatory framework to align with current needs and challenges of the market. The new Act makes provision for an enhanced regulatory framework which will help with efficient and effective supervision and enforcement of the market.

Financial Inclusion remains a key priority for the SEC and we continued to actively undertake financial education through various awareness campaigns such as the Financial Literacy Week, the World Investor Week and the World Savings Day as we believe that an informed investor

is key to the growth of the capital markets. This is complementary to our regulatory oversight of capital market practitioners providing financial products and services to the investing community so that investors' interests are protected.

More and more, we are seeing a global shift towards the need for individuals to know and plan their finances. The capital markets provide a reservoir of professionals that provide financial advice and assist investors place funds for investing in a variety of products such as shares, bonds, unit trusts and so on.

On behalf of the Editorial Team, I invite you to read along and empower yourself with knowledge and know about what your capital markets regulators have been up to. Remember your feedback is most welcome.

Enjoy reading our Volume 5 Capital Markets Bulletin.

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Board Elections

Section 8(2) (4) of the Securities Act No. 41 of 2016 states that members of the Board shall elect, from amongst their members the Chairperson and the Vice- Chairperson of the Board. Pursuant to this provision, the following were elected:



BOARD CHAIRPERSON

On 1st September 2017, the SEC Board elected Mr. Amos Siwila as the Chairperson of the Board.

Mr. Siwila represents the Law Association of Zambia on the Commission Board.

Mr. Siwila is an Advocate of the High Court for Zambia (AHCZ) and a Partner of Mambwe, Siwila and Lisimba Advocates, amongst his numerous engagements, both in his private and public capacities.



BOARD VICE-CHAIRPERSON

Mr. George Nonde was on 1st September 2017 elected by the SEC Board to serve as the Board's Vice-Chairperson.

Mr. Nonde holds a Bachelor of Science degree in Agricultural Economics, a Fellow of ACCA and ZICA and an MBA graduate from Oxford Brookes University, UK. He is currently working as Director-Finance and Administration for CFAO Zambia Limited. He is also the honorary Treasurer for the Zambia Chamber of Commerce and Industry whom he represents on the Commission Board.





Honourable Minister of Finance, Mr. Felix Mutati MP, presenting the keynote address at the Capital Markets Indaba

2017 Capital Markets Indaba

“Repositioning the Zambian Capital Markets as an Enabler to Achieving Sustainable and Significant Economic Growth.”



By Mutumboi Mundia
Director– Market Supervision and Development

The capital markets community led by the Ministry of Finance met in Livingstone from 3rd to 5th April 2017 to deliberate matters concerning the development of the Zambian capital markets. The capital markets indaba whose theme was “Repositioning the Zambian Capital Markets as an Enabler to Achieving Sustainable and Significant Economic Growth” was officiated by the Honourable Minister of Finance, Mr Felix Mutati, MP.

The Indaba which was convened by the Securities and Exchange Commission, in collaboration with the Capital Markets Association of Zambia, with the support of the Financial Sector Deepening Africa was attended by local key capital markets stakeholders plus other capital markets experts from within and beyond the region. The main agenda of the indaba was essentially to introspect – take stock

of what had been achieved since the introduction of capital markets in the early 90s, learn from failures and importantly to chart a way forward for the future of the Zambian capital markets. Suffice to mention that the indaba was a pre-cursor stakeholders consultation forum to the development of a 10 year Capital Markets Master Plan.

In his key note address, Honourable Mutati did not mince his words in challenging the delegates to come up with practical solutions that would bring about the desired development in the local capital market. He cautioned the meeting to adopt new approaches that were progressive and not merely academic. The inspirational speech emphasised three needs being: 1) that for Zambia to achieve fiscal fitness and hence the need for capital markets to position and play its rightful role as an “enabler”;

2) change of attitude by Zambians at all levels - the importance of progressing “potential” into tangible transactions and wealth; and finally 3) the need for Zambians to shape their own destiny by moving away from vanilla solutions and instead innovate products that meet the needs of Zambia.

Honourable Mutati concluded his address with a final punchline reiterating the wisdom shared from the Arab world - *“The pearls don’t float on the sea for people to scoop them you have to dive deeper to scoop the pearls. The kite flies highest against the wind...you have to meet your challenges or others will. You either have to: a) Emulate the example of others or b) call upon the creativity to shape your own destiny.”*

Thereafter, the indaba proceeded with the rest of the programme being structured around panel discussions/plenary sessions, each followed by a breakout session for smaller groups to discuss the critical challenges and opportunities for capital markets development in Zambia, review past capital market interventions and initiatives, and identify the strategic objectives, targets, and focus areas for the Capital Markets Master Plan.

The panels and breakout sessions were structured around the



following themes or focus areas:

Setting the scene: discussed the importance of capital markets & issues in the development of capital markets.

Government securities markets: discussed relevant issues in the primary and secondary markets, including policy, market structure, building liquidity in the secondary bond markets and potential for leveraging financial technology (fintech), and capacity-building needs.

Non-government bond markets: discussed relevant demand and supply constraints, including pipeline of potential issuers (such as municipalities, infrastructure, housing and energy), issuance framework and processes and capacity-building needs.

Public & Private Equities markets: discussed relevant demand and supply constraints, potential solutions to address these constraints, as well as opportunities for product innovation to further develop the private equities markets and the role of private equity and venture capital.

Building the Investor Base: discussed how to broaden the investor base, constraints facing institutional investors (such as pension funds and insurance companies) including investment guidelines, how to develop collective investment vehicles and the role of Fintech.

Excerpt from welcoming remarks at the Capital Markets Indaba:

“As a Commission, we have no doubt that Zambian capital markets can play a key role in realisation of the 2030 vision of the Government of the Republic of Zambia.”

- Acting Board Chairman, Dr Jonathan Chipili

Infrastructure Investments through the Capital Markets: discussed the deficiencies in the capital markets infrastructure and possible opportunities for addressing these deficiencies.

Legal and regulatory framework: discussed the limitations and gaps in the legal and regulatory framework for capital markets, the adequacy of prescribed investment guidelines to support innovation and stimulate growth in demand and supply of investment products.

Regionalization: discussed the role of regionalization in the development of the capital markets in Zambia.

Summary Note: closing session that clarified the deliberations and “vision” for the capital markets, and also proposed strategic focus areas for the Capital Markets Master Plan based on discussions during the event.

What next following the indaba?

The next steps include engagement of a consultant to coordinate the development of the Capital Markets Master Plan. The preference by key stakeholders is for an independent Consultant to manage the process so as to ensure inclusivity of plausible views from the broad continuum of the capital markets community.



Group photo of participants taken at the Capital Markets Indaba



Capital Markets Experts; Mr. Luke Ombara from Capital Markets Authority, Kenya and Professor Kenneth Mwenda from USA



Profile:

Mrs Diana Sichone

Mrs Diana Sichone, a legal practitioner has been with the Commission since July, 2014. She holds a Bachelors degree in law from the University of Zambia and a Master's degree in Corporate and Commercial law from the University of Lusaka. She is an advocate of the High Court for Zambia, a qualified legislative drafter and trained commercial Arbitrator.

Interview with Mrs. Diana Sichone

Commission Secretary and Director-Enforcement and Legal Services

1. Tell us about yourself. Who is Diana Sichone?

I am a Christian who treasures my relationship with Jesus Christ. I am a wife and also a mother to two beautiful girls. I am a legal practitioner trained with the University of Zambia and a qualified draftsman.

2. In your time at the Securities and Exchange Commission (SEC), there has been an enactment of the Securities Act No. 41 of 2016 which replaced the Securities Act, Cap. 354 of the Laws of Zambia. Where is the SEC headed? What are the challenges and opportunities?

The Securities industry had, for over twenty years, been operating under a law that was not flexible enough to embrace change. The new Securities Act has changed a lot of the regulatory framework that SEC now operates under with an expanded scope of

the Commission's regulatory, supervisory and enforcement mandate. The expanded scope of regulatory work that the Commission is expected to undertake has necessitated further capacity building for staff of the Commission to ensure effective and efficient regulation of Zambia's capital markets and more importantly to protect investors. What is really exciting about the new law is that it is flexible enough to cater for the regulation of future categories of capital market operators and products. The new law is also compliant with international regulatory standards and best practice which enables Zambia to compete favourably for foreign capital especially in the region.

The SEC is expected to operate in a dynamic environment especially regarding the development of financial technology (fintech) and other similar innovations. Zambia, like most jurisdictions worldwide,

is studying fintechs to ensure that a right balance is struck between encouraging innovation and development of the sector, and investor protection. The dynamic environment in which the financial services sector is currently operating makes it exciting to work at SEC.

With all new things comes challenges and opportunities. Although the law was subjected to an extensive stakeholder consultative process, it is anticipated that some of the new requirements, which are meant to protect investors and develop the capital markets, may face implementation challenges and stakeholders have to adjust to the new way of undertaking capital market activities.

However, unless where the Law permits to give exemptions or where changes to the Law are made, the Commission intends to enforce the Act as- is .

The Law however also provides for a speedy resolution of disputes that persons who are dissatisfied with the legal requirements or decisions made by the Commission may have by following the appeals processes that are laid down under the Act, including appealing to the Capital Markets Tribunal.

3. Where do you see Zambian Capital Markets in the next three to five years?

We are in an exciting period where we have a new law that we are operationalising. By performing its market development role, SEC encourages financial product innovation and development especially those that will advance the financial inclusion agenda. With an increase in the uptake of capital market products by individual investors, this not only serves to secure the investors' financial future but also raises the profile of capital markets in the economy as an enabler of capital formation and ultimately economic development of the country. The Commission is therefore required to be innovative and create an enabling environment for the SOEs to come to market in order to achieve the desired policy objectives. With more SOEs coming to market, it is expected that there will be increased market activity and higher liquidity on the capital markets.

4. What is your management approach?

I do not subscribe to micromanagement but encourage my staff to achieve the desired results using their own efforts and thereafter, I follow through the work for quality assurance. I believe in working together as a team and in encouraging personal

development and building an individual's development potential as well as in dealing with weaknesses, especially those that affect productivity.

5. What were some early leadership lessons you learnt that you think have helped your career?

I started my career in mainstream Government where I was expected to hit the road running. I, therefore, learnt very early in my career, the importance of consultation with others, even those subordinate to me. Knowing that I am not the fountain of knowledge makes it easy for me to receive advice and counsel which has helped me in making the right decisions in my work life. I also learnt the importance of putting in my best in whatever I do. Because of that, I strive for excellence in my work.

6. What, in your view, are the attributes of a good leader?

A good leader is one who is able to leave their legacy in others. I believe that a good leader should strive to develop the capacity of subordinates so that the subordinate becomes better than the leader. It is therefore important for a leader to be open to constructive criticism and to learn from others. Another important trait is to be humble especially when mistakes have been made and to take responsibility for both yours and your subordinates' actions.

7. Do you have any role models?

Of course, my mother is my role model. She is a hardworking woman and has helped me develop my work ethic. Additionally, I look up to Zambian female business leaders such as Monica Musonda,

Mizinga Melu and Dolika Banda who have proved that women can excel in a male-dominated business world. It is these qualified and experienced women that motivate me to ensure that I leave an indelible mark in the capital markets industry. However, above all this, I want to be original; to be me; to set my own dreams and goals and not be measured by another person's standard.

8. What motivates you?

I love new challenges. I do not like routine work but enjoy tackling new problems and am elated when I find the right solutions for such problems. The capital market is a dynamic space that facilitates personal growth and development as one is required to constantly update their knowledge in order to keep up with new trends and developments.

9. What is your definition of success?

Winston Churchill once stated that "success is walking from failure to failure with no loss of enthusiasm." I believe that success is getting up every time you fall. Never giving up. No matter what challenges we may face as a team, I always encourage myself and my subordinates to be optimistic and show fortitude in the face of challenges. I am successful when my team wins.

10. What do you do away from work?

I love adventure and exploring new places with my family. I also love shopping!





By Lubunda Ngala
Legal Officer

Investigations

Prior to the enactment of the Securities Act, No. 41 of 2016, the Commission had but one option to resolve cases involving the breach of the Securities Act - to prosecute the culpable person. The Commission now has more options at hand to deal with securities law violations or infringements. Investigations are a tool the Commission uses to develop the facts on the ground before deciding on the enforcement action to take.

Following the enactment of the Securities Act No. 41 of 2016, the Act has introduced investigatory powers under section 161 of the Act. The Commission's authority to investigate suspected cases of securities law violations under this Act is generally unrestricted. The purpose of carrying out an investigation is to adequately develop a factual basis for a determination as to whether particular activities come within the ambit of the Commission's regulatory authority. Where the Commission has reasonable cause to believe that a person has breached the provisions of the Securities Act No. 41 of

Salient Provisions in the Securities Act No. 41 of 2016

Understanding the roles of the SEC Investigations Officer

2016, the Commission carries out investigations before deciding on the course of action to take against any person who would have breached the provisions of the Act. For instance, section 161 (1) of the Act provides that *"The Commission may appoint such number of investigators as it considers appropriate to carry out investigations for purposes of this Act where the Commission has reasonable cause to believe, either on its own motion or as a result of a complaint or other information received, that an offence has been committed as specified in this Act."* With the enactment of the Securities Act No. 41 of 2016, the Commission was required to appoint investigators, which it has since implemented.

From the date of appointment, the investigations officer has conducted a number of investigations arising from a barrage of complaints from the capital market operators, and in some instances has instituted investigations on the Commission's own motion where there has been reasonable cause to believe that the provisions of the Securities Act have been

breached. However, from the investigations conducted thus far, it has become apparent that there is need for the Commission to explain the provisions of the Securities Act in relation to the authority vested in an Investigator.

Powers of an Investigator under the Securities Act

Section 161 (3) gives the Investigator vast authority to ask for i) any document relevant to an investigation from: any person in possession of the document; ii) an explanation or further particulars in respect of any record or document produced to the Investigator; iii) attendance, before the Investigator, at the time and place he/she requires, in writing, and in the prescribed manner; iv) a sworn statement to be given relating to the matters under investigation, among other things.

Therefore, in getting evidence from the market operators, the Investigator may insist on getting a sworn statement from the person, which sworn statement may be relied upon in proceedings before the Tribunal or the Court.

The evidence the investigator takes from different market operators is critical in ensuring that a factual basis is developed and that investors and all market operators are protected from any adverse effects that may arise from any misconduct in the securities market.

However, where people, without reasonable cause, fail to cooperate with an investigator, that person would be guilty of an offence under section 161(5) and shall be liable, on conviction, to a fine not exceeding Five Hundred Thousand

penalty units, which is equivalent of One Hundred and Fifty Thousand Kwacha(K150,000.00). Depending on the circumstances, the Commission may either institute proceedings against such a person before the Tribunal or the Commission may compound the offence pursuant to section 203 of the Securities Act and charge the culpable person a fine not exceeding Two Hundred and Fifty Thousand penalty units, which is an equivalent of seventy-five thousand Kwacha (K75,000.00). In addition, it must also be noted that it is an offence under section

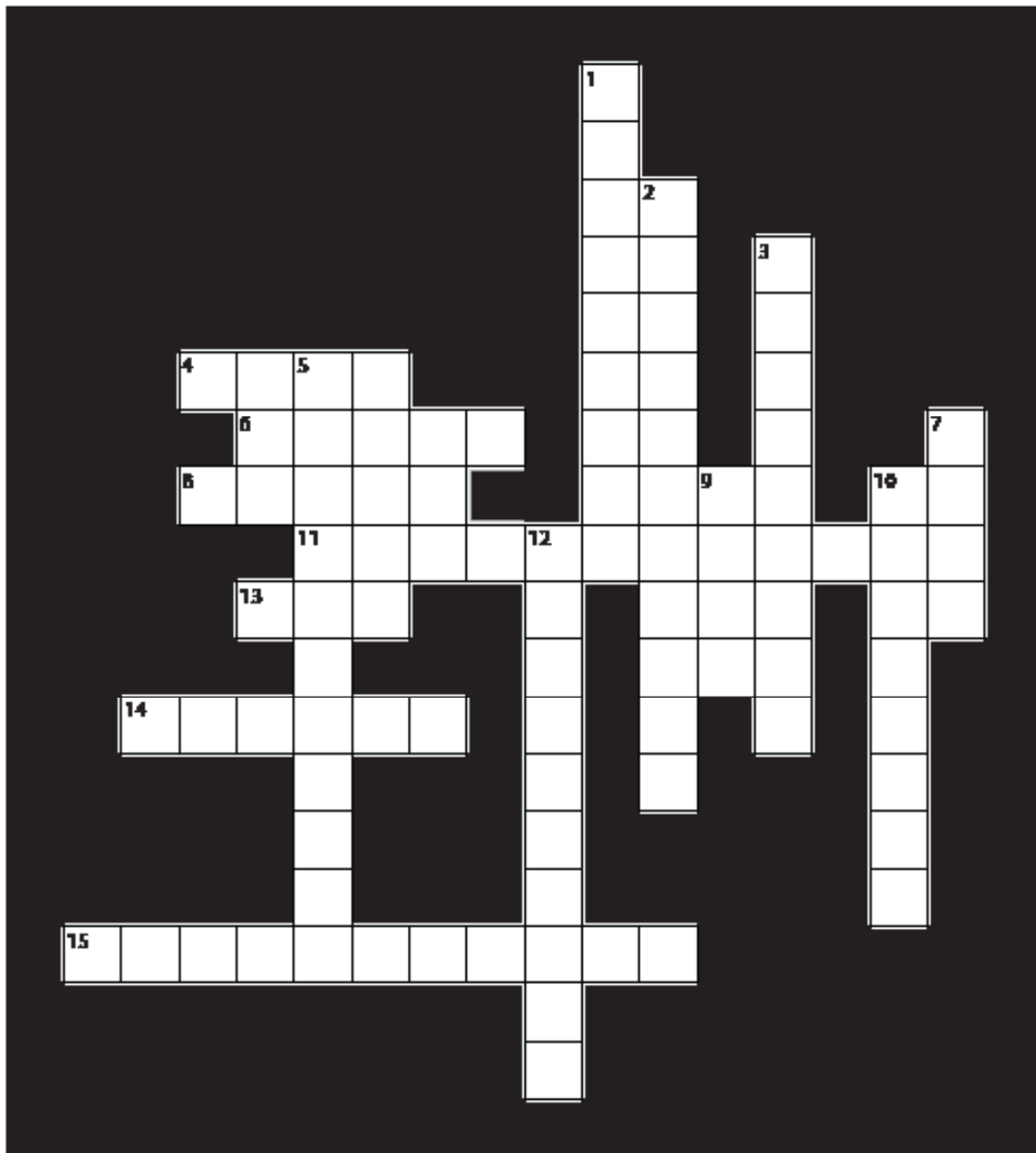
161(d) to provide an investigator with false or misleading statements.

Conclusion

All persons are encouraged to cooperate with the Commission's investigators to avoid breaching the provisions of the Securities Act and also to help the Commission in exercising its regulatory mandate that is aimed at enhance investor protection in the capital market.



Crossword Puzzle

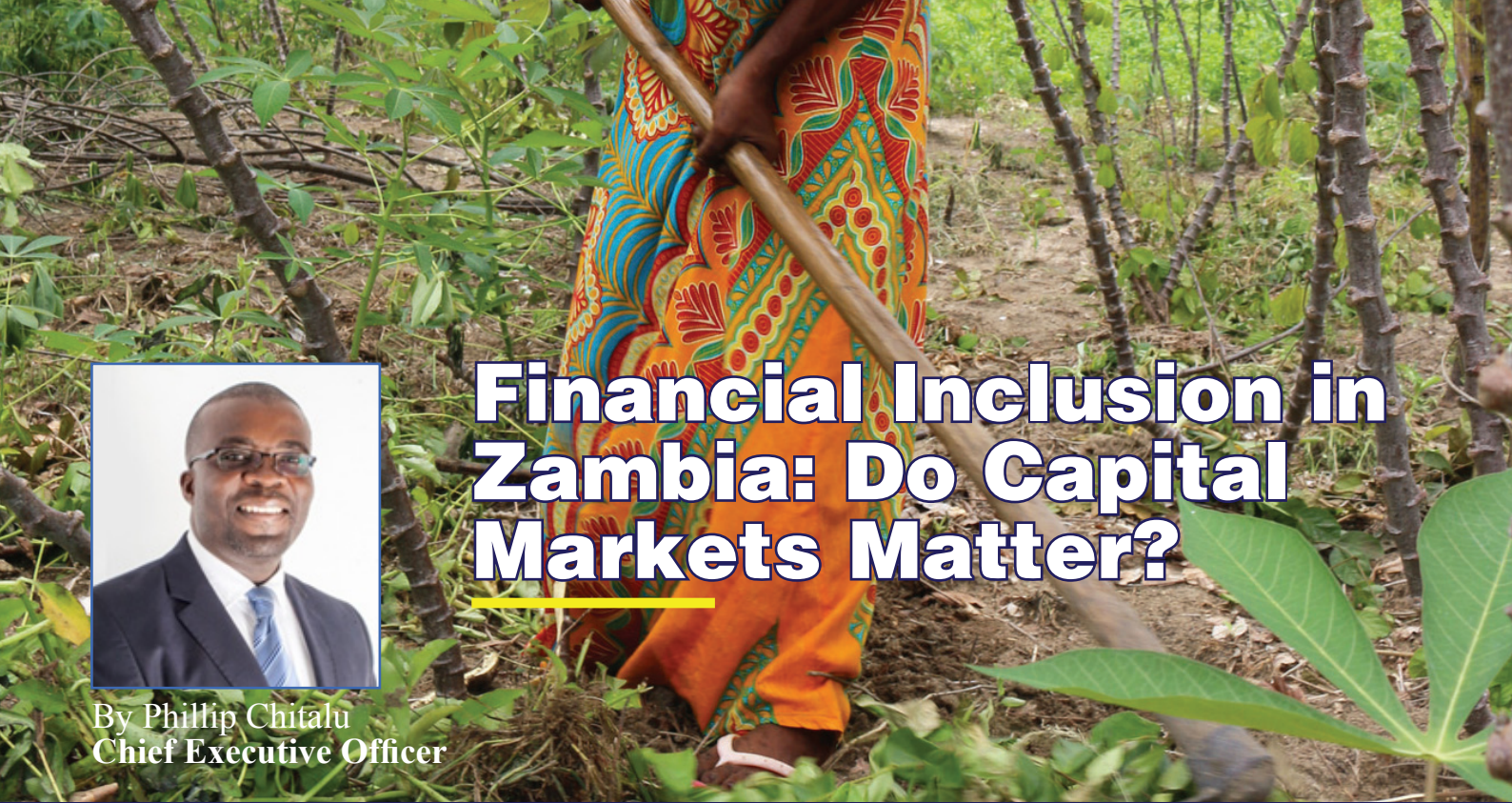


ACROSS

- 4. The potential of losing out on an investment. (4)
- 6. An equity instrument. (5)
- 8. The action of transacting in securities on the Stock Exchange. (5)
- 11. The first step towards listing..... (12)
- 13. The regulator of capital markets in Zambia (abbr.) (3)
- 14. Less savings equals to expenditure. (6)
- 15. Investors have the right to..... (11)

DOWN

- 1. Conforming to law or rules. (9)
- 2. A registered person or institution who trades in securities on behalf of another. (11)
- 3. The act of putting money into a project or security with the view of expecting a returning. (9)
- 5. A part owner of a company. (11)
- 7. Ais a debt instrument. (4)
- 9. To set money aside for later. (4)
- 10. Written legal agreement set up between two or more people. (8)
- 12. A Stock Exchange is whereof a company are traded. (10)



Financial Inclusion in Zambia: Do Capital Markets Matter?



By Phillip Chitalu
Chief Executive Officer

Introduction

The world appears to have woken up from a slumber to realise that people needed to have enough knowledge on financial matters for their own welfare to improve. It has also been generally agreed that other than having personal knowledge of financial matters, access to financial services is important. Of concern to the financial development world is whether the mere availability of financial services would benefit individuals if they had scanty or no knowledge on the financial services that they were to get. This position is generally accepted.

While the position on the need to have access to finance and financial literacy are well understood, it is important to know the concepts on Financial Inclusion and Financial Literacy. It is therefore important to begin this discussion by defining what these concepts mean.

According to Alliance for Financial Inclusion (AFI), Financial inclusion or inclusive financing is the delivery of financial services at affordable costs to sections of disadvantaged and low-income segments of society, which can be contrasted with financial exclusion, where basically those services are not available or affordable. While financial inclusion appears to concentrate on the availability and affordability of financial services, only knowledgeable citizens would get to see whether what they were getting was cost effective and that the financial service was the best alternative available (quality of service). That said, therefore, financial literacy could be taken to mean the knowledge and understanding of personal finance concepts and the skills, motivation and confidence to make informed financial choices, and participate in economic life.

To look at the concepts of financial access and literacy, we also need

to define the context within which these are discussed. For this article, we discuss these concepts on financial inclusion from a capital market view point. Within the larger financial markets, capital markets concentrate on capital formation meant to address long-term financial requirements such as establishing pools of funds meant for long-term infrastructure needs. Capital markets also provide an avenue where longer-term savings can be made such as in equity and debt securities including collective investment schemes.

As much as people may have knowledge on the products available in the capital markets such as on shares and bonds and unit trusts, it is debatable whether such knowledge would qualify them to be financially literate in that sense.

How then would we use capital markets to achieve both financial inclusion and financial literacy?

Financial inclusion in Zambia

The latest country survey by Finmark Trust¹ shows that about 59.3% of the adult population has access to some form of financial service. This is up from the last survey of 2009 when only 37% were considered to have had access to a financial service. Of the 59.3%, however, only 0.3% had used a capital market product or service. The low use of capital markets in Zambia by an estimated 0.3% of the adult population therefore brings us to the issue of using capital markets in improving financial inclusion in Zambia.

Financial inclusion redefined

In Zambia, 59.3% of the adult population or about 2.3 million people have access to a financial service. Therefore, within the definition of financial inclusion, these would be construed to be financially included. To contribute to the financial inclusion agenda that spoke to the generally accepted financial inclusion definition, capital markets needed to look beyond these 2.3 million individuals if capital markets were to be counted as helping in the financial inclusion drive.

In Zambia, out of a population of about 15 million people, the adult population is estimated at 4.5 million. Out of this number, the people employed within the formal

sector number about 700,000 with another 800,000 estimated to be employed in the informal sector. Most of these in the formal sector regularly receive a monthly salary through the banking system and would thus qualify as financially included. However, according to the Central Securities Depository (CSD), a proxy for the estimation of the number of people participating in the equity market, there are only 42,000 different accounts, corporate accounts included. Therefore, the maximum number of the adult population using capital markets cannot exceed 42,000. There are also another 5,000 people investing regularly through Collective Investment Schemes. Therefore, the total number of capital markets participants would be about 50,000, probably within range of the estimated 0.3% in the Finscope Survey.

It can also be argued within acceptable limits that it is true that most of these 700,000 working in the formal sector are financially included as stated above. Therefore, it is possible that the use of capital markets products and services could grow by tapping into the 700,000 financially included individuals working in the formal sector. This is probably the most likely capital market recruitment reservoir. We therefore need to see whether or not it is possible to have capital markets recruit from outside the already financially included individuals, as this would be the only meaningful contribution to

the financial inclusion agenda. As the statistics appear to show, it is most probably more feasible and less costly to assume that the largest target of capital market recruits would be within the 700,000 workforce who are assumed already financially included. If this were so, then, capital markets are unlikely to add numbers to the financial inclusion crusade as all its potential players are most likely already financially included.

Capital markets and financial inclusion

What then is financial inclusion in the context of capital markets? In looking at the Zambian capital markets in as far as financial inclusion is concerned, the two issues of financial inclusion of access and affordability should be examined. If financial inclusion were to be looked at closely from the accessibility aspect, banking services appear to be more readily available in Zambia with 19 banks and more than 300 ATMs and several non-banking licensed providers. These services are available in most of the districts in Zambia. However, with only seven active brokers, and with physical access being only in Lusaka and Kitwe, access to capital market services appears restrictive and may work against the goal of financial inclusion. While capital markets could benefit from the available technologies that have been embraced such as the use of mobile phones,

1 Finscope Zambia Survey 2015

it is true that the new recruits of the lower cost access platforms are already by definition and design part of the banking system. Therefore, while the issue of access is considered, the available payment systems in Zambia being part of the banking sector would not help any capital market financial inclusion drives. While capital markets could pursue a financial inclusion agenda through easier access methods such as mobile phones, the settlement of transactions in the capital markets cannot be divorced from the banking system. The capital market players require payment systems to be in place including ensuring that investors had banking or related facilities to aid receipt of share sale proceeds or the settlement and payment of costs related to the acquisition of capital markets financial assets. This would entail that players on the capital market would already be financially included by the time they considered investing through the capital markets. If this were the case, then, the debate on the capital markets contribution to financial inclusion would be defeated.

We could also look at the issue of financial inclusion and capital markets from the affordability aspect. The definition, appears to suggest that in order to have a financially included population, affordable services are a necessity on the market. Therefore, we need to examine the affordability of services from both the capital markets angle as well as the banking sector.

Again, since we have assumed that the majority of the population in formal jobs are likely to be financially included as they probably received a monthly salary through the banking sector, we could also assume that in order to improve access to finance to those who are financially excluded, capital markets needed to provide platforms and services that complimented those of the banking sector or were not already offered within the financial services sector. Of importance to capital markets are mutual funds or Collective Investment Schemes (CISs). These appear to offer low cost periodic savings, that could be attractive to the unbanked non-formal agricultural and similar small scale entrepreneurs, who would probably be making less than K100 a day. However, for these alternative saving schemes to be effective, collection costs would need to be managed through innovative platforms with low administrative costs. However, as such platforms needed to be licensed or authorised by the banking sector regulator, the capital markets drive to enhance financial inclusion through such initiatives would again be defeated. For instance, low cost platforms such as mobile money services would need authorisation from the central bank and in the process of such authorisation, any customers on such platforms would be banking sector customers and thus considered to be financially included even before they proceeded to acquire capital market investments instruments. Therefore, again, although low

cost services could be introduced in capital markets as discussed above, the link between banking and capital market players makes it difficult to isolate capital markets contribution to financial inclusion in this respect.

Financial inclusion the capital markets way

In discussing financial inclusion in the context of capital markets, an attempt has been made at understanding the meaning of financial inclusion from both the access position and the affordability aspect. Both access and affordability appear not to be directly linked to capital markets in most instances. In the discussion above, access to financial services appears to favour the banking sector, the sector that seems to have a primary link with most of the players in the financial sector. An attempt was made to look at the link between capital markets and financial inclusion from the affordability factor. This was also seen not to be directly linked as most services that would make capital market services affordable would still require the use of the banking sector regulated payment systems. What then needed answering is whether capital markets directly linked into the financial inclusion agenda if both access and affordability were discounted. Of importance to the discussion is the recognition of the role played by capital markets in long-term capital formation. What may not be seen may be the direct impact of capital markets on the financial inclusion statistics.

Financial Inclusion in Zambia

While capital markets could be used by banks, the industry, and other sectors such as the agricultural sector in raising funds for investment, which investment would see growth in economic activities and jobs, these appear remote but are actually close aspects of the financial inclusion targets. It can be seen that as more and more people were employed through industrial activities and as economies expanded, employees would tend to use banking and investment avenues provided by the financial sector. These would include financial sector services such as banking, insurance, and retirement planning. It is these employed people that would already be using banking services that would tend to use capital

market services. Therefore, it is possible to say that achieving financial inclusion using capital markets could only be realised in an indirect way unless individual economic units on the market were counted more than once in the financial inclusion surveys.

Conclusion

The financial inclusion agenda appears more suited to the banking sector than to the capital markets. As we have seen above, the primary financial sector entry point by different economic units appear to be banking. This in our market includes main stream banking services of checking and saving accounts, but also includes mobile payment solutions, whose mode of service

provision is intertwined with the banking sector. We therefore see that capital market activities may not directly add numbers to the financial inclusion agenda. However, with the huge capacity to form large pools of capital, capital markets definitely have a very big indirect role that can spur economic growth resulting in job creation. It is these economic activities financed through capital markets that grow the number of people seeking financial services. Therefore, the contribution to financial inclusion by capital markets becomes a reality through these economic activities, which are made possible by the corroborative efforts of the larger financial sector.





Are You A Smart Investor?



By Mubanga Kondolo Jr
Manager -Financial Inclusion

Undoubtedly, most people desire to be successful albeit in academics, in their career, at parenting, you name it!! You would also agree that most times if not all, financial resources play a significant role in seeing to it that we reach a certain level of success which helps us to attain the quality of life that we desire.

Recently, a sermon by a religious leader caught my attention, you maybe wondering where this is going... Well, I took particular interest because the preacher made reference to a country that sold a mine to a foreign consortium at a giveaway price

because it could not operate the mine efficiently, and interestingly adding how the new owner generated almost triple the amount in three months. In conclusion the preacher went on to say, “if you do not plan your life, it will be planned for you’ insisting that the difference between the poor and the rich is the DECISION and that ‘indecision is a decision.’ The bottom line here is, at some point in life, every individual has an obligation to decide to take charge of his or her own finances, and to do this, we need to plan and prepare accordingly in order to make prudent financial

decisions as they determine the course of our lives and welfare.

Back to the matter at hand, are you a smart investor? Finances remain a hot topic in our Country and as an emerging economy, more and more people are getting exposed to income generating activities, entrepreneurship is on the rise, there is a construction boom, there is a greater demand for education and so on. With this, it becomes imperative that one considers to invest his or her financial resources for the long term in order to meet future key life events which usually demand a financial obligation.

Coming from an enlightened position as a professional within the financial sector, I have come to realise that there are great strides we ought to make as individuals in becoming financially independent. However, the bright side is that, as a country we are on course, this can be seen through Government's commitment towards enhancing the levels of financial education amongst Zambians for example, through the launch of the National Strategy on Financial Education (NSFE) and the National Financial Inclusion Strategy (NFIS). It is also evident that there is a willingness from people to gain financial knowledge and an interest to practise being financially upright through the uptake of various financial products and services which has been on the rise (according to the Finscope Zambia Survey of 2015). Further, prudent and sustainable uptake of financial products can only be achieved by ensuring that one understands the core principles or fundamentals of financial management.

Following the launch of the National Strategy on Financial Education, the Securities and Exchange Commission (SEC) in collaboration with other financial sector regulators has made it a key priority to undertake initiatives that enhance investor education and protection and financial literacy at large. Among other educational activities, the SEC is actively involved in spearheading national financial awareness and sensitization campaigns such as the Financial Literacy Week, the

World Savings Day and most recently the World Investor Week which was commemorated for the first time this year from 2nd to 8th October 2017.

Drawing on the theme messaging for the just ended World Investor Week - "A Smart Investor through Capital Markets", below are some simple guidelines that will guide you as someone considering to invest through the capital markets or already doing so, and would like to improve your investment acumen. A Smart Investor:

» **Verifies that an investment professional is licensed:** as an investor, it is important to deal with an investment advisor or firm that is licensed by the Securities and Exchange Commission;

» **Conducts research on a product before investing:** this enables you to assess the level of risk associated with the investment and also ensure that the expected profit was the most favourable;

» **Assesses the impact of fees when choosing an investment:** an investor should distinguish fees charged by their investment manager as they can have an effect on the principle amount invested and the profit to be made. It is therefore necessary to compare fees charged by different investment managers so as to enable you to select the most reasonable investments;

» **Understands that risk exists in all investments:** all investments attract a level of risk. It is therefore smart for an investor to understand the types and levels of risks associated with the investment and to be able to set realistic investment goals either by assessing their investment environment on their own or through expert advice from a licensed investment advisor;

» **Avoids "get rich quick" and "can't lose" schemes:** this type of investment usually blinds an investor from the realities of an investment environment as they are done impulsively without understanding or assessing the real risks involved. It is therefore prudent for one to take time and critically analyse any investment offering;

» **Recognizes the power of compound interest:** compound interest enables your investment to grow faster as it is interest calculated on the initial investment amount as well as on the accumulated interest of the previous amount;

» **Recognizes the importance of diversification:** it is important as an investor to have a wide variety of investments within your investment portfolio as this usually reduces your investment risk exposure and on average yields higher returns;

» Plans for and invests according to his/her future needs and goals: as an investor, it is important that you set financial goals. These goals may be specific to a particular key life event such as education, marriage, home construction and so forth. Goal based investing can help

you meet financial obligations that come with these key life events by way of investing in long term education policies or unit trusts as an example; and

» Recognizes the benefit of long-term, regular and diversified investment: it is worth to

note that generally, long term investments have proven to be less volatile than short term investments, however not always the case. Additionally, long term investments demand less transaction costs and also helps you to plan for your future e.g. for retirement, education etc.



**“I made my first investment at age 11, I was wasting my life up until then”
– Warren Buffet**

A report on activities undertaken during the World Investor Week 2017



Stakeholders planning meeting

A first stakeholders planning meeting was held at the Securities and Exchange Commission (SEC) offices on 28th August 2017. The objective of the meeting was to inform stakeholders about the commemoration of the awareness and sensitization campaign as well as to request them to participate in planned activities.



Press Release for the World Investor Week 2017

The Securities and Exchange Commission issued and shared a media release with various media houses on 29th September 2017. The media release highlighted mainly; the objectives and planned activities to be undertaken during the awareness and sensitization campaign.



Launch Address by Minister of Finance for the World Investor Week 2017

A pre-launch Ministerial Address for the World Investor Week 2017 was made by the Minister of Finance, Honourable Felix Mutati, MP and aired on national television ZNBC TV1 on 1st October 2017.

Excerpt from Launch Address:



“Country Men and Women, this commemoration of the World Investor Week is themed as ‘A Smart Investor through Capital Markets’ for the obvious reason that one must have the appetite to invest or generate money and also the prowess to mitigate risks associated with undertaking an investment.”

- Hon. Minister of Finance, Mr. Felix Mutati MP



Familiarisation tour of the Lusaka Securities Exchange by Secondary School pupils

The Securities and Exchange Commission in collaboration with the Lusaka Securities Exchange Plc (LuSE) organized a tour of the exchange for Secondary school pupils on 2nd October 2017. The tour was attended by 50 pupils from 7 schools who participated in the

2017 Capital Markets Schools Challenge. It gave them an opportunity to get a deeper understanding of the roles and functions of the SEC and the LuSE as well as those of other Capital Market Operators.



Secondary school pupils participate in a familiarization tour of the Lusaka Securities Exchange



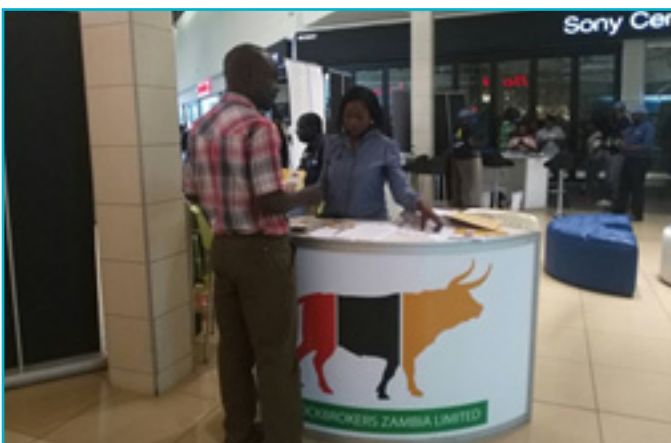
Secondary school pupils listen attentively and ask questions on careers with the capital markets



Public exhibition by stakeholders

A public exhibition was held on 5th and 6th October 2017 at Mandahill Mall, which is one of the biggest malls in Lusaka. Capital Market Operators participated in the exhibition and they took time to educate and sensitise

passersby about investing through the capital markets, the types of products and services offered within the sector and the benefits associated with investing their money etc.



Brokers interact with passersby



Investor education during the exhibition

Symposium for Business Studies Teachers Association of Zambia

The Securities and Exchange Commission, in collaboration with its partners hosted a symposium for Business Studies Teachers at Government Complex in Lusaka on 7th October 2017. The symposium was attended by over one hundred teachers from all the

ten (10) provinces of Zambia. It was aimed at improving the delivery of capital markets content to pupils by the teachers of business studies. In addition, Capital Market Operators as well financial sector regulators set up a mini exhibition at the event venue.



Teachers of Business Studies in attendance during the Symposium for Business Studies at Government Complex in Lusaka



Exhibition walk through at the teacher's symposium

Media Programmes

The Securities and Exchange Commission featured on TV, Radio and Social Media programmes e.g. facebook and twitter Media programmes during the week of the commemoration. Other capital market

professionals from the Capital Markets Association of Zambia, stockbrokers, investment advisers and fund managers also featured on the programmes.



World Investor Week 2017 Radio Programme on University of Zambia 'UNZA' Radio



Investor awareness on the Securities and Exchange Commission face book page during World Investor Week



Commemorating The Financial Literacy Week...

Perspectives from the capital markets



By Dingase Makumba
Manager – Market Development

As regulator of the capital markets, the Securities and Exchange Commission (SEC), together with the Bank of Zambia and the Pensions and Insurance Authority and the rest of the financial sector community commemorates the FLW annually. The FLW has been adapted from the mandate of the National Strategy for Financial Education that aims to empower Zambians with financial knowledge, understanding, skills and confidence to help Zambians make prudent financial decisions for themselves and their families. SEC appreciates the need to undertake FLW activities to ensure that the public is financially educated. The Commission further understands that a financially educated people will also help the SEC in its investor protection role as such investors are more likely to choose products based on their enhanced knowledge and skills. ~~A financially literate investor~~ is also likely to ensure their investments are managed in a professional manner and in line with generally accepted governance principles.

In line with previous FLW week commemorations, the 2017 theme was ‘*Know and Plan your Finances to live a better life*’. The emphasis for this theme was on the various life stages that people go through, which are associated with increased responsibility and financial obligations. In this article, we discuss how the capital markets can help you prepare for key life events.

Capital markets play a very cardinal role in helping individuals cope and go through various life events.

Like life itself, investments in capital markets are long-term in nature and if adequately made, can provide an excellent avenue for individuals to meet the financial needs as key life events unfold. The saving and investment avenues that capital markets provide are well suited to meet the long term financial goals of key life events such as starting school, going to university, and buying a house and so on.

Of interest to a couple say with a newly born baby would be to start saving and thus meet their child’s school fees in 2 -5 years time while at the same time they could plan for upcoming key life events such as tertiary education. In order to meet the financial demands that come with these key life events, it would therefore be prudent to start investing well in advance of such expected financial responsibilities by saving and investing in suitable long term financial products. The capital markets offers palatable investment options such as shares, bonds, unit trusts and so on.

Who can help me plan my key life events?

Capital market operators that possess a dealer’s or investment adviser’s licence of securities and other areas are able to provide investors (individuals or corporates) with professional investment advice and services that take into account the investors’ risk preferences and ultimate financial goals.

Particularly when planning for key life events, essential financial knowledge and skills are needed to be able to match the expected key life events to the specific investments. If these are not handled well, the entire plan could be unsuccessful.

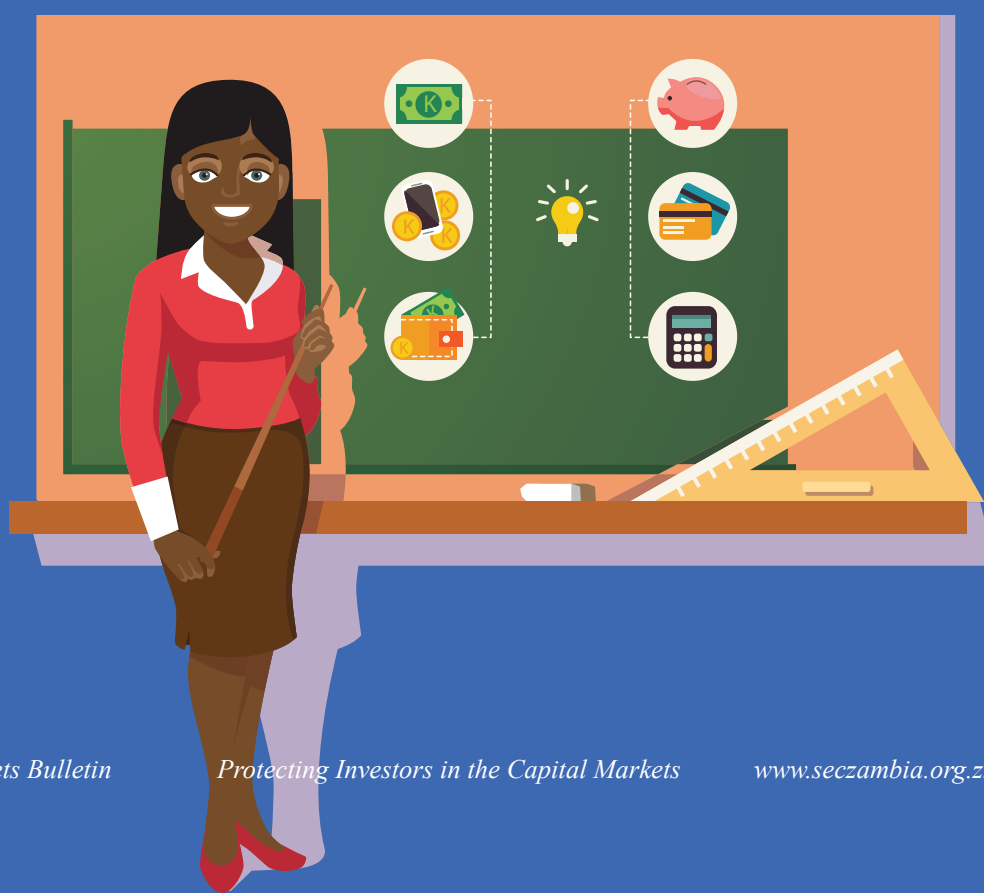
In this regard, SEC licensed Investment Advisors and Dealers can ably help individuals plan for key life events by ensuring that they are informed of the various capital markets investment options available to them and the pros and cons of these investments as well as the inherent risks associated with them. They can also prescribe which investment options would be best for an individual based on their objectives and circumstances. The SEC being the regulator of the capital markets, ensures that only licensed operators provide authorized products to the investing public. In looking at our newly born baby as a key life event, a suitable product in

the capital markets for the parents would be to buy unit trusts in a Collective Investment Scheme (CIS). CISs are investment products that enable the pooling of resources from different investors (individuals or corporates) which are invested in various assets and that subsequently earn a return for the shared benefit of investors. In order to reduce investment costs and benefit from financial skills of experienced people, CISs use experienced fund managers licensed by the SEC to run these pools of funds. The fund manager is responsible for making investments on behalf of the CIS investors. The fund is ultimately monitored and supervised by the SEC to ensure that investors and their funds are protected at all times. When an investor requires his/her funds, at the time of a key life event such as going to university, they can redeem or withdraw their holdings by informing the fund manager.

Capital markets provide various Collective Investment Schemes to suit various risk profiles. These include pooled funds that invest in shares, bonds, real estate and other products. Currently SEC has authorised the following Collective Investment Schemes/ Unit Trusts:

1. ABC Unit Trusts
2. Altus Unit Trusts
3. Equity Capital Resources Unit Trusts
4. Intermarket Unit Trusts
5. Kukula Fund 1
6. Laurence Paul Unit Trusts
7. Madison Unit Trusts
8. Mpile Unit Trusts
9. Mukuyu Growth Investment Funds

Visit the SEC website on www.seczambia.org.zm for contact details for fund managers managing the above schemes.



FLW commemorative activities spearheaded by SEC

To commemorate the 2017 Financial Literacy Week (FLW), the Commission spearheaded sensitization activities in Southern Province. These were attended by numerous financial sector players, schools and government bodies. The activities included the provincial launch at which the Provincial Permanent Secretary Mr Sibanze Simuchoba addressed the province on the importance of financial education and urged the SEC and other financial sector players to keep up with the good works.

Other activities included a live and interactive radio programme and interactions with farmer groups who bemoaned the lack of reach of such educative messages which leaves them financially illiterate and vulnerable to black market dealers.

The SEC also took time to engage with university students through a workshop at the Livingstone Institute of Business and Engineering Studies (LIBES). The lecturers in Business Studies participated and appreciated the extra-curricular activity.



Southern Province Permanent Secretary Sibanze Simuchoba touring the stands at the exhibition after officially launching the provincial FLW in Choma.



SEC Officials with University Students at LIBES after the FLW awareness workshop.



By Benson Mwileli
Inspector/ Analyst

The 2017 Capital Markets Schools Challenge

The Capital Market Schools Challenge was initially launched as a pilot project on July 16th 2015 in Lusaka district, and 26 (twenty-six) schools signed up to participate. With 49 schools across 9 districts in the entire Lusaka province, this year's Capital Markets Schools Challenge has amply grown with a much bigger reach! The Capital Markets Schools Challenge is one of the Securities and Exchange Commission's educational initiatives which is anchored on the National Strategy for Financial Education whose 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. The Schools Challenge is an innovation that has been established in an attempt to supplement the theory taught to educate pupils with practical knowledge on how Capital Markets operate.

During the Schools Challenge, each participating school is required to set up an Investment Club whose members, under the mentorship of a SEC licensed Fund Manager or Stockbroker, are required to make investment decisions to grow their portfolio. Thus investment club members (or

participating pupils) are provided with a real life experience of what trading in equities on the Lusaka Securities Exchange (LuSE) entails.

The primary rule of the Schools Challenge is for pupils to grow an initial virtual amount which this year was increased from K10,000 (in 2015) to K20,000.00. The pupils are required to virtually invest the amount in various stocks on the LuSE using real life prices and information to make their investment decisions. The students' portfolio investments track real life share price movements. For example, if a school has invested in 100 shares in Airtel Zambia Limited and its trading at K33 then the value of the students' portfolio will be $K33 \times 100$ shares giving K3,300. If Airtel Zambia Limited's shares appreciate to K35 on the exchange for example, then the students' portfolio value will then go up to $K35 \times 100$ shares giving a value of K3,500. The onus is on club members to watch the markets on a daily basis so as to make timely and calculated decisions as to whether to hold a particular share or to dispose and buy other shares.

The school that builds the largest portfolio, through price gains, wins the grand prize. The prizes

for the winner is 100% of their final portfolio size with the second and third place schools being awarded 50% and 25% of their final portfolio size respectively. Thereafter, the awarded funds are to be invested for real on the stock market for a stipulated period of time before they can be redeemed by the schools. The Challenge runs for a period of 12 weeks.

At Week 12, the winning school, Likasa Day Secondary School, based in Kafue district, had built its portfolio to an impressive K21,721.73 showing a growth rate of 8.6% while Mukamambo Secondary School were runners up with a portfolio size of K21,074.88 at a growth rate of 5.4% and third in place Chongwe Secondary School of Chongwe district with a portfolio size amounting to K20,882.62 which translated to a growth of 4.4%.

The School Challenge provides an excellent platform to inculcate a vital appreciation of the mechanisms around the operations of stock markets and how they can efficiently be used as an investment platform to advantageously benefit individuals in the long run and particularly for the young pupils as they grow into their adult lives and plan for future key life events.

Are you an Investor in shares or unit trusts?



Remember to do your part by asking for your account statement from your stock broker or fund manager.

✉ info@seczambia.org.zm

📍 Plot 3827, Parliament Road, Olympia | P.O.Box 35165, Lusaka - Zambia

☎ +260 211 227 012 | Fax: +260 211 225 443



www.seczambia.org.zm

SECURITIES AND EXCHANGE COMMISSION

Protecting investors in the capital markets.



Participation in the Agricultural and Commercial Show

By Sitali Mwala Mugala
Market Research and Development Officer

Once again, the Securities and Exchange Commission participated at the Agricultural and Commercial Show. The capital markets pavilion which included SEC and other exhibitors from the capital markets enjoyed good patronage. It received a significant number of show-goers eager to learn about investing in the capital markets and the benefits thereof.

Today's global village is characterised by various activities some of which can degrade the environment. Businesses are now encouraged to embark on green investment projects or expand the businesses that are innovative and preserve our environment. Capital markets provide a platform to raise affordable long term funding.

The theme for the 91st Agricultural and Commercial Show "promoting a green economy," resounded the role of the capital markets mandate which offers a platform for raising long term funding.

Investors are also given a chance to be responsible citizens by investing their money into businesses that promote a Green Economy.

"Using Capital Markets to promote a Green Economy"

Capital Markets – Create an opportunity to raise long-term capital to foster innovations.



Picture Focus



SEC Staff working at the Show Stand



Show goers visit the SEC Stand





Chairman hosts Lord Mayor of London

The Commission on Friday, 15th September, 2017 was privileged to host the Lord Mayor of London Dr. Andrew Parmley and his delegation. The meeting discussions were around policies to promote good legal frameworks; professionalism and strong corporate governance; robust and stable business environment.

At the meeting, a befitting ceremony was held to award the Zambia College of Pensions and Insurance Trust (ZCPIT) a certificate of accreditation as a local CISI training provider. Also alongside the SEC Board Chairperson Mr Amos Siwila, the Mayor of London presented a certificate of partnership between CISI and the Capital Markets Association of Zambia (CMAZ). The Executive Director of ZCPIT Mr Juulu Simuule was on hand to receive ZCPIT's certificate of accreditation whilst the certificate of partnership between CMAZ and CISI was handed to the CMAZ president, Mr Muchindu Kasongola.



The Lord Mayor of London and his delegation hosted by the SEC Board Chairman Mr Amos Siwila



Mr Juulu Simuule receives certificate of accreditation from the Lord Mayor Right Honorable Dr Andrew Parmley in the presence of SEC Board Chairman Mr Amos Siwila.



Signing as witness was the Lord Mayor Right Honorable Dr Andrew Parmley and on behalf of CMAZ, president of CMAZ, Mr Muchindu Kasongola.

Capital Markets Workshops

By Glendajoelinda Ng'andwe



Security Wings Sensitisation Workshop – Their role in the licensing process for capital market players

The Securities and Exchange Commission (“SEC”) holds an annual sensitization workshop for security wings to highlight their role in the SEC licensing process. This interaction helps officials from the security wings understand the role of SEC and in particular its licensing processes. At the same time SEC takes the opportunity to better understand what is involved in the screening of applicants seeking SEC licences.

The 2017 Security Wings workshop was attended by members from Drug Enforcement Commission, Anti-Corruption Commission, the Zambia Police Service and the Zambia Security Intelligence Services who are all involved in this process. Bank of Zambia and Pensions and Insurance Authority were also invited to the forum as they too have a role in providing background checks for applicants who may be players in that sector.



Delegates following proceedings of the workshop



SEC Secretary and Director of Enforcement and Legal Services, Mrs. Diana Sichone making a presentation

Annual Capital Markets Operators Workshop

The Securities and Exchange Commission (SEC) held an annual capital market operators workshop. The workshop aimed to provide a platform for capital market operators to engage with the Commission and deliberate important matters for the development of the local market. At that workshop, the SEC highlighted continuing obligations under the Act for the different categories of licensed and authorized market operators and shared the general findings from the previous inspections undertaken by the SEC and market development initiatives for the year. The

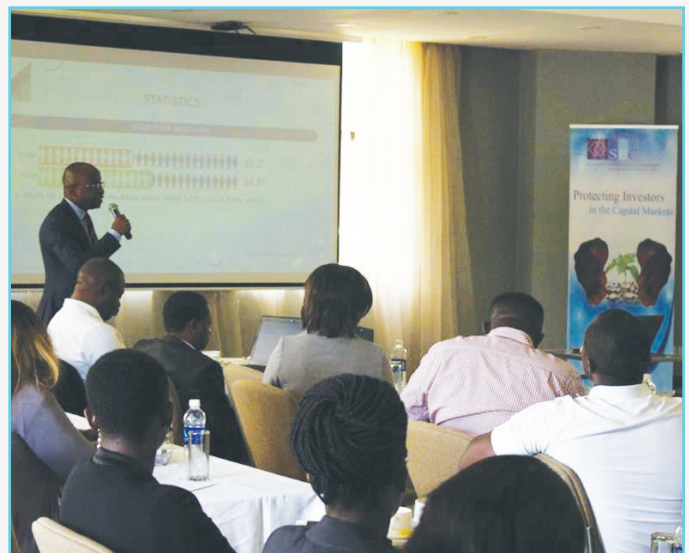
Capital Market Association of Zambia represented by the Vice President Mr. Aaron Zulu was also in attendance and made a presentation on the National Financial Inclusion Strategy- Role of Capital Markets at the same event. The Securities and Exchange Commission (SEC) invited institutions, key stakeholder in the capital markets who included executives and key staff such as representatives and compliance officers working for dealers, investment advisers, exchanges, issuers, transfer secretaries, trustees, custodians as well as external auditors and

lawyers. The 2017 workshop sought to specifically highlight the following:

1. The salient features of the Securities Act No.41 of 2016 – what is new?
2. Continuing obligations under the Act for the different categories of licensed and authorized market operators.
3. General findings from the 2017 inspections undertaken by the SEC.
4. Market development initiatives for the year.



SEC CEO Mr Phillip Chitalu addressing the workshop participants.



Vice President of CMAZ making a presentation during the workshop



4th Quarter Market Performance Compiled by Lusaka Securities Exchange



Table 1 *Equity Market Summary*

	2016	2017	Percentage Change
Market Capitalization	57,668,000,000	62,350,000,000	8.12%
LASI	4,195.95	5,327.58	26.97%
Trades	642	1,045	62.77%
Volume	25,884,059	102,292,388	295.19%
Turnover	35,717,522	283,710,561	694.32%
Turnover/Market Cap	0.06%	0.46%	658.38%

- The market capitalization was up by 8.12% from the close of the 4th quarter, signaling an increase in the value of the market.
- The LuSE All Share Index (LASI) closed the period under review at 5327.58 points, a gain of 26.97% as share prices generally gained.
- The number of trades increased by 62.77% in 2017 signaling an increase in market participation.
- The volume and turnover of shares traded were up by 295% and 694% respectively as overall market activity improved.
- The Turnover/Market Cap ratio was up by 658.38% with market activity improving from the similar period last year.

4th Quarter Market Performance

Table 2 Closing Prices

Issuer	2016	2017	Net Change	Percentage Change	Direction
AELZ	6.85	18.49	11.64	169.93%	
ATEL	32.50	35.00	2.50	7.69%	▲
BATA	2.44	2.49	0.05	2.05%	
BATZ	2.45	2.00	-0.45	-18.37%	▼
CCHZ	1.50	2.00	0.50	33.33%	
CEC	0.87	1.44	0.57	65.52%	▲
FQMZ	3.64	3.70	0.06	1.65%	▲
INVESTRUST	13.50	13.50	0.00	0.00%	
LAFARGE	5.18	6.25	1.07	20.66%	
MAFS	3.24	3.08	-0.16	-4.94%	
NATBREW	13.00	12.50	-0.50	-3.85%	
PAMODZI	0.62	0.62	0.00	0.00%	
PRIMA RE	2.90	2.50	-0.40	-13.79%	
PUMA	0.85	1.00	0.15	17.65%	▲
REIZ	5.50	5.50	0.00	0.00%	
SHOPRITE	63.00	63.00	0.00	0.00%	
SCZ	1.74	2.77	1.03	59.20%	
ZAMEFA	5.00	4.82	-0.18	-3.60%	▼
ZAMBEEF	2.50	3.00	0.50	20.00%	
ZSUG	3.00	2.70	-0.30	-10.00%	▼
ZAMBREW	6.20	6.84	0.64	10.32%	
ZANACO	0.29	0.97	0.68	234.48%	▲
ZCCM-IH	38.00	38.00	0.00	0.00%	-

The table above shows how share prices changed from the close of 2016. The best performing stock was ZANACO which gained by 234%, closing at K0.97 in 2017 from K0.29 in 2016. Other top gainers

included AELZ (170%), CEC (66%), SCZ (59%) and CCHZ (33%). Stocks whose valued declined in the period under review included BATZ (18%), PRIMA RE (14%), ZSUG (10%) and MAFS (5%).

The LASI

The LuSE All Share Index (LASI) was up by 29% from its close in December 2016, a percent higher than the S & P All Africa signaling a 'at par' performance with the stock markets in Africa. The S&P All Africa index is an index designed to serve as a comprehensive benchmark for the African market,

covering companies listed in 13 countries: Botswana, Côte d'Ivoire, Egypt, Ghana, Kenya, Mauritius, Morocco, Namibia, Nigeria, South Africa, Tunisia, Zambia and Zimbabwe plus companies listed in developed markets that derive the majority of their revenue from the African continent.

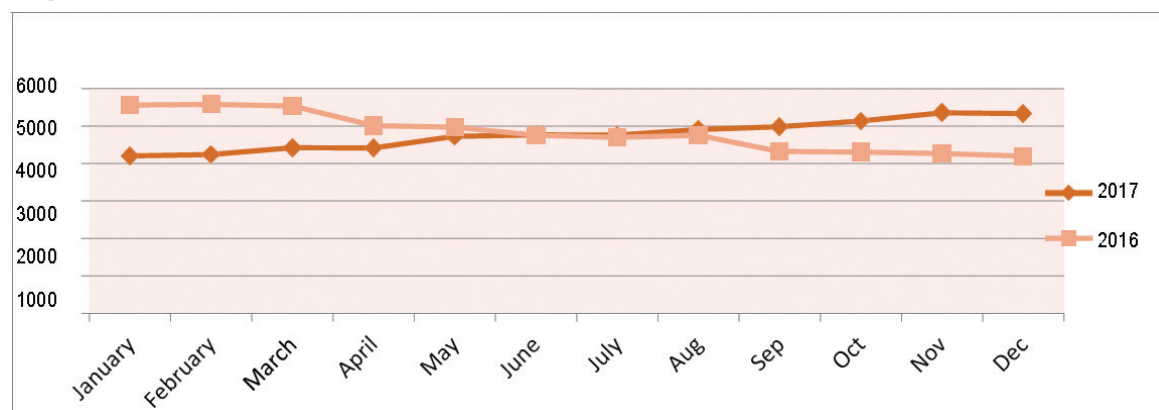
Table 3 The LASI

INDEX	31st December 2016	29th December 2017	YTY Change
LASI	4,133.46	5327.58	29%
LASI (Dollar terms)	412.52	526.77	28%
S & P Pan Africa BMI	148.57	192.6	30%
S & P All Africa	978.21	1248.4	28%

The LuSE All share index was up by 28% in dollar terms, 2% lower than the S and P Pan Africa BMI which was up by 30%. The Zambian Kwacha performed fairly in comparison with other African Currencies. The S&P Pan Africa is a comprehensive

benchmark including stocks from 12 African emerging and frontier markets: Botswana, Cote d'Ivoire, Egypt, Ghana, Kenya, Mauritius, Morocco, Namibia, Nigeria, South Africa, Tunisia and Zambia.

Figure 1 LASI movement



The LuSE All Share Index (LASI) was an upward trend compared to 2016 in which it fell consistently. This shows a better performance from the domestic index as most securities posted share price gains. The

Index was on an upward trend through the 4th Quarter, closing at 5,127.27, 5,347.15 and 5,3217.58 points in October, November and December respectively.

The Bond Market

Table 4: Market Summary

	2016	2017	% Change
Trades	138	302	119%
Face value	4,535,431,970	4,747,677,192	5%
Turnover	2,708,812,032	3,677,991,778	36%
Corporate bonds	23	17	-26%

- The number of bond trades in the 4th quarter of 2017 increased by 119% compared to the similar period in 2016.
- The Face value of bond traded was up by 5%.
- The turnover of bonds transacted was up by 36%

- compared to the same period last year.
- The number of corporate bonds declined as some issues matured between the 4th quarter of 2016 and that of 2017.

List of Capital Markets Licensees for 2017

The Securities and Exchange Commission (SEC), a regulatory body which is established under the Securities Act No. 41 of 2016 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 license 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 licenses prominently at all their business premises. Members of the public are

warned that they should only give instructions to duly licensed persons, as placing their financial assets and other interests with unlicensed persons places their investments at great risk. When in doubt regarding the licensing status of any person offering members of the public 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 license categories in which they appear for 2017.

Dealer's Licence

1. Aflife Capital Zambia Limited
2. Aflife Holdings Zambia Limited
3. African Life Financial Services Zambia Limited
4. Aflife Private Wealth Limited
5. African Banking Corporation Zambia Limited
6. African Banking Corporation Investment Services Zambia Limited
7. AON Zambia Pension Fund Administrators Limited
8. Altus Capital Limited
9. Autus Securities Limited
10. Barclays Bank Zambia Plc
11. Citibank Zambia Limited
12. Commodity Hub Limited*
13. Equity Capital Resources Limited
14. Finance Securities Limited
15. First National Bank Zambia Limited
16. Focus Capital Limited
17. Hobbiton Investment Management Services

18.	Investrust Bank Plc
19.	Kami Solutions Limited*
20.	Knutberry Trees Consultancy Limited*
21.	Kukula Capital
22.	Laurence Paul Investment Services Limited
23.	Madison Asset Management Company Limited*
24.	Pangaea Securities Limited
25.	Prudential Life Assurance (Z) Limited
26.	Sekela Finance Advisory Limited*
27.	Stanbic Bank Zambia Limited
28.	Standard Chartered Bank Zambia Plc
29.	Stine Commodities Limited*
30.	Stockbrokers Zambia Limited
31.	Vennes Financial Services Limited*
32.	Zambia National Commercial Bank Plc

*Being licenses issued with conditions.

Dealer's Representative Licence

1.	Anura Jayanath Karunaratne	Aflife Capital Zambia Limited
2.	Mukudzei-Ishe W.N. Zhou	Aflife Capital Zambia Limited
3.	Jones Phiri	African Life Financial Services Zambia Limited
4.	Fortunate Ngatsha	Aflife Holdings Zambia Limited
5.	Munankumpya Hantuba	Aflife Private Wealth Limited
6.	Christopher K. Mwelo	African Banking Corporation Zambia Limited
7.	Miyanda H Hamunsankwaa	African Banking Corporation Zambia Limited
8.	Mubanga Bwalya	African Banking Corporation Zambia Limited
9.	Theresa Chiluba	African Banking Corporation Zambia Limited
10.	Danny Mulenga	African Banking Corporation Investment Services Zambia Limited
11.	Zangose Mwanza	African Banking Corporation Investment Services Zambia Limited
12.	Kenny Simwaba	Altus Capital Limited
13.	Fumanikile Bbuku	Autus Securities Limited
14.	Joseph Simate	Autus Securities Limited
15.	Mataka Jumali Nkhoma	Autus Securities Limited
16.	Maron Mwangala	AON Zambia Pension Fund Administrators Limited
17.	Boston Nkuname	Barclays Bank Zambia Plc
18.	Lesla Mulenga	Barclays Bank Zambia Plc
19.	Hamubbwatu Hanakooma	Barclays Bank Zambia Plc
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22.	Ngosa Mary Kafwembe	Citibank Zambia Limited

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23.	Steven Chitete	Citibank Zambia Limited
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28.	Gerald Chombo	Commodity Hub Limited
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43.	Richard Mutukwa	Investrust Bank Plc
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45.	Chiyaba Chiwala	Kami Solutions Limited
46.	Dominic Balengu	Kami Solutions Limited
47.	Emmanuel Mwape	Kami Solutions Limited
48.	Feke Daka	Kami Solutions Limited
49.	Fumbe Kabanga	Kami Solutions Limited
50.	Mildred Nkandu	Kami Solutions Limited
51.	Miriam Maulu	Kami Solutions Limited
52.	Modester Tembo	Kami Solutions Limited
53.	Mulotwa Munkonya	Kami Solutions Limited
54.	Mukuka Kowa	Kami Solutions Limited
55.	Mwansa Chibwe	Kami Solutions Limited
56.	Namasiku Mulozi	Kami Solutions Limited
57.	Philip Ngongo	Kami Solutions Limited
58.	Privoster Muyooma	Kami Solutions Limited
59.	Amos Nyirenda	Knutberry Trees Consultancy Limited
60.	Dennis Sibanza	Knutberry Trees Consultancy Limited
61.	Jessie Nyirenda Seketa	Knutberry Trees Consultancy Limited
62.	Mathew Bwalya Pule	Knutberry Trees Consultancy Limited
63.	Sanan Theu Munyinda	Knutberry Trees Consultancy Limited

64.	Jito Kayumba	Kukula Capital
65.	Tue Nyoboe Anderson	Kukula Capital
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67.	Blessing Chilombe	Madison Asset Management Company Limited*
68.	Brian Chintu	Madison Asset Management Company Limited*
69.	Cecilia Kamba Siabusu	Madison Asset Management Company Limited*
70.	Claire Machila Lungwe	Madison Asset Management Company Limited*
71.	Likonge Banda	Madison Asset Management Company Limited*
72.	Muchindu Kasongola	Madison Asset Management Company Limited*
73.	Mupange Chilungu	Madison Asset Management Company Limited*
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88.	Mwiza M Namwila	Sekela Finance Advisory Limited
89.	Natasha Chansa	Sekela Finance Advisory Limited
90.	Ndembela Ndhlovu	Sekela Finance Advisory Limited
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93.	Dean Nathaniel Onyambu	Stanbic Bank Zambia Limited
94.	Fred Siwila	Stanbic Bank Zambia Limited
95.	Mwila Pascal Mwenya	Stanbic Bank Zambia Limited
96.	Musenge Komeki	Stanbic Bank Zambia Limited
97.	Prudence Khumbo Mhango	Stanbic Bank Zambia Limited
98.	Veronica Sinkala	Stanbic Bank Zambia Limited
99.	Victor Chileshe	Stanbic Bank Zambia Limited
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103.	Derek Bobo	Standard Chartered Bank Zambia Plc
104.	Donna Forte-Regis Muleba	Standard Chartered Bank Zambia Plc

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106.	John Keyala	Standard Chartered Bank Zambia Plc
107.	Joseph Chibwe Ngesa	Standard Chartered Bank Zambia Plc
108.	Kabwe Mwaba	Standard Chartered Bank Zambia Plc
109.	Kayeba Mwenechanya	Standard Chartered Bank Zambia Plc
110.	Mark Penyani Katemangwe	Standard Chartered Bank Zambia Plc
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127.	Maria Shawa	Stine Commodities Limited
128.	Warren Kaunda	Stine Commodities Limited
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138.	Mailes Tembo	Vennex Financial Services Limited
139.	Mark Mondoka	Vennex Financial Services Limited
140.	Megan Bloemker	Vennex Financial Services Limited
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146.	Cliff George Sakala	Zambia National Commercial Bank Plc

147.	Fredrick Mulenga Kaputo	Zambia National Commercial Bank Plc
148.	Kaluba Gloria Kaulungombe	Zambia National Commercial Bank Plc
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150.	Kunda Catherine Chikumbi	Zambia National Commercial Bank Plc
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152.	Virginia Mwalilino	Zambia National Commercial Bank Plc

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4.	deVere and Partners Investment Services Zambia Limited
5.	Charles Sichangwa
6.	Enock Bwalya
7.	Entrust Financial Services Limited
8.	Riscura Limited
9.	Selekane Asset Consultants Limited

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3.	Kennedy Kamfwa	Asset Protection International Limited
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Issued as at 3rd November, 2017.

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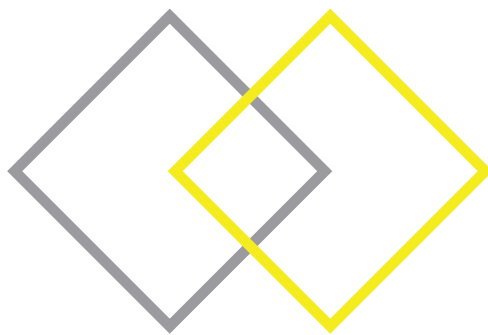
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