



SECURITIES AND EXCHANGE COMMISSION

Capital Markets

A Quarterly Publication of the Securities and Exchange Commission **Bulletin**

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INVESTING FOR A BETTER FUTURE

How safe is my investment?



The Registration
of Securities page **9**

Profile: Chief Executive
and Secretary for SEC,
Mr Phillip K. Chitalu page **10**

Why Compliance
is important page **12**

Events
Corner page **14**



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



SECURITIES AND EXCHANGE COMMISSION
Protecting Investors in the Capital Markets



By Dingase Nunkwe Makumba
Manager – Market Development

The Editorial team is happy to bring to you another edition of the Securities and Exchange Commission Capital Markets Bulletin. The first edition received overwhelming support and feedback from the industry. Indeed we continue with efforts to communicate our mandate and the relevance of the Capital Markets over which the SEC presides.

This issue makes a part of the many interventions that we have come up with to create awareness and sensitize the public about the value proposition embedded in the Capital Markets.

We have not conceded to the fact that there is a high incidence of financial illiteracy in our economy but have instead hyped our approach to educate our stakeholders. It is therefore with pleasure that we are embarking on an awareness campaign under the theme 'Let's Talk capital Markets'. We have segmented the market and believe that the following audiences are targets for this campaign: school going children and young adults in colleges and universities who need to be nurtured into appreciating Capital Markets; the working class who need to manage their finances and plan for their retirement in order to have a better future; the potential issuers including state owned entities who must see the Capital Markets as an alternative source for raising capital and thereby deepening the capital markets; and last but not at all the least government and law makers who we want to lobby for purposes of investing resources into the growth of the Capital Markets.

We will reach out through the multi-media and we hope that at the end of the day, we will have a more enlightened public. In this edition, we continue to give insight into the SEC mandate. We are excited to introduce a new segment; the Education Corner which we hope will appeal to the younger publics as we carry them along.

Lastly but not the least, the Editorial Team joins the Board and Management in congratulating Mr Phillip K. Chitalu who was recently appointed as Secretary and Chief Executive of the Commission.

Until the next edition, from me and the entire editorial team, we hope that by reading this Bulletin, you will be a step up in understanding Capital Markets and how they can work for you.

Contents

Message from the Secretary & CE 3

How safe is my investment? 4

Investing for a better future 6

The Registration of Securities 9

Profile: Chief Executive and Secretary for SEC, Mr. Phillip K. Chitalu 10

Why Compliance is important 12

EVENTS CORNER

• Quarterly Media Brief 14

• Chairman's Breakfast Theme: "Zambian Capital Markets. What are the prospects?" 15

• SEC & NOWSPAR Woman's Day 16

• The 2015 Financial Literacy Week 18

Up close with Unit Trust 21

EDUCATION CORNER

• Mr. Chipowe Salapuka learns about the Stock Market 24

List of Licensed players 23

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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

MESSAGE FROM THE SECRETARY AND CHIEF EXECUTIVE



Phillip K. Chitalu
SECRETARY AND CHIEF EXECUTIVE

I warmly welcome you to the second edition of the SEC Capital Markets Bulletin. This makes our efforts of providing a platform for communicating with you our valued stakeholders much easier. Part of our mandate is to support the operation of a free, orderly, fair, secure and properly informed securities market and our hope is that this newsletter will facilitate this cause.

For close to a decade now, Zambia's economic fundamentals have largely remained very positive, which is a strong show of investor confidence in the economy. A combination of prudent macroeconomic management, and market liberalization policies helped the nation achieve an average annual growth of about 6.4% during the last decade.

The rebasing of the national accounts has also given a new perspective to the structure of the economy. The Central Statistical Office of Zambia finalized the rebasing of the national accounts to 2010 (from 1994). Preliminary estimates put the economy at 25% larger than in the old accounts. For the SEC, this is all good news. We are very optimistic that the

country is poised for even more growth on the back of increased local and foreign investments. In this regard, SEC is keen to see growth in local Capital Markets. However, this can only be achieved if more companies see the need to list their shares on the stock exchange or come to the realization that Capital Markets can be used as an alternative source of long term funding for the growth of their businesses.

As the SEC, we are relentless in our efforts to sensitise as many businesses as possible to list on Lusaka Stock Exchange. Our desire is to ensure that the Capital Markets continue to grow to levels where they play their role in ensuring efficient allocation of resources.

This is why we are excited about the Capital Markets Awareness campaign which will serve as part of our efforts to sensitise our public. We are hopeful that you will find our campaign awareness period informative and useful. We need your feedback in order for us to help protect your investments.

Enjoy your reading and God bless you!

How safe is my investment

SEC the investors Advocate



By Sitali Mugala
Surveillance Officer

Introduction

The mission of the Securities and Exchange Commission (Zambia) is to have **Zambian Capital Markets** that provide a safe and secure environment for issuers to raise Capital while protecting investors and providing for transparent and secure trading, clearing and settlement. The SEC derives its mandate from the Securities Act Cap 354 of the Laws of Zambia.

The SEC oversees the key participants in the capital markets, 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.

The SEC ensures that all people dealing in Securities and advising in the same are licensed and meet fit and proper checks.



Measures to secure investors interests

The SEC has put measures in the market that ensure that processes and procedures are followed and rules adhered to, in order to safeguard the players in the market. Some of which are as follows:

Licensing

The SEC has put in place a licensing procedure that enables people dealing in Securities to be scrutinised and only those deemed fit and proper are granted licenses. This process requires that the applicant meet certain fundamental requirements like financial stability, good character standing and proof of residency in order to be granted a license. The SEC through this process, conducts due diligence on the market players.

The applicants request for a license goes through internal screening, security wings checks to ensure investors funds are not in criminal hands and board level review. This way you as an investor can be rest assured of your interests being protected as players in the capital market, who are licensed, are qualified professionals and fit to give financial advice.

The licensed players are published in the press as well as in each issue of our quarterly newsletter and are required by law to display their licenses at all times in their place of business.

Inspections

Through our Directorate of Market Supervision and Development, the SEC carries out inspections of market players by ensuring they comply to the different requirements that emphasize best practices and continued adherence to corporate governance in the market.

The inspections check whether the players are compliant with issues such as KYC (Know Your Customer) (that is complied with the SEC Anti Money laundering directive), Capital adequacy, presence of a compliance officer and maintained a complaints data base just to mention a few. All this is in efforts to protect the investor's interests.

Enforcement

Through Legal and Enforcement, the SEC ensures that market players comply with the Securities Act and all regulation made pursuant to the Act. Regulations include inter alia the Securities (Registration of securities) Rules, the Securities (licensing, fees and levies) Rules, the Securities (Collective Investment Schemes) rules the Securities (Conduct of Business) Rules.

Guidelines

In line with the law (Securities Act) from which the SEC derives its mandate, it also comes up with guidelines which emphasizes its role as the investors guardian. This is in exercise of the powers contained in section seventy-nine of the Securities Act. Some of the Guidelines for market players, such as Collective Investment Schemes' (CIS) have been drafted to help clarify the functions of the trustee and custodian for CIs established under trust. The SEC also has the Representatives' Fit and Proper Guidelines and sets out the minimum requirement on the obligations of licensee institutions. The guideline helps set out criteria for fitness and propriety of persons being appointed as representatives of their institutions.

Registration

Registration of Securities is a legal requirement. Section 32 of the Securities Act requires that a potential issuer (or company intending to raise capital through issuance of the bonds or shares) registers securities with the Commission before they are offered to the public and any company deemed to be a Plc with more than 50 shareholders needs to register its shares. How does the registration of securities protect investors and protection from what? SEC protects the investor by registering all securities that come to the Market. The registration of securities is essentially a disclosure process which is aimed at protecting investors from misleading, manipulative or fraudulent practices. There is certain information which is demanded by the law when securities are being registered, information such as Certified Copy of Certificate of Incorporation to, prove the company registering its securities is a bonafide company registered with PACRA. Requirements include:

- Certified copy of Share Certificate to prove the number of authorized shares in the the case of the registration of shares. A company can not register more than the authorized number of shares.
- Certified copy of the articles of Association, the constitution of the company which discloses a number of important information of how the company is governed etc.
- Certified shareholder resolution to issue shares, giving the company authority to issue shares
- Certified resolution of the board authorizing the registration of securities
- Annual report and audited financial statements for the last three years, preceding the application for registration.

The above are some of the requirements requested when registering securities to ensure that only bonafide entities come to the market and to ensure that all securities being offered to the public are genuine and have been authorized to be issued. Through registration, the SEC ensures that only bonafide Companies come to the market. This is done by ensuring a company has a Board of Directors. The Registration process also ensures that only authorised shares come to the market. This means that a resolution must have been passed through a meeting authorizing the issue of the shares to the public and provides full disclosure of information such as financial statements.

(Please read the article on page 9 for more on registration.)

We trust you have a better understanding of the regulatory framework that SEC has implemented to secure your investments.



By Dingase Nunkwe Makumba
Manager – Market Development

This year, the Financial Literacy Week has been commemorated under the unifying theme 'A better life through Savings: Every Ngwee Counts'. Most people are familiar with savings that are related to banking by terminology or by being a holder of a savings account. In the Capital Markets, the most associated term is investment as opposed to savings.

By definition, investing is said to be a long-term activity accomplished by having your money make money for you.

Most people look at investment as if it is a business only preserved for the wealthy; the truth is everyone can invest. If for example you are contributing to a retirement plan or have bought a home, a car, a farm then you are already investing to build wealth. This is a part of making more money using the money that you have saved.

The Capital Markets is usually associated with financial instruments that facilitate wealth building over the long term, such as investments in shares, bonds and Collective Investment Schemes. I know for sure that I am not the

only one worried about my future... the good news is that part of the solution to my worries is to invest. The question to you is are you aware that investing will help you secure a better future? Let us look at it this way:

✓ Investing helps you stay ahead of inflation and meet long term goals like buying a house or paying for college albeit for yourself or your children.

✓ Investing also helps you to maintain a lifestyle you will enjoy in retirement.

Alright, so far so good. We are in agreement, but where does one start from? This is how you start. Firstly, approach your SEC licensed Investment Advisor or Dealer/ Broker.



INVESTING FOR A BETTER FUTURE

Once you are ready to invest, you may decide to invest in say corporate bonds and shares of companies that are listed on the Lusaka Stock Exchange(LuSE). You can do this by opening an account with a brokerage firm to buy shares in a company or companies of your choice. There are seven brokerage firms in our market and these are:- African Alliance Zambia, Stockbrokers Zambia, Pangea Securities, Intermarket Securities, Equities Capital Resources, Finance Securities and Madison Asset Management.

Ask them how much is required to open an account, and what documentation is necessary. Please note that the brokering firm is required by law to ensure they adhere to Know Your Customer (KYC) requirements - hence they will ask for your identification card, proof

of residence and other pertinent information.

You may also invest in a Collective Investment Scheme (CIS) such as Unit Trusts. CIS allows the investment firm to pull huge sums of money together and invest in financial instruments such as treasury bills and government bonds on behalf of the investing clients. Such investments normally yield interest rates higher than ordinary savings accounts.(For more on CIS, read the article on page 21).

All investments carry an amount of risk and it is important for investors to be cautious. It is important to obtain as much information as possible before you invest in a product. Here are some tips:

- Check with us the Securities and Exchange Commission if the firm

and the product are registered.

- Never invest in a product that you do not understand.
- Know who is investing your money. Is this person working for a SEC licensed firm or is he/she a third party?
- Ensure that the sales representative you are dealing with holds a valid SEC license and that they understand your financial goals. Interview more than one such persons and compare their experience, education and professional background.

It does sound a little tedious doesn't it? However, it is worth the time taken because any serious investor understands that mitigating risks is as good as saving a ngwee.





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

THE REGISTRATION OF SECURITIES

Before a company can issue any securities (i.e shares, bonds etc) on the capital market, the securities must be registered by the SEC.



By Diana Sichone
Director - Enforcement & Legal Services

The registration process starts with the potential issuer making an application to the SEC for the registration of securities through the filing of a registration statement. This is a disclosure document which provides pertinent information about the company's nature of business, capital structure, financial performance, management and any other material information useful for investor's decision making. If the company is a private limited liability, it must first convert to a Public Limited Company(PLC) before applying for registration of its shares. As regards the registration of Debt Securities such as Bonds and Medium Term Note Programmes etc conversion to a PLC is not necessary and any entity can register their debt instruments with SEC.

APPLICATION FOR REGISTRATION

The application for registration of securities has to comply with the requirements of the Securities Act as well as the Securities (Registration of Securities) Rules. Where the securities are meant to be publicly offered, a prospectus also has to be prepared and submitted to the SEC. The prospectus shall contain all information as investors and their professional advisors would reasonably require and reasonably expect to find there for the purpose of making an informed assessment of the nature and quality of the securities being offered.

The registration statement is accompanied by the following supporting documents:

- *Certified copies of certificate of incorporation.*
- *Annual report for 3 years.*
- *Resolution of issuer in general meeting authorising issue.*
- *Resolution of the board of directors authorising issue, allotment and registration of securities.*
- *Resolution of issuer[General meeting or Board of Directors] authorising alteration of capital, merger amalgamation within last 5 years*
- *(For debt securities) the trust deed constituting or securing the instruments.*
- *Certified copy of articles of Association*

IMPORTANCE OF FULL DISCLOSURE

SEC may require further information to be disclosed to ensure that investors are fully informed – full disclosure. The disclosure requirements in the prospectus are designed to ensure public companies provide investors with sufficient and accurate information that is material to the proposed investment. SEC is not authorised to make value judgments on quality of the securities.

APPROVAL AND NOTICE OF DECISION

Once the SEC is satisfied with the application and the board has approved the registration of the securities, the issuer is then written to advising it of the status of its application. When the registration of shares is approved the company automatically becomes a quoted company. The company is also notified that it can proceed to apply to a securities exchange such as the Lusaka Stock Exchange (LuSE) or the Bonds and Derivatives Exchange (BaDEx) to have its securities listed on the Exchange. (Securities registered with SEC maybe issued through a private placement or public issue.)

CONTINUING OBLIGATIONS OF ISSUER

Once securities are registered, the company has continuing obligations to keep the public, shareholders and SEC informed of all material matters relating to the company. Information is material if it affects the value of the securities. It is important to provide the following information:-

- Notify shareholders in good time, usually three weeks prior to the actual date of when the Annual General Meeting (AGM) of the company will take place.
- Keep shareholders informed of any developments in the company that may affect the value of the company's share price.
- Publish in at least two national newspapers both the six month interim and full year salient operating result of the company.
- Make sure the company's Annual report and accounts are sent to every shareholder prior to the AGM.

It should be noted that registration is a legal requirement while listing is a matter of contract between the exchange and issuer.

PROFILE: CHIEF EXECUTIVE AND SECRETARY FOR SEC, MR PHILLIP K. CHITALU

Mr. Phillip Chitalu joined the Securities and Exchange Commission in 2011 and served as Director Finance and later Director Market Transactions and Investments, a position he held until his recent appointment as Secretary and Chief Executive. We get to know more about him and his vision for the SEC.

On 19th February, 2015, Mr. Phillip .K. Chitalu became the fourth Secretary and Chief Executive, of the Securities and Exchange Commission (SEC) since its establishment in 1994.

Mr. Chitalu had been acting as the Secretary and Chief Executive since November 2014 and was appointed as the substantive Secretary and Chief Executive. Prior to his appointment, Mr Chitalu held the position of Director in the Market Transactions and Investments Directorate and has been with the Commission since August 2011.

Mr. Chitalu holds a Bachelor of Accountancy degree from the

Copperbelt University and a Masters of Philosophy (MPhil) in Development Finance from Stellenbosch University in Cape Town.

He is also a fellow of both the Association of Chartered and Certified Accountants of UK (ACCA) and the Zambia Institute of Chartered Accountants (ZICA).

With over 21 years working experience within the services industry, Mr. Chitalu possesses vast experience and knowledge in regulation, auditing, accounting, finance, and administration. The organizations that he has worked for include PricewaterHouseCoopers, Pensions and Insurance Authority, Cavmont,

CopperNET Solutions and Cfb Medical Centre at various positions including as Chief Executive Officer and Chief Financial Officer.

Mr. Chitalu sees the SEC as a protector of investor interests as well as a Commission that encourages innovation in the way Capital Markets are in accessing long term capital for Issuers. He is a strong believer of these being done speedily within the confines of the Securities Act for the economic development of Zambia.

Away from the office, Mr Chitalu likes to spend time with his children and lovely wife Barbara.

Compiled by Emily M. Mangwela

Interview with Mr. Phillip K. Chitalu, the new Secretary and Chief Executive of the Securities and Exchange Commission



By Lwanga Mwilu (Interviewer)

Q: How are you approaching your new role and how do you want to make your mark?

A: My starting point is that there can be no leader without people, so my fellow employees are an important part of my new role. My title and role may have changed as I have been elevated above others and tasked to head the organization, but there is nothing special about me as an individual as the job could have gone to so many other eligible Zambians. The only time my tenure can be considered special is when and if we manage to meet most of SEC's set objectives.

With respect to my legacy here at SEC, obviously investor protection is at the core of most of our work. Therefore ensuring that the law is followed in a way that does not only ensure investor protection is achieved but one that balances the needs of the wider business and other stakeholders would be ideal to pursue. It is also important to recognize that public offices have a very finite life span. However, despite this recognition, as SEC employees charged with the responsibilities of running SEC business for this season, we hope to make the investors more secure, issuers to find it easier to use the markets, as well as ensure the SEC is financially stable. Of importance also is to see that SEC acquires own permanent offices. That would be a good legacy for us.

Q: Where is the SEC headed? What are the challenges and opportunities?

A: We will have a lot of consultation with the market in our quest to achieve a balance between the needs of investors who risk their funds and ensure capital is available, and issuers who come to the market to raise finance required to produce

goods and services. We also see a SEC where all stakeholder interests are considered in our decision making.

The biggest challenge is awareness of the importance and capabilities of capital markets in economic growth and development. The opportunities include the fact that our markets are still growing and require massive amounts of long term capital, which our markets can provide.

Q: Where do you see Zambian Capital Markets in the next three to five years?

A: With the activities undertaken in the last two to three years, the ongoing investor awareness programmes and the activity in the bond and equity markets, we hope to see increased public interest and participation. We hope to see more people appreciate that it is possible to raise long term finance through the Capital Markets.

Q: What is your management approach?

A: I like people to be responsible for their own duties and stick to agreed targets because if deadlines are not met, it affects the overall organisation's performance. So as much as I do not like micromanaging people, I believe that feedback in form of updates is important. I also believe in an interactive approach where I engage with the team and we exchange views on different issues. Consultation is an important part of my leadership style because I believe that we learn every day and no one person has a monopoly of knowledge.

Q: What were some early leadership lessons you learnt that you think have helped your career?

A: Honesty, openness and treating your workmates as friends help to foster a good work environment and that makes work and life in general a whole lot easier because you spend eight hours at work and that is a lot of time. I learnt early in my career at PricewaterhouseCoopers the importance of sticking to budgets; budgets in terms of time, financial resources and delivery targets. In audit, you cannot afford not to stick

to budgets and that is the discipline I have carried to every job. I also have had an opportunity to work in diverse services industries such as financial services, accounting services, Information technology, health, and now twice in regulatory areas. This has helped me appreciate business operations with a wider view.

Q: What, in your view, are the attributes of a good leader?

A: A good leader is one who is able to take advice and work well as a member of a team. Your ideas as a leader shouldn't always be the best; you should be able to recognise when someone else has a better idea than yours regardless of that person's level in the organization structure. A good leader is one who takes responsibility for both good and bad outcomes. It is wrong to only take credit for good outcomes and blame others for the bad outcomes. Once you approve an employee's work or idea, responsibility shifts to you.

Q: Any role models?

A: On a personal level, my mother; she was able to manage with very little. That is a great achievement. On a professional level, it is anyone who has been able to make money honestly with no under the table dealings. That is what capital markets require – honesty.

Q: What motivates you?

A: I am motivated by challenges. I get bored by doing the same thing over and over and therefore I enjoy taking on new challenges. You will notice that I have been in a new job every four years; I have been in audit, regulation, financial services, ICT, health, and now back into regulation again.

Q: What is your definition of success?

A: You are doing a good job if you are making the board, your fellow employees and the stakeholders happy. That is success.

Q: What do you do away from work?

A: I spend time with my family, jog three times a week and go to church.

Why Compliance is important.



By Michael C. Phiri
(Esq.)(L.L.B)(A.H.C.Z)
Legal Officer

Benefits of Regulatory Compliance

This article is the first in the series of four, covering the subject matter of compliance with legal/regulatory requirements by companies. The subsequent series will zero in on specific regulations and the compliance matters associated with them. For now, we will look at a brief overview of the benefits of compliance from a business perspective.



What is Compliance?

Looking into a dictionary, one can find that the word “compliance” means that an individual or a group conforms with or obeys a set of rules or regulations determined by the law or any governing body.

When it comes to a business and corporate management, compliance refers to the company obeying all of the laws and regulations relating to how the business is managed, its staff, and the treatment of their consumers. The concept of compliance ensures that corporations act responsibly. So why is this important in a business?

THE BENEFITS ARISING FROM COMPLIANCE.

1. Avoidance of Criminal Charges

This is, perhaps, the most beneficial importance of compliance in a business. No business wants to face criminal charges for not adhering to the law. There are so many different regulations and laws with regards to a business. For example: how to manage its staff; how stock is handled; how advertising is handled; the rules of engagement when buying and selling; rules on negotiating with customers; on employee emoluments; safety rules and so many others. With a proper compliance kit and compliance management a company can stay on the right side of the law.

To keep track of all these different compliance requirements, it is important for a business to have two different things. Firstly, it is desirable for a business to have a compliance department which is responsible for monitoring all compliance guidelines, issues, cases, and projects. Secondly, the company must have a compliance kit. This kit should be extensive enough to cover software

and databases that will automatically keep track of all the information and will help audit court cases (if any), compliance risk management factors, and performance management.

2. Building Positive Reputation

The success of any business thrives on its public image. Whenever a company starts facing several court cases, the general public is highly likely to lose trust in the company and sales in products and services may eventually drop. Compliance will ensure that a company can uphold a positive image and build consumer trust. This also helps build consumer loyalty, since customers are more likely going to return to a service or product from a company they identify as trustworthy.

Compliance also helps a business with sponsors, advertisers, and government requirements. A business that fulfills regulatory business compliance through successful corporate compliance management generally gets signed quickly and easily whenever needed.

3. Higher Productivity in the Company

Internal compliance to safety, wages, employee benefits, compensations, and employee protection will create a positive environment in the work area. Employees are more fervent to work when they feel that they are well compensated for their efforts and that they are safe within the business' reach. It is important that internal compliance is adhered to, since it will ensure that employees are satisfied and that all complaints or issues are monitored and addressed properly before they grow and affect the entire corporation.

There will always be set rules to make sure everything is fair and safe for the

company, its staff, its consumers, and even its competitors.

With the right compliance kit and a good compliance auditing department, a company can achieve all of the aforementioned benefits and work towards higher productivity and better market performance.

Conclusion

Compliance can no longer be viewed in isolation of the rest of the organization as some function off to the side to keep an organization out of legal battles. Compliance must become part of the overall business strategy of any operations or organization, no matter how big or small. Compliance and related practices should be a non-negotiable and pervasive practice implemented throughout the entire organization. Ultimately, taking this integrated approach towards compliance will lead to better overall performance and, regulatory compliance will become less of a burden on the business.

Embracing compliance is organizational behavior that speaks to almost all legal requirements upon a business. As such, the stringency with which such a company is audited be it to financial regulations, labour laws, customer or consumer related laws will not be as much as the organization known to break laws.

Indeed coming to the Capital Market has its own requirements that are embedded in the Securities Act, Cap 354 of the Laws of Zambia. Follow this page in the next issue for more insight into the Capital Market regulations. Also refer to the article on 'The Registration of Securities' on page 9 of this edition.

SEC Quarterly Media Brief



Mr Phillip K. Chitalu (Secretary and Chief Executive)



Mrs Diana Sichone (Director - Enforcement and Legal Services) and Ms Mutumboi Mundia (Director - Market Supervision and Development)



The Securities and Exchange Commission hosted its quarterly media brief on 2nd February, 2015. Then acting Secretary and Chief Executive Mr. Phillip Chitalu briefed the media on the 2014 performance of the Zambian Capital Markets and outlook for 2015. The brief closed with a Question and Answer session.

SEC Chairman's Breakfast

The third Securities and Exchange Commission Chairman's Breakfast was held on 17th February, 2015 with the theme "Zambian Capital Markets: What are the prospects?" The guest of honour was Dr. Bwalya Ng'andu, Bank of Zambia Deputy Governor – Operations. The Chairman's Breakfast is a quarterly forum where the SEC Chairman hosts various stakeholders.



Left to right: Mr Phillip K. Chitalu (Secretary and Chief Executive), Mr Chintu Y. Mulendema (Board Chairman of SEC) and Dr. Bwalya Ng'andu (Bank of Zambia Deputy Governor – Operations)



SEC Women's Sports Day.



SEC ladies who attended the National Organisation for Women in Sport Physical Activity and Recreation (NOWSPAR).



Left to right: Mutumboi, Yvonne, Diana, Lwanga, Priscilla, Emily and Glendajoelinda



To commemorate Women’s Day, the SEC partnered with the National Organisation for Women in Sport Physical Activity and Recreation (NOWSPAR) during their annual Women’s Sports Day.

The event was held on March 7, 2015 at the National Sports Development Centre (NASDEC) and had over 300 women and girls participating in various sports and financial literacy sessions. Nine SEC members of staff participated in the physical activities with the girls and imparted information on Capital Markets during financial literacy sessions.



The 2015 Financial



The 2015 Financial Literacy Week was launched on March 13 at the Olympic Youth Development Centre (OYDC). The SEC and fellow financial sector regulators the Bank of Zambia (BOZ) and Pensions and Insurance Authority (PIA) spearheaded the week long commemoration under the theme “A better life through saving: Every ngwee counts”. The week’s activities included countrywide exhibitions.



Literacy Week



Students from various schools attended the Financial Literacy Week.

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

Up close with Unit Trusts

UNDERSTANDING COLLECTIVE INVESTMENT SCHEMES (CIS)



In our last edition, we looked at the comparison between a Collective Investment Scheme (CIS) and an ordinary bank account as a vehicle for savings. CISs are investment vehicles found in Capital Markets through which one can acquire the much needed gains for securing financial security. In this article, we specifically discuss a CIS and how it operates.

By Leah Kusensela - Accounts Assistant

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. 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, pull their monies or resources together for purposes of an investment and based on the performance they share the returns. This can be likened to how we run our commonly called 'Chilimba' In a chilimba arrangement, the women put an agreed amount of money together every month in the group and give the lump sum to one person and continue doing that on a monthly basis. This way, each of them is able to raise capital to start a business and meet other financial needs/demands. However, in a CIS, the funds collected are not distributed in turns but rather invested by the Investment Manager in various interest earning or profit making ventures so that the members benefit by gaining interest as the fund grows. A CIS is thus another form of saving and investment with the advantage of according investors an opportunity to invest in different products. The other advantage of investing in a CIS is that there is higher guarantee of investor

protection as all organizations operating CIS are required to be registered under the Securities Act, CAP 354 of 1993.

How CISs Operate

The total value of the pool of invested money is split into equal portions called participatory interests or units. For one to invest in the scheme, they buy a portion of the participatory interests or units. One can be making regular payments e.g. monthly, quarterly towards the acquisition of these units. Once an investment is made, the investors at the end of the year expects to register growth on their investments through capital appreciation and income in the form of dividends and interest income.

What makes savings through a CIS interesting is the aspect of investment attached to it as it makes it possible to use your money to make more money for you without the hassle of you doing the actual running of the business. Below is a very simply put illustration of how a CIS works excluding transaction costs and other fees.

Assume you have 10 people who all invest an equal amount of K1000 in the fund. The total fund size collected would be K10, 000 and each unit worth K1000. The manager may decide to invest in money and capital markets instruments (e.g government treasury bills and shares respectively). If one year down the line after investing the K 10, 000, the fund for arguments sake grows to K 12, 000 this simply means that each unit would now be worth K1, 200; hence the unit holders have

gained a capital appreciation of K200 before operational fees such as management fees (Please note that the amounts given are purely for illustrative purposes). The cost per unit is low and affordable to the majority of people and will typically defer from one CIS to another. It is extremely important that you ask about the associated costs before deciding to invest in any CIS.

In Zambia we currently have 7 Collective Investments Schemes namely:

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)

The fund managers of the above CISs should be able to explain and guide you before making an investment so that you can make an informed decision. Remember Investing in your future and those around you is a wise choice...!

MR. CHIPOWE SALAPUKA LEARNS ABOUT THE STOCK MARKET

One day during supper with family.

I don't want us to be poor all our lives, I would like us to take control of our financial wellbeing one day. I work hard and save all my overtime pay. But that will never make us well off.



Do what my teacher taught us this week "invest in shares". On ones wages, it's a slow process but....

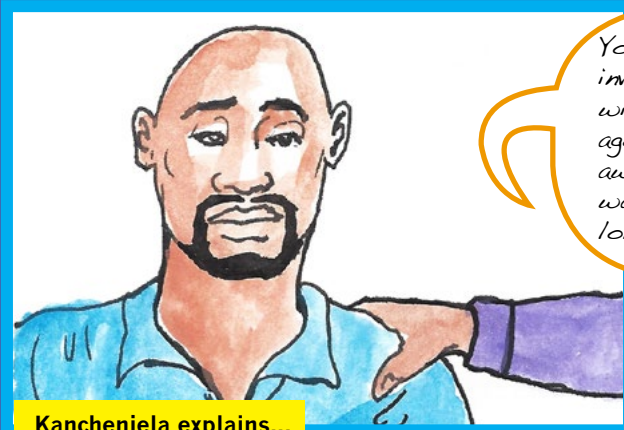


Kanchenjela shares a secret...

Shares? You have to be rich to buy shares!



You are wrong Dad... my teacher started by putting her money in investment schemes found in the Capital Markets. She started with saving in a Collective Investment Scheme (CIS) some years ago. Then after talking to her investment manager, she became aware of another way to invest. She decided to buy shares. She was told that share prices do go up and down, but she took a long term view and bought the shares with some of her savings!

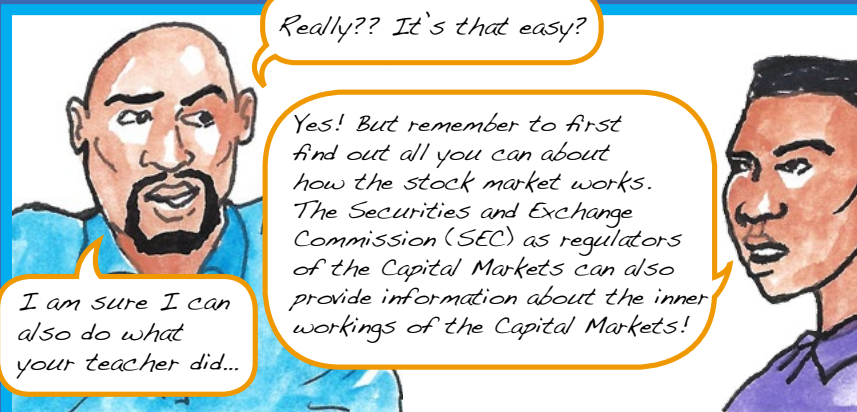


Kanchenjela explains...

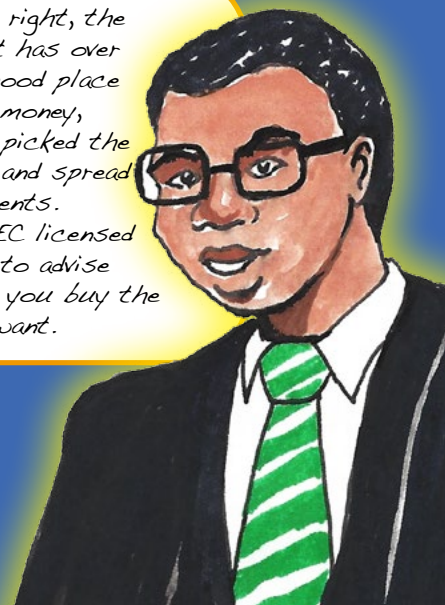
Really?? It's that easy?

Yes! But remember to first find out all you can about how the stock market works. The Securities and Exchange Commission (SEC) as regulators of the Capital Markets can also provide information about the inner workings of the Capital Markets!

I am sure I can also do what your teacher did...



Kanchenjela is right, the stock market has over time been a good place to put your money, provided you picked the right shares and spread your investments. Consult a SEC licensed stockbroker to advise you and help you buy the shares you want.



SECURITIES AND EXCHANGE COMMISSION

REVISED LIST OF CAPITAL MARKETS LICENSEES FOR 2015

The investing public is hereby informed that it is a requirement of the Securities Act, Cap 354 of the Laws of Zambia, 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. As the regulator and supervisor of the capital markets and securities industry in Zambia, the Securities and Exchange Commission [SEC] which is established under the said Act, is the licensing authority for capital markets and securities business intermediaries. 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 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 informed 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 2015.

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

(B) DEALER'S REPRESENTATIVE'S LICENCES		
1.	Mataka J. Nkhoma	African Alliance Securities Limited
2.	Sherry Mary-Anne Thole	African Alliance Securities Limited
3.	Chanda Chansa	African Banking Corporation Investments Services Ltd
4.	Lulumbi Njeleka	African Banking Corporation Investments Services Ltd
5.	Mutinta Grace Mukale	African Banking Corporation Investment Services Ltd
6.	Tontela Siwale	African Banking Corporation Investments Services Ltd

7.	Bwalya Mwanza	African Banking Corporation Investments Services Ltd
8.	John Mapiye	African Banking Corporation Investments Services Ltd
9.	Theresa Chiluba	African Banking Corporation Investments Services Ltd
10.	Geoffrey Musekiwa	African Life Financial Services Limited
11.	Kennedy K. Siamubi	Aon Zambia Pension Fund Administrators Ltd
12.	Maron Mwangala	Aon Zambia Pension Fund Administrators Ltd
13.	Lesu Mulenga	Barclays Bank Plc
14.	Tiyezyeko Chilembo	Barclays Bank Plc
15.	Carmen K. Hachandi	Citibank Zambia Limited
16.	Munalula Mate	Citibank Zambia Limited
17.	Wilson Kalumba	Credit Rating Agency Zambia Limited
18.	Choongo Chibawe	Equity Capital Resources Plc
19.	Cornwell Fungai Musana	Equity Capital Resources Plc
20.	Nathan De Assis	Equity Capital Resources Limited
21.	Peter Mutale Kang'ombe	Equity Capital Resources Plc
22.	Sabera Khan	Equity Capital Resources Plc
23.	Salim Mulla	Finance Bank Zambia Plc
24.	Tushar Thaker	Finance Securities Limited
25.	Gerald Ndhlovu	First National Bank Limited
26.	Llewellyn Foxcroft	First National Bank Limited
27.	Naomi Hara Palale	First National Bank Limited
28.	George Mubipe	Focus Financial Services
29.	Chibamba Kizito Lopa	Grofin Zambia Limited
30.	Robinson Daka	Grofin Zambia Limited
31.	Busiwa Ndumba Kayira	Intermarket Securities Zambia Limited
32.	Joseh Siyawala Mazila	Intermarket Securities Zambia Limited
33.	Harry Mafuta	Investrust Bank Plc
34.	Richard Mutukwa	Investrust Bank Plc
35.	Richard Phiri	Investrust Bank Plc
36.	Jito Kayumba	Kukula Capital Plc
37.	Tue Nyboe Anderson	Kukula Capital Plc
38.	Aaron Yobe Zulu	Laurence Paul Investment Services Limited
39.	Chisha Laurence Folotiya	Laurence Paul Investment Services Limited
40.	Brian Chintu	Madison Asset Management Company Limited
41.	Cecilia Kamba Siabusu	Madison Asset Management Company Limited
42.	Claire Machila Lungwe	Madison Asset Management Company Limited
43.	Muchindu Kasongola	Madison Asset Management Company Limited
44.	Siphiwe Nkunika	Madison Asset Management Company Limited
45.	Ceasar Siwale	Pangaea Securities Limited
46.	Chenge B. Mwenechanya	Pangaea Securities Limited
47.	Mbuto Mbuzi	Pangaea Securities Limited
48.	Tidale Mwale-Chisunka	Pangaea Securities Limited
49.	Wendy Nsamwa N. Tembo	Pangaea Securities Limited
50.	Matete M. Sichizya	Professional Life Assurance Limited
51.	Prabhleen Kohli	Professional Life Assurance Limited
52.	Dean Onyambu	Stanbic Bank Zambia Limited
53.	Moses N. Simbeye	Stanbic Bank Zambia Limited
54.	Musenge Komeki	Stanbic Bank Zambia Limited
55.	Mwila Pascal Mwenya	Stanbic Bank Zambia Limited
56.	Tamara Mooya Bbuku	Stanbic Bank Zambia Limited
57.	Veronica Sinkala	Stanbic Bank Zambia Limited
58.	Victor Chileshe	Stanbic Bank Zambia Limited
59.	Dorothy Moono	Standard Chartered Bank Plc
60.	Florence Mkalipi Nyangu	Standard Chartered Bank Plc
61.	Muchindu Lombe	Standard Chartered Bank Plc
62.	Mulowa Nkhata-Kamana	Standard Chartered Bank Plc
63.	Mwali Chisala	Standard Chartered Bank Plc
64.	Nana Mukwiza	Standard Chartered Bank Plc
65.	Nicholas Chikumo	Standard Chartered Bank Plc
66.	Tsungai Mabuto	Standard Chartered Bank Plc
67.	Chanda Mutoni	Stockbrokers Zambia Limited

1.	Jimmy Mwambazi	Stockbrokers Zambia Limited
2.	Kamungoma Mate	Stockbrokers Zambia Limited
3.	Suzyo M. Ng'andu	Zambia National Commercial Bank Plc
4.	Steven Chitete	Citibank Zambia Limited
5.	Elina Namwinga	Pangea Securities Limited
6.	Chitalu Chisanga	Pangea Securities Limited
7.	Kabwe Mwaba	Standard Chartered Bank Plc
8.	Mwaka Kalengo Mfula	Standard Chartered Bank Plc
9.	Stanley Kaweme Tamele	Standard Chartered Bank Plc
10.	Lishala Clarence Situmbeko	Zambia National Commercial Bank
11.	Mark Penyani Katemangwe	Barclays Bank Plc
12.	Mwansa Bantubonse	Access Bank Zambia Limited
13.	Boston Nkuname	Barclays Bank Zambia Plc
14.	Lankie Mwelwa	Ecobank Zambia Limited
15.	Derek Makumba Bobo	Standard Chartered Bank Plc

(C) INVESTMENT ADVISER'S LICENCES

1.	Benefit Consulting Services Limited
2.	Charles Sichangwa
3.	Devere And Partners International Zambia Limited
4.	Entrust Financial Services Limited
5.	HRF Capital Limited
6.	Imara ECR Assets Management Limited
7.	Profin Zambia Limited
8.	Riscura Zambia Limited

(D) INVESTMENT ADVISER'S REPRESENTATIVE LICENCES

1.	Collina B Halwampa	Benefits Consulting Services Limited
2.	Kandiye T Liweleya	Benefits Consulting Services Limited
3.	Gift Kapande	Devere And Partners International Zambia Limited
4.	Julian Visser	Devere And Partners International Zambia Limited
5.	Maureen Nabulyato	Devere And Partners International Zambia Limited
6.	Chisala Mulemba	Entrust Financial Services Limited
7.	David Brown	Entrust Financial Services Limited
8.	Choolwe Chiyala	Imara ECR Assets Management Limited
9.	Morgan Lungu	Profin Limited
10.	Nsangu Siwale	Profin Limited
11.	Charity Siwela	Riscura Zambia Limited
12.	Cindy Waheed Taudros	Riscura Zambia Limited
13.	Lance Roland Fraser	Profin Limited
14.	Jack Kafanga Kanyanga	HRF Capital

(E) SECURITIES EXCHANGE LICENCES

1.	Bond and Derivatives Exchange Plc
2.	Lusaka Stock Exchange Limited

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

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E-mail: info@seczambia.org.zm



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

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

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

The safety of our Capital Markets is our priority.

Let's talk Capital Markets