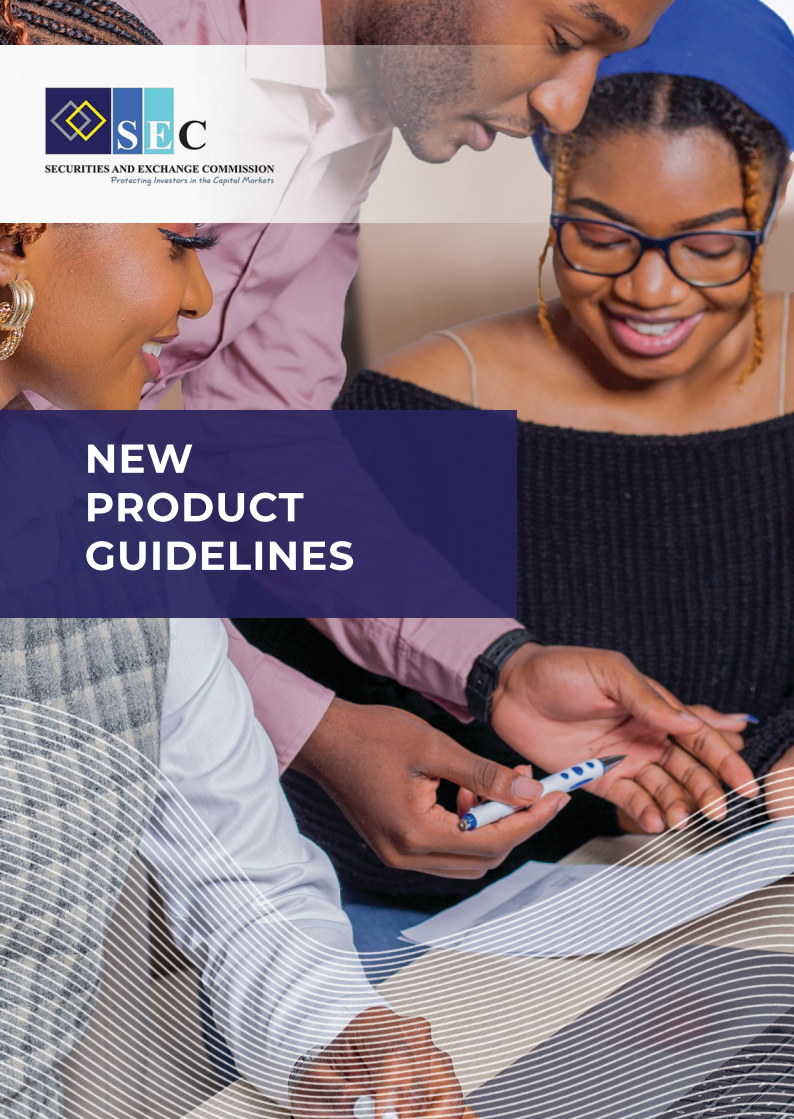




SECURITIES AND EXCHANGE COMMISSION
Protecting Investors in the Capital Markets

NEW PRODUCT GUIDELINES



COMMERCIAL PAPER GUIDELINES

Regulatory Oversight

Commercial paper must be registered with the SEC

Eligibility of issuing commercial paper

Issuer must be limited liability company registered with PACRA

Profitable at least for 3 years prior to issue

Issuer must have minimum K5,000 paid up capital

And turnover of K 5 million per annum

Issuer's total indebtedness not to exceed total debt to equity ratio of 4:1

No overdue loans or defaults in latest credit reporting report

Minimum tenor of CP

30 days

Maximum tenor of CP

365 days

Approval time frame

Approved within 30 days of submission of complete application for registration

Reporting obligations

Disclosure of information affecting credit worthiness of issuer

Submission of monthly returns

Submission management accounts where tenor of CP is less than 180 days

REAL ESTATE INVESTMENT TRUST GUIDELINES

Legal form

Collective Investment scheme constituted as:

Trust
company

Regulatory oversight

Authorization by the SEC required

Requirements for Authorization

Application for authorization pursuant to Rule 5 of Securities (Collective Investment Scheme Rules

Additional requirement include

Management service agreement with REIT

Agreement with appointed property manager

Certified copies of valuation reports of property transferred into a REIT

To qualify as a REIT

Fund should be closed ended

Have minimum of 2 investors

Minimum value of assets of ZMW 50 million

80% of the total assets should real estate

80% of the revenue should be derived from rentals and investment income

Have expense ratio of 30%

80% of REIT should be distributed to unit/shareholders

Legal opinion on title of the real estate transferred into a REIT

Certified copy of structural engineer's report

Permitted investments

80% real estate

20% government securities or in cash or near cash

Public offer and listing

Listing to take place within 6 months of closure of offer

Public float – 25% at time of listing

Eligible Properties for REIT

Fully completed

Generating income

Borrowings

Maximum 35% of net assets value of REIT

Valuation

Valuer of REIT assets s qualified valuation surveyor in good standing with valuation surveyors registration board

Appointed by the fund manager with approval of trustee

GREEN BONDS GUIDELINES

A Green Bond is a fixed income or debt security instrument, either unlisted or listed on a securities exchange, approved by the SEC, whose proceeds are used to finance or refinance new or existing projects that generate climate or other environmental benefits that conform to green guidelines and standards.

What do the guidelines provide for:

The guidelines provide guidance on various aspects and stages of the green bond process. The following are covered:

- 1 Use of Proceeds:**
Guides on the need for issuers to highlight from the onset, through a documented green bond framework, the intended use of proceeds. This must be in line with approved green projects.
- 2 Disclosure on Project Selection Process:**
Guides on the need for issuers to highlight from the onset, through a documented green bond framework, how eligible projects will be selected and that this is in line with approved green projects.

3 Management of Proceeds:

Guides on the need for issuers to highlight from the onset, how funds will be managed during the duration of the bond e.g. any placements to be made for unallocated funds as they await allocation towards the project?

4 Continuous Reporting Obligations:

Guides on the need for issuers to adhere to ongoing reporting obligations post issuance of the bond to investors and to the Commission.

5 Independent External Reviewer:

Entity that carries out pre and post issuance reviews of climate and/or environmental outcomes that green bond funds are intended to and will eventually be channelled towards.

What types of projects are eligible for financing via issuance of a green bond?

Any project that contributes to environmental objectives including but not limited to climate change mitigation, climate change adaptation, natural resource conservation and biodiversity conservation. Examples include, renewable energy, clean transport, sustainable water management, recycling and energy efficiency.

What fees are required to be paid when one is issuing a green bond?

A green bond will need to be registered with the SEC before it can be issued. The issuer will need to pay a registration fee of 0.125% of the issue amount to the SEC. In addition, fees for various professional services related to green bond issuances must also be paid. These must be negotiated with respective service providers. Examples of such fees include, legal fees, broker fees, arranger fees etc.

What is the procedure to issue a green bond?

The process of raising funding via a green bond is similar to that of issuing a conventional bond i.e. the entity will need to register the bond with the Commission. Differences arise regarding the specificity of use of proceeds and requirements for ongoing reporting for green bonds.

Are there any tax incentives related to green bonds?

Yes. There is currently a waiver on payment of withholding tax on interest earned from green bonds by investors. This implies that all interest income from green bonds will be free from withholding tax for a bond with a tenor of not less than three years that is listed on a exchange.

PRIVATE FUNDS GUIDELINES

Types of private fund

- Venture Capital fund
- Private Equity fund
- Debt fund
- Hedge fund
- Social fund

Legal form of fund

- Incorporate company
- Trust
- Other

Regulatory oversight

Both local and domestic Private Fund required to be authorised by SEC

Eligible investors

Only sophisticated investors

Minimum Investment

No prescribed minimum investor

Max investors

No prescribed maximum number of investors

Fund Manager

Requires minimum SEC Investment
Advisors licence

Obligations of Manager

Exclusive authority to manage and
administer portfolio of investment

Governance

Oversight by board of directors or trustees

Investment limits

As prescribed in the private funds Guidelines

Green Labelling

Green labelled funds uphold ICMA Principles or acceptable standard

Continuing obligation

Semiannual disclosures





Vision

A dynamic regulator of a capital market that is the preferred destination for investments.

Mission

To safeguard interests of investors and promote the growth of capital markets for individual and national prosperity.



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