

## MEDIA RELEASE

### **Securities and Exchange Commission Zambia and Prudential Authority sign a Memorandum of Understanding**

Lusaka, Monday, 13<sup>th</sup> January 2025.

The Securities and Exchange Commission (SEC) is pleased to announce the signing of a Memorandum of Understanding (MoU) with the Prudential Authority (PA) of South Africa. This landmark agreement was signed by SEC and PA on 2<sup>nd</sup> December 2024 marking a significant step forward in fostering collaboration and enhancing cooperation between the parties for the exchange of information regarding the supervision of regulated institutions in Zambia and South Africa.

#### **Basis of the MoU**

SEC, is the regulator of the capital markets in Zambia, established under the Securities Act, Chapter 354 of the Laws of Zambia (repealed) and continued in existence under the Securities Act No. 41 of 2016 (as amended by Act, 21 of 2022), to supervise and develop the capital markets while PA, established under the Financial Sector Regulation Act No. 9 of 2017 of the laws of the Republic of South Africa, is a key regulatory body in South Africa responsible for supervising and regulating banks, insurers, and other financial institutions to ensure their safety, soundness, and stability.

Based on their regulatory mandates, SEC and PA agreed to establish an arrangement for sharing of supervisory information.

This collaboration is pursuant to the provisions of i) section 165(2) of the Zambian Securities Act which allows for mutual co-operation with other regulators; ii) section 9 of the Zambian Securities Act which mandates SEC to create and promote conditions in the capital markets aimed at ensuring an orderly growth, integrity and development of the capital markets; iii) section 251(3)(e) of the South African Financial Sector Regulation Act No.9 of 2017 which empowers the PA to negotiate and enter into co-operation agreements including memoranda of understanding with a view to providing mechanisms for the sharing of information.

#### **Benefits of the MoU**

The MoU between the SEC and PA is poised to bring numerous benefits to both Zambia and South Africa, as well as to the respective institutions specifically in the areas stipulated below:

1. **Enhanced Framework for Exchange of Information:** The partnership will provide a framework for SEC and PA to exchange information with each other regarding the supervision of regulated institutions to secure or enforce compliance with the governing laws and regulations of their respective jurisdictions and facilitate the fulfillment of their supervisory responsibilities;

2. **Improved Financial Integrity, Efficiency and Soundness:** The MoU will promote the integrity, efficiency and financial soundness of financial institutions by improving the effective regulation, enhancing the supervision of cross-border transactions, and preventing fraudulent and other prohibited practices in Zambia and South Africa; and
3. **Enhanced Supervisory Measures:** SEC and PA will use their best efforts to provide each other with information that they reasonably suspect may be in breach or anticipated breach of Laws or Regulations in Zambia and South Africa.

We look forward to the positive impact this partnership will have on our capital markets and the continued cooperation between our two esteemed institutions.

**For further information contact:**

**[info@seczambia.org.zm](mailto:info@seczambia.org.zm)**

**Diana S. Sichone**

**ACTING CHIEF EXECUTIVE OFFICER**