



SECURITIES AND EXCHANGE COMMISSION
Protecting Investors in the Capital Markets



2023 Annual Report

2023 Highlights



7% of adult population

529,000+ Investors in the Capital Markets



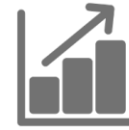
K92 billion+

total savings (2022: K75 billion)



18.7%

Savings to GDP ratio



K89+ million

operating surplus (2022: 70 million)



236

No. of Licensees

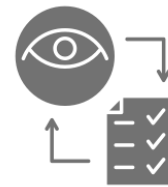


US\$200 million

Debut Green Bond registered



K253 million + in reserves (2022: 163 million)



RBS project in effect



1,600% above target-expense cover ratio



93% income internally generated



58% staff costs (2022: 65%)



34 staff complement



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About SEC



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

Values

The Commission depends on the following core values in the performance of its staff by which their conduct and behaviour is anchored:

CORE VALUES

- 
Confidentiality
 We do not disclose privileged information to unauthorised persons
- 
Transparency
 We are open in the execution of our mandate
- 
Impartiality
 We treat all our stakeholders fairly
- 
Sustainability
 We are committed to reducing environmental degradation
- 
Accountability
 We take responsibility for our actions and decisions



Sustainability

The Securities and Exchange Commission has over the past few years made commendable strides in its sustainability agenda. The Capital Markets Master Plan (CMMP) has identified, as a key growth area, the development of regulatory frameworks for new products as well as capacity building across all levels in the market. Thus, the development of a regulatory framework for green financing through the publication, in the Government Gazette, of the Securities (Green Bonds) Guidelines as far back as December 2019 ushered in a new dispensation for the support of sustainable or climate financing.

In addition, the Commission, together with the Bank of Zambia, the Pensions and Insurance Authority as well as other cooperating partners such as the Ministry of Green Economy and Environment, the Zambia Institute of Chartered Accountants (ZICA) and the United Nations Biodiversity Finance (Biofin) has set up a Green Finance Mainstreaming Working Group that is engaged in a number of projects that will improve not only reporting and disclosures but will also facilitate improved decision-making by investors interested in supporting the fight against climate change. This indicates the Commission's support for the new Government's green growth strategy through the Commission's focus on green financing.



Mandate

The Securities and Exchange Commission (SEC) was established pursuant to section 3 of the repealed Securities Act, Cap 354 of the Laws of Zambia and its existence has been continued under the new Securities Act, No. 41 of 2016 (the Act"). The Commission's mandate is to ensure that investors in the Zambian capital markets, both local and foreign, are protected. It is also the mandate of the Commission to develop the capital markets. The Commission has to ensure there is a right balance between investor protection and Capital Market Development. The principal function of the SEC is to regulate the capital markets so as to foster fair and efficient trading.

Section 8 of the Act entrusts the implementation of the Act to the Commission Board which has been mandated to exercise the functions of the Commission as provided in the Act and oversee the administrative affairs of the Commission by putting in place effective, efficient and transparent systems of corporate governance. This is critical as all decisions relating to the regulation of the securities market are made at Board level.

The specific functions of the Commission as provided under section 9 of the Act are as follows:

- a) ensure compliance with the Act and regulations or rules made in accordance with the Act;

- b) license securities exchanges, regulate the activities of securities exchanges and the settlement of securities transactions;
- c) license and regulate capital markets operators;
- d) license and regulate clearing and settlement agencies and other participants in the capital markets;
- e) license and regulate credit rating agencies and provide conditions for the issuing of credit ratings;
- f) approve the constitutions, charters, articles, by-laws and rules governing and pertaining to securities exchanges, clearing and settlement agencies and other participants in the capital markets;
- g) promote and encourage high standards of investor protection and integrity among members of securities exchanges, capital markets operators, clearing and settlement agencies, self-regulatory organisations and other participants in the capital markets;
- h) support the operation of a free, orderly, fair, secure and properly informed capital markets;
- i) regulate the manner and scope of securities transactions;
- j) regulate margin requirements, capital adequacy requirements, disclosure and reporting requirements and clearing and settlement requirements, as may be prescribed;
- k) take all reasonable steps to safeguard the interest of persons who invest in securities and guard against illegal and improper practices as provided in the Act;
- l) authorise the establishment of collective investment schemes and other schemes;
- m) regulate the activities of managers, trustees and custodians;
- n) authorise and regulate the establishment of private funds;
- o) consider and suggest proposals for the reform of the Act and rules and regulations made in accordance with the Act;
- p) promote and develop a system of self-regulation by securities exchanges, clearing and settlement agencies, self-regulatory organisations, other participants in the capital markets and capital markets operators, as maybe prescribed;
- q) encourage the development of securities and securities exchanges and the increased use of such exchanges;
- r) provide, promote or otherwise support financial education, awareness and confidence with regard to financial products, institutions and services;
- s) prescribe certification standards and accreditation for licensees;
- t) co-operate with, provide assistance to, receive assistance from, and exchange information with other regulatory bodies and trade organisations in Zambia and elsewhere;
- u) exercise and perform such other functions as may be conferred or imposed upon it by or in accordance with the Act or any other written law; and
- v) vet a substantial shareholder in accordance with the vetting criteria contained in guidelines issued by the Commission, including the substantial shareholder's source of funds, and the beneficial owner of a company whose securities are registered, or which is authorised or licensed under this Act.



IOSCO Core Objectives

In exercising its statutory mandate, the Securities and Exchange Commission is guided by the following three core objectives of securities regulation set by the International Organisation of Securities Commissions (IOSCO):

- investor protection;
- ensuring markets are fair, efficient and transparent; and
- reduction of systemic risk.

As a member of IOSCO and a signatory to the IOSCO MMoU on Cooperation and Exchange of Information, the Commission has instilled these core objectives not only in the legal and regulatory framework but also applies them in the day to day regulation of the Zambian securities markets.



Chairperson's Review



As Chairperson of the Commission, I am proud to present our 2023 annual report. The Commission's unwavering commitment to its mandate of protecting investors and developing Zambia's capital markets is reflected in our strong performance and strategic activities implemented during the year.

In line with our governing Act, the Securities Act No. 41 of 2016, the Commission is required to report on specific areas as listed below:

- a) The extent of the implementation of the Commission's oversight functions and their effectiveness;
- b) Cost savings resulting from the Commission's operations;
- c) The cost to the nation for not having the Commission;
- d) The nature of the working relations with capital market operators;
- e) The actual and projected efficiencies the Commission has achieved as a result of the continuing regulatory activities; and
- f) The immediate and projected capabilities of the Commission.

The Commission's primary oversight function centres on protecting investors in the capital market. As of December 2023, the investor base had grown to over 529,000 participants, representing approximately 7% of the total Zambian adult population. To protect these investors and others that are constantly joining on a daily basis, the Commission has a policy to equip the public with relevant tools needed to play in the market. To this end, the Commission continued to hold townhall meetings in which a number of topics centering around knowledge and skills building relating to investments and risks were covered. This is in line with the need to have investors make informed investment choices which is key in the investor protection objectives.

To further support this growth and promote market integrity, the Commission has been reviewing the regulatory and policy framework to keep pace with international standards and best practice. In 2023, the Commission launched the Client Service Charter which reinforces our commitment to improving service delivery for the benefit of our stakeholders. Additionally, by entering into bilateral memoranda of understanding, we have strengthened collaborations with other institutions and regulators to address specific concerns and promote best practices within the capital market.

In the quest to further develop the markets which is our other core mandate, the Commission launched the Capital Markets Master Plan (CMMP). The CMMP is a comprehensive 10-year long term strategic plan that sets out the framework for Zambia's capital market development. The steering committee for the CMMP has been appointed and implementation of the plan is now underway. The plan is expected to, among other things, improve the attractiveness of Zambia as a preferred investment destination, strengthen the role of capital markets in supporting the real sectors of the economy and ultimately contribute to achieving the Eighth National Development Plan (8NDP) and successor plans in attaining Vision 2030.

The Commission further witnessed the positive result of our unwavering commitment to sustainability, which resulted in the registration and issuance of the country's debut green bond in 2023. This is a result of collaborative efforts of various stakeholders over the last three years following the Commission's development and issuance of the Green Bonds Guidelines in December 2019. It is innovative capital markets products such as green bonds that are crucial for financing environmentally friendly projects and promoting a more sustainable future. We are optimistic that this inaugural green bond will pave way for future sustainability driven issuances.

In protecting investors and developing the market as highlighted above, the Commission requires adequate financial resources which is the bedrock for meeting other regulatory mandates. The Commission in 2023 continued to prudently manage public resources by ensuring only approved activities were undertaken and that these were within approved budgets. As one of the promoters of good governance, the Commission leads by example in ensuring its financials are regularly audited. To this end, the Commission is up to date with external audits for all its financial years including the 2023 results included in this report.

To achieve all the above, the Commission's staff have done extraordinary work in the prudent management of resources including embarking on the implementation of the risk-based supervision regulatory framework. These are initiatives that do not only apply resources in the

most efficient way but also address the significant risks that could affect the achievement of the investor protection mandate.

Notwithstanding these achievements, the market continued to face regulatory challenges especially coming from the rapidly evolving financial landscape. This required the Commission to balance the need to develop the market and assess and accept the risks associated with innovation such as peer-to-peer products. However, the Commission continued to address these through collaborative efforts with other regulators, stakeholders, law enforcement agencies including enhanced investor education activities and financial literacy programmes. As such, these efforts ensure that the Zambian capital markets remained vibrant and the environment for both investors and issuers was secure.

As we look to the future, we are confident that the Commission is well-positioned for continued success. This is backed by a robust strategic plan that is embedded on regulatory excellence, market development excellence, and operational efficiency. The CMMP also outlines a clear vision for the future of Zambia's capital market and the Commission will continue to work closely with the Ministry of Finance and National Planning to deliver on this plan. In view of our vast responsibility and big plans, our staffing requirements have increased and this has necessitated relocation to bigger premises demonstrating of the Commission's commitment to employee health and well-being. We remain focused on delivering exceptional results on our mandate and are confident about the opportunities that lie ahead.

On behalf of the Commission, I extend my deepest gratitude to the Ministry of Finance and National Planning, all capital market operators and our supporting partners for their continued trust and support in the work that we do. I also thank our employees and fellow Commissioners for their dedication and hard work.

I thank you.



Ruth Simwanza Mugala (FZICA)
BOARD CHAIRPERSON

Chief Executive's Statement



In 2023, the Commission navigated a year of both accomplishments and challenges. We remained committed to fulfilling our dual mandate of investor protection and market development, guided by the Board-approved 2022-2026 strategic plan and the ambitious 10-year Capital Markets Master Plan (CMMP). However, we recognized the ever-present challenge of ensuring effective operational efficiency while facing limitations in resources.

The Chairman's report has covered several strategic activities and forward-looking plans that the Commission embarked on during 2023. The Commission is implementing the Board approved 2022 to 2026 strategic plan and the 10-year Capital Markets Master Plan, both of which the Chairperson has

covered in detail. These documents continue to guide the Commission's focus areas for the next 3 to 10 years. We report below the Commission's operational performance for the year ended 31st December 2023.

It is important to start by emphasizing that effective operational efficiency requires appropriate systems, human resources, and adequate rules and regulations. To achieve required efficiencies, prudent utilisation of limited resources is key. The Commission thus continued to allocate the

limited resources to the most important activities in order to deliver on our mandate of investor protection and market development.

We are thus proud to report that the Commission continued to maintain a strong financial position with the closing position of the expenses cover ratio exceeding 51 months at 31st December 2023. This level of liquidity is a first in the 30 years of the Commission's existence and shows that the Commission can continue to operate for over four years beyond the balance sheet date without additional resources being provided. This financial discipline demonstrates our resolve to maximise the effectiveness of every resource at our disposal. With this resource position, the Commission has been able to and will continue to implement its strategic objective of buying or building its permanent offices, operationalise the proposed organisation structure and invest in requisite IT systems such as the SupTech. These are important objectives on which the effectiveness required of the Commission will be built for the achievement of investor protection and market development mandates.

In 2023, the limited staffing levels and lack of automated systems were some of the challenges that impacted the smooth delivery on our mandate. The Commission requires adequate human resources to implement the strategic plan activities. The Commission could however not implement a new organization structure due to the required but lengthy approval processes needed for any changes to the Commission's structure. The lack of a finalized organization structure significantly hindered our ability to recruit and train essential personnel. The Commission, however, made progress by engaging the Emoluments Commission to finalise the rationalization and harmonization exercise which is hoped to be implemented in 2024. The need for more human capital cannot be over emphasized as it is needed to reduce pressure and stress on the existing staff, who are at increased risk of staff burnout. The human capital constraints hampered our ability to fully execute certain strategic objectives. However, the SEC remains committed to finding solutions, including our continued meetings with the Emoluments Commission to ensure the necessary approvals were in place in the 2024 financial year.

Despite resource limitations such as staffing challenges as explained above, 2023 saw the SEC deliver on several key strategic initiatives. Our commitment to a strong delivery on our mandate allowed us to successfully launch the Client Service Charter in 2023. This Charter serves as a public commitment to transparent service delivery, further strengthening investor protection measures. The Commission also started the development and implementation of an in-house Complaints Management System (CMS). This will assist with the timely tracking and enhancement of the complaints resolution processes as part of our mandate of investor protection which partly depends on ensuring investor complaints were efficiently and effectively managed.

Of note also is the significant milestones that the Commission achieved in 2023 in our dual core mandate area of market development. The Commission played a pivotal role in the registration of Zambia's first-ever green bond. The registration of the US\$200 million Green Bond was a landmark achievement which signified a step forward in fostering sustainable financing solutions within the Zambian capital markets.

To continue to score successes on product development such as been the case with the green bonds area, it is important that the market developed local expertise in capital markets. In this

regard, the Commission has, for a number of years, hosted in partnership with the Chartered Institute of Securities and Investments (CISI), the CISI examinations as an interim measure with the objective of finding a training institution to host CISI exams. It is worth noting that in 2023, ZCAS University received accreditation as a training provider for CISI professional courses. This accreditation represents a major leap forward in building local capacity within the capital markets industry. In a more targeted approach, the Commission during the year held an awareness workshop on Exchange Traded Funds (ETFs) draft Guidelines in a move to broaden the capital markets products base. Finally, we are proud to have hosted a well-attended Capital Markets Supervisory Masterclass, contributing to the ongoing professional development and knowledge base of industry participants.

Looking ahead, the year 2024 carries with it a renewed sense of optimism for the future of Zambia's capital markets. The launch of the CMMP in 2023 signified a collaborative effort between the SEC and the Ministry of Finance and National Planning to implement the long-term roadmap for capital markets development. Following the appointment of the CMMP Steering Committee, the Commission in collaboration with the Ministry of Finance and National Planning hosted the inaugural CMMP Steering Committee meeting. Further, the Commission plans to undertake familiarisation meetings for the CMMP Working Groups and Action Teams. It is envisaged that following the familiarisation meetings, the implementation of CMMP objectives will begin without delay. The SEC will actively participate in implementing this crucial plan, contributing our expertise and resources to its success.

Our focus on risk-based supervision will continue in 2024. This approach ensures we allocate resources effectively, targeting areas of greatest potential risk in the market. The procurement and implementation of SupTech solutions will further enhance our supervisory capabilities, allowing us to leverage technology for increased efficiency and effectiveness.

To crown it all, all the above activities and initiatives would be in vain without a financially educated investor base. Thus, investor education remains a cornerstone of our mandate. The Commission is committed to empowering investors through ongoing educational initiatives. By equipping investors with the necessary knowledge and skills, the Commission aims to foster a more informed and confident investor base.

This report, as required by the Securities Act Number 41 of 2016 as amended, and as reported in the Chairperson's section, gives an update on the Commission's performance in 2023. While the Commission's main mandate is to protect investors in the capital markets and ensure that capital markets are developed, this is only possible in an environment where the limited financial and other resources are efficiently and effectively utilised. To this end, the Commission presents below audited financial statements for the year ended 31st December 2023. This is in line with both the requirements of the Public Finance Management Act and the Securities Act as well as good corporate governance principles. It is a resolve by the Board to continue to demonstrate that the Commission's financial resources are continually managed in a prudent and efficient manner and that to be transparent, the financial results should be timely reported on to the relevant stakeholders.

The Commission achieves its investor protection role by ensuring that the K92 billion of savings (about 18% of GDP) is managed by various parties in accordance with the Securities Act and its

Rules and Regulations. In this K92 billion, the significant components include investments in equity on the LuSE, corporate debt, and Collective Investment schemes (CIS) segments of the capital markets. These areas under the regulatory ambit of the Commission, are all important as they demonstrate the capital markets prowess of channelling savings into various economic sectors in Zambia. We now report below the financial performance and the performance of these savings vehicles.

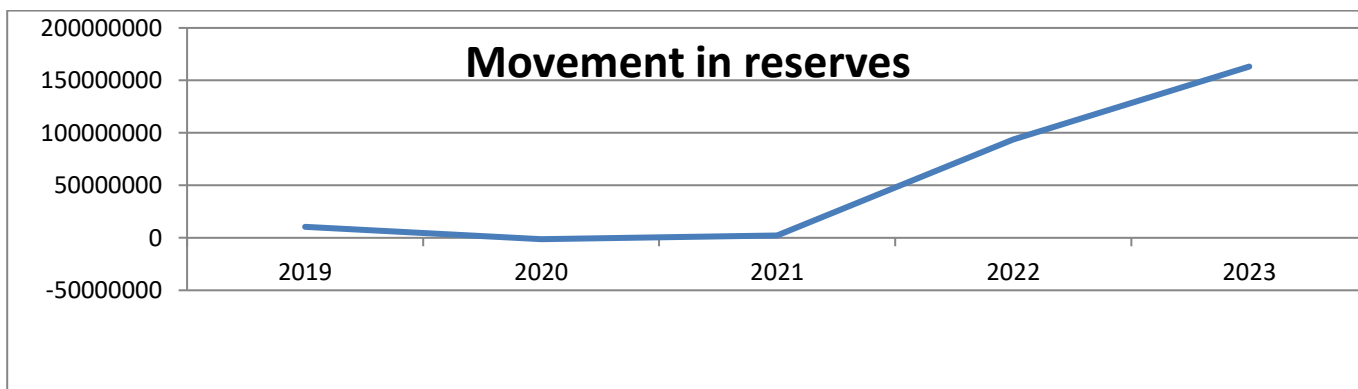
Financial Performance of the Commission

To safeguard savings made through the capital markets, Government continued to support the Commission in meeting operational costs. The Commission also continued to support Government efforts by generating revenues that support the Commission’s budget implementation. However, as the Commission’s mandate is largely investor protection, financial performance indicators are mainly on account of the Commission needing to prudently apply the limited resources in meeting its mandated objectives. We report in other sections on some of the non-financial activities that the SEC is required to do as part of its mandate.

In the period ending 31st December 2023, the Commission recorded an operating surplus of K89,837,465 (2022 – K70,573,680) from a combined income of K144,885,279 (2022- K108,528,899) against total operating costs of K55,047,814 (2022 – K37,955,219). The Commission during the year met all its obligations on time by utilizing the available cashflows. The surplus in the year is mainly attributed to the bond trade commissions and the GRZ Grant which was fully funded.

Reserves

The Commission’s accumulated fund (reserves) position at 31st December 2023 stood at K253,730,133 compared to K163,189,668 recorded at 31st December 2022. This increase, as explained above, was due to the trade commission received from both the sell and buy side of the trades from the market. The diagram below shows that since 2017, the Commission had been managing to contain costs and thus improve on its reserve position but due to subdued market activities from 2019, the Commission’s reserves position declined as depicted below. However, the position has since changed post 2021 where there has been an upward trend.



Income and Expenses

During the year ended 31st December 2023, the Commission internally generated 93% of its income while GRZ grant support accounted for 7%.

The Commission major expenses category continues to be employee costs. This is on account of human capital being a significant and key component of our regulatory activities and therefore the key cost driver. For the period to 31st December 2023, the Commission’s total staff costs were 58% (2022 – 65%) of its total expenditure. Being a service-oriented organization that also champions investor awareness and investor protection, the costs related to labour, awareness and governance continue to be the Commission’s major cost elements.

Capital Expenditure

During the period under review, the Commission’s capital expenditure was as follows:

Type	2023 (K)	2022(K)
Computer hardware	311,747	921,535
Office equipment	30,585	836,123
Office furniture	120,797	328,701
Motor vehicles	6,076,973	-
Total	6,540,102	2,086,359

Staff Complement and staff matters

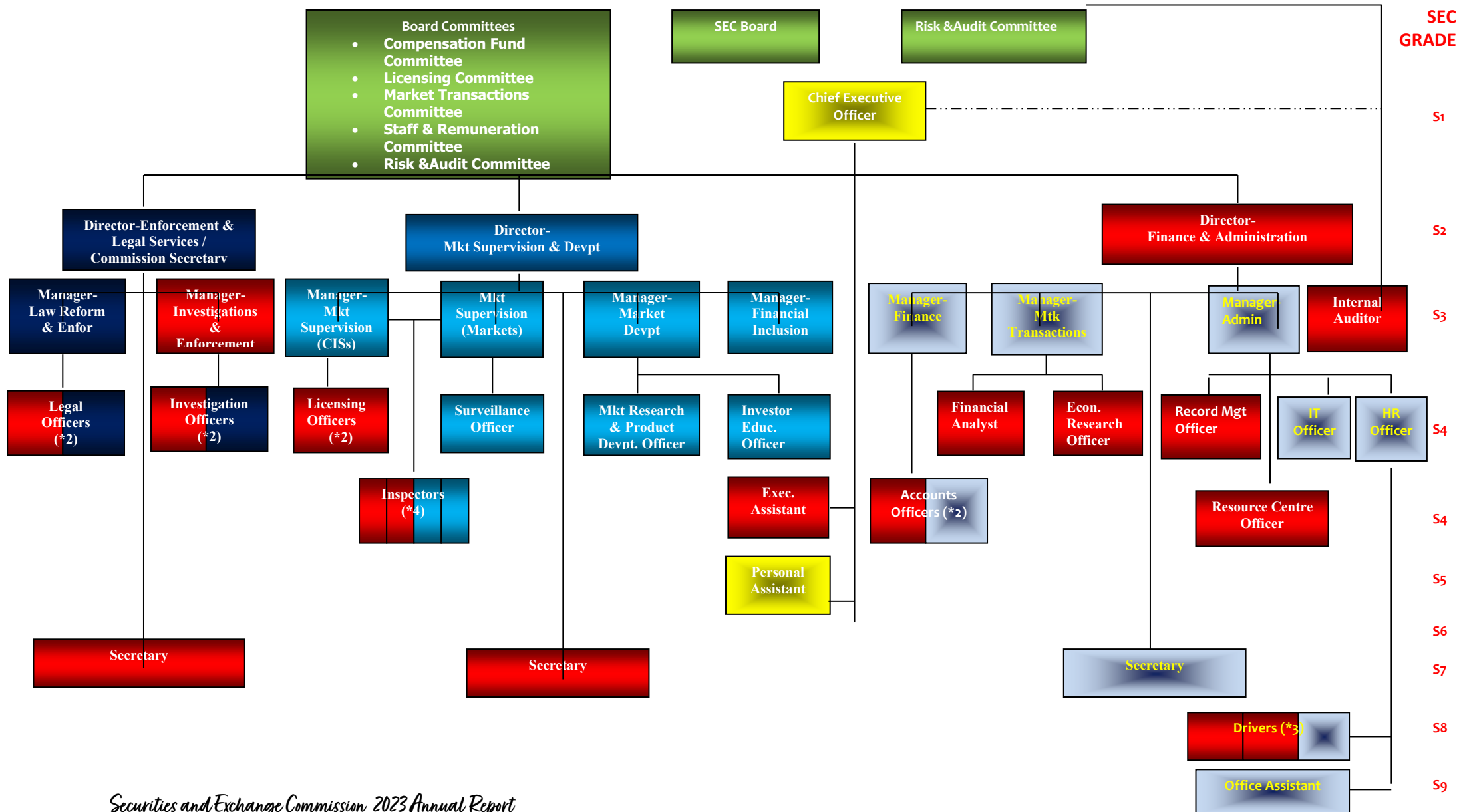
During the period under review, the Commission’s staff complement stood at 34 compared to 33 in 2022. In addition, the Commission had engaged eight Graduate Trainees, two of whom resigned during the reporting period. The Commission also had two senior staff resign during the year to pursue careers in different finance fields.

In line with the 2022 -2026 Strategic Plan, the Board approved a new structure which, once approved by the Emoluments Commission, will increase staff approved positions to 84 from the 44 in the existing structure. The increased staff complement will assist the Commission to effectively meet its mandate of protecting investors in the capital markets as well as to deliver on the Capital Markets Master Plan objectives.

During the period under review the Commission conducted a staff satisfaction survey which showed a general staff satisfaction of about 70%. To improve on this, the Commission held employee engagement activities including quarterly staff meetings that are used as part of the staff feedback channels. As part of the employee wellness activities, the Commission held aerobics every Friday afternoon.

The approved structure is highlighted below:

SEC ORGANIZATIONAL STRUCTURE



Training and Workshops

The Commission continued to prioritise staff training and capacity building as a deliberate policy to ensure staff are kept aware of the emerging trends in the capital markets environment. The following table indicates the staff members that attended physical and virtual trainings which were deemed critical to the Commission's operations during the period under review:

No.	Course	Location	Dates	Attended By
1	Sustainable Finance-Online	Virtual	11 October 2022 - 21 February 2023	Kalima Chaleka, Leah Simasiku and Nonde Sichilima
2	International Introduction to securities & Investments and the Zambia Regulatory-Online	Virtual	6 -10 February 2023	Mutumboi Mundia, Sitali Mwala, Kalima Chaleka, Martin Phiri, Kalonga Sakala, Eugene Chisenga, Reuben Zulu, Lucy Namuchimba, Chikasuka Phiri Jere, Pitney Chipenge, Leah Simasiku, Gertrude Buyungwe, Elsa Volk
3	Financial Investigations - OECD Italy	Italy	11 - 25 March 2023	Thomas Thole and Eugene Chisenga
4	Digital Marketing short course	Virtual	27 March 2023	Dingase Makumba
5	International Public Sector Accounting Standards-Livingstone	Livingstone	30 to 31 st March 2023	Mateyo Lungu
6	IOSCO Sustainability -Kuala Lumpur Malaysia	Malaysia	29 April to 4 May 2023	Nonde Sichilima
7	Climate & Disaster Risk Financing -RSA	South Africa	24 - 28 April 2023	Benson Mwileli
8	IOSCO cyber resilience – Malaysia	Malaysia	7 - 13 May 2023	Leah Simasiku and Sydney Katumba
9	IOSCO PIFS Training/Havard Law school certificate programme for regulators of Securities-Madrid Spain	Spain	19 th May to 27 th May 2023	Gertrude Buyungwe
10	CISI Board Member Training-Webinar	Virtual	05 - 16 June 2023	Paul Nkoma, Diana Shamabobo, Leonard Kalinde, Vasco Sikanyeu, Griven Sikalumbi, Phil Daka, Chileshe Kaoma, Abigail Chimuka, Fanwell Phiri, Mwila K. Zulu, Chishiba Kabungo, Beatrice Mwila, Nicholas Kabaso, Alfred Mwila
11	Advanced certified fraud Investigations -RSA	South Africa	26 June - 7 July 2023	Eugene Chisenga, Kalonga Sakala, Chikasuka Phiri Jere, Thomas Thole and Kambole Seta

No.	Course	Location	Dates	Attended By
12	CIS Familiarisation-RSA	South Africa	10 - 15 July 2023	Nonde Sichilima, Chikasuka Phiri Jere, Elsa Volk, Lucy Namuchimba, Reuben Zulu, Leah Simasiku
13	Digital Assets for Regulators program	Virtual	July -August 2023	Chikasuka Phiri Jere, Kalonga Sakala, Eugene Chisenga, Kambole Seta
14	CISNA Familiarisation	Mauritius	25 - 26 August 2023	Ruth Mugala, Brenda Mwanza, Paul Nkoma, Dubholukulu Mulondiwa, Priscilla Mwale
15	ASISA Collective Investment Schemes	South Africa	11 -17 September 2023	Gertrude Buyungwe, Reuben Zulu and Lucy Namuchimba
16	Labour law & Industrial Resolutions Training – online	Virtual	9 -20 October 2023	Florence Mbwili
17	Understanding Sovereign Credit Ratings – IDEP UNECA	Virtual	October 2023	Diana Sichone and Chikasuka Phiri Jere
18	Human Resource Management for line Managers – RSA	South Africa	30 October - 3 November 2023	Dingase Makumba, Mubanga Kondolo, Bruce Mulenga
19	LAZ-Public procurement Masterclass	Lusaka	13 October 2023	Natasha Mwewa, Godfrey Mwenda, Kambole Seta and Thomas Thole
20	Women Leadership Program-online	Virtual	16 October - 23 November 2023	Diana Sichone
21	IMF FINTECH Training - Mauritius	Mauritius	30 October - 3 November 2023	Leah Simasiku
22	Zambia Institute of Marketing – Training on Customer Services	Virtual	27 th October	All staff
23	FSCA Familiarisation -RSA	South Africa	21 -24 November 2023	Theresa N. Chimbila, Kalonga Sakala, Kambole Seta, Martin Phiri, Pitney Chipenge, Kalima Chaleka



Phillip K. Chitalu
CHIEF EXECUTIVE OFFICER

Corporate Governance



Governance in General

The importance of governance in the twenty-first century cannot be overemphasised. With entities requiring to be accountable to their appointing authorities, it is critical that it has an independent board to make decisions and ensure that the entity is properly managed and controlled.

The Commission and Corporate Governance

The Commission has entrenched governance in all its processes with the support of an enabling legal and regulatory framework. Thus, corporate governance is a key tool that ensures that the Commission is properly managed and controlled. To start with, the Board comprises independent persons nominated by respective institutions and appointed by the Minister. The Board is therefore not under the direction and control of the Minister. In addition, section 8 of the Securities

Act highlights the distinct roles of each governance structure so that the management function and Board oversight are not confused. The Act thus highlights the roles and functions of the Board as well as the power to delegate its functions to the Chief Executive Officer or a Committee of the Board. The exercise of these functions not only ensures the attainment of the three key objectives of securities regulation being investor protection, ensuring markets are fair, efficient and transparent as well as the reduction of system risk but they also ensure that the governance principles of transparency, responsibility, accountability and fairness are complied with.

The role of IOSCO in Governance

The Commission is a member of the International Organisation for Securities Commissions (IOSCO), a standard setting body for securities regulators worldwide. IOSCO has prescribed objectives and standards, as international best practice, that also include governance considerations in securities regulation, which the Commission has adopted.

In addition, the Commission has a Board Charter that prescribes the conduct and operations of the Board and its Members, individually and severally. The Charter guides Members on declarations of interest, gift acceptance restrictions as well as the prohibition of trading on non-public, price-sensitive information. The Commission also enforces a Code of Conduct to the Commission staff which prescribes the conduct and behaviour of staff on governance issues, especially regarding conflict of interest. The Code of Conduct requires staff to declare interest in matters in which staff could have personal interest. It is also a requirement that staff declare gifts received from any person or entity, whether regulated by the Commission or not, among other things. In order to ensure that the Commission is kept abreast with international corporate governance trends, the Commission requires all senior management staff to be members of the Institute of Directors of Zambia.

Board Composition

Appointment

Section 8(2) and (3) of the Securities Act prescribes the Commission Board's composition to be eight (08) Members. The Act requires the Commission's Chief Executive Officer to be an ex-officio Member of the Board and also empowers the Minister responsible for finance to appoint the other seven Members as non-executive Board Members from a nomination made by each of the following institutions:

- a) Bank of Zambia;
- b) Law Association of Zambia;
- c) Zambia Institute of Chartered Accountants;
- d) Zambia Chamber of Commerce and Industry;
- e) Ministry responsible for finance;
- f) Ministry responsible for justice;
- g) Pensions and Insurance Authority; and
- h) the Commission's Chief Executive Officer as *ex-officio* Member.

Gender mainstreaming within the Board

Section 8(5) of the Act requires the Minister to ensure that at least fifty percent of each gender is nominated and appointed to the Commission Board, unless it is not practicable to do so. The Minister does not appoint any of the Members to be the Board Chairperson or Board Vice-Chairperson. Instead, the Act empowers the Members to elect, from amongst their number, a Chairperson and Vice-Chairperson of the Board.

The Board has, since March 2022 and throughout 2023, had Mrs. Ruth S. Mugala as the first ever elected female Board Chairperson. The Board was also comprised of a majority of female representation with four of the seven nominated Members being female.

Changes to Board Composition

There were three changes to the composition of the Board in 2023 as follows:

Name of Board Member	Institution Represented	Date of change	Reason for change
Ms. Mainza Masole	Pensions and Insurance Authority	21 st September 2023	End of second three-year tenure of office
Mrs. Sibajene Zulu	Pensions and Insurance Authority	21 st September 2023	New appointment to replace Ms. Mainza Masole on the Board

2023 Board Composition

During the period under review, the Commission Board consisted of the following Members:

Name of Board Member	Institution Represented	Position	Appointment/ Re-appointment date	Tenure of office
Mrs. Ruth S. Mugala	Zambia Institute of Chartered Accountants	Chairperson	16.12.2021	2 nd
Mr. Paul Nkhoma	Zambia Chamber of Commerce and Industry	Vice-Chairperson	10.03.2021	1 st
Mr. Mulele M. Mulele	Ministry responsible for finance	Member	29.05.2023	2 nd
*Ms. Mainza Masole	Pensions and Insurance Authority	Member	12.06.2020	*2 nd
Mrs. Sibajene Zulu	Pensions and Insurance Authority	Member	21.09.2023	1 st
Ms. Diana M. Shamabobo	Ministry responsible for justice	Member	02.02.2023	1 st
Dr. Leonard N. Kalinde	Law Association of Zambia	Member	09.02.2022	1 st
Ms. Brenda Mwanza	Bank of Zambia	Member	03.02.2022	1 st
Phillip K. Chitalu	SEC Chief Executive Officer	ex-officio Member	-	-

* Ms. Mainza Masole's tenure of office expired on 11th June 2023. However, she continued in office pending the appointment of Mrs. Sibajene Zulu pursuant to section 2(2) of the First Schedule to the Securities Act

Board Meetings

The Board held four scheduled meetings in March, June, September and December 2023. In addition, the Board held two Special Meetings in November and one in December, respectively, in order to deal with urgent regulatory matters. The following table highlights the Board attendance at the scheduled and special meetings:

NAME	DESIGNATION	17.03.23 (Scheduled Meeting)	15.06.23 (Scheduled Meeting)	25.09.23 (Scheduled Meeting)	14.11.23 (1 st Special Meeting)	21.11.23 (2 nd Special Meeting)	14.12.23 (Scheduled Meeting)	29.12.23 (3 rd Special Meeting)
Mrs. Ruth S. Mugala	Chairperson	✓	✓	✓	✓	✓	✓	✓
Mr. Paul Nkhoma	Vice-Chairperson	✓	✗	✓	✗	✗	✓	✓
Dr. Leonard N. Kalinde	Member	✓	✓	✓	✓	✓	✓	✓
Mr. Mulele M. Mulele	Member	✗	✓	✓	✓	✓	✓	✓
Mrs. Diana Shamabobo	Member	✓	✓	✓	✓	✓	✓	✓
Ms. Brenda Mwanza	Member	✓	✗	✓	✓	✓	✓	✓

NAME	DESIGNATION	17.03.23 (Scheduled Meeting)	15.06.23 (Scheduled Meeting)	25.09.23 (Scheduled Meeting)	14.11.23 (1 st Special Meeting)	21.11.23 (2 nd Special Meeting)	14.12.23 (Scheduled Meeting)	29.12.23 (3 rd Special Meeting)
Ms. Mainza Masole	Member	✓	✓	✓	✓	-	-	-
Mrs. Sibajene Zulu	Member	-	-	-	-	✓	✓	✓
Mr. Phillip K. Chitalu	Ex-officio Member	✓	✓	✓	✓	✓	✓	✗
Ms. Diana S. Sichone (Acting CEO)	Ex-officio Member	N/A	N/A	N/A	N/A	N/A	N/A	✓

KEY:

✓ Meeting attended

✗ Meeting not attended and apology given

- Not a Member of the Board at the material time

N/A Only able to attend in an acting capacity when CEO is not available

SEC Commissioners in 2023

During the period under review, the followed Commissioners appointed from institutions specified in the Securities Act, No. 41 of 2016 served as the Commission Board Members:



Board Chairperson

Mrs. Ruth Simwanza Mugala

Mrs. Ruth Simwanza Mugala, a seasoned Accountant and business consultant, is the Board's elected Chairperson since March 2022 having previously served as the Board Vice-Chairperson from March 2021. She brings to the Board a wealth of knowledge and experience in the financial and advisory fields gained in the public and private sectors with a career spanning over 35 years. She is a holder of a Bachelor degree in Accountancy and holder of the Association of Chartered Certified Accountants (ACCA) of UK and a Fellow of the Zambia Institute of Chartered Accountants (ZICA). She is currently Executive Director of Massy Capital Services and Massy Wellness Services and chairs the Board's Risk and Audit Committee.



Mr. Paul Nkhoma

Mr. Nkhoma, a development economist, with a wealth of management, arbitration and insurance knowledge, is the elected Board Vice-Chairperson since March 2022. He has been a Board Member since 10th March 2021 and is a founding member of Hollard Insurance, one of Zambia's largest insurance companies and is now the Group Chief Executive Officer for Hollard Holdings Zambia. He represents the Zambia Chamber of Commerce and Industry (ZACCI) on the Board and chairs the Staff and Remuneration Committee.

Board Vice-Chairperson



Commissioner

Mr. Mulele Maketo Mulele

Mr. Mulele, an economist, modeler, statistician and planner and is currently serving as Director-Economic Management Department in the Ministry of Finance since February 2020. Mr. Mulele has been a SEC Board Member since May, 2020 representing the interest of the Ministry of Finance and Government at large. Considering his vast work and professional experience from both development planning and economic management as well as policy analysis, he brings with him a wealth of knowledge to the SEC Board required in providing direction towards the development of the capital markets under the jurisdiction of SEC.



Commissioner

Ms. Mainza Masole

Ms. Masole, a social security professional, had been a SEC Board Member since May 2017 until the end of her tenure of office in April 2023. Ms. Masole is the Prudential Supervision Manager – Pensions at the Pensions and Insurance Authority and she represented the Pensions and Insurance Authority on the Board. She chaired the Commission’s Property Acquisition and Development Committee.



Commissioner

Ms. Sibajene Zulu

Ms. Zulu, a Chartered Accountant has been a SEC board Member since September, 2023. Ms. Zulu is the Market Conduct Manager-Pensions at the Pensions and Insurance Authority and she represents the Pensions and Insurance Authority on the Board. She chairs the Commission’s Property Acquisition and Development Committee.



Commissioner

Ms. Diana Shamabobo-Majokwe

Ms. Shamabobo-Majokwe is a legal practitioner with over 10 years' experience in the fields of civil litigation, arbitration, negotiation, legal research and legislative drafting. Ms. Shamabobo-Majokwe who holds the position of Principal Parliamentary Counsel in the Department of Legislative Drafting at the Ministry of Justice joined the SEC Board in February 2023 as a representative of the Ministry of Justice. She has, since joining the Board, chaired the Compensation Fund Committee and currently chairs the Property Acquisition and Development Committee.



Commissioner

Dr. Leonard N. Kalinde

Dr. Kalinde, a legal practitioner, has been a SEC Board Member since January 2022. Dr. Kalinde who is the founding partner at the legal firm with the name and style of Messrs Leonard Kalinde and Partners, has over 27 years' experience at the Zambian legal bar and specialises in the following fields: banking and financial services law; anti-money laundering and terrorist financing law; corporate governance; insolvency and liquidation law; alternative dispute settlement; corporate governance compliance, risk management; the law on derivatives; and technology law and artificial intelligence. Particularly, he has over 20 years' experience in central bank operations and financial system supervision and regulation. He represents the Law Association of Zambia on the Board and chairs the Licensing Committee of the Board.



Commissioner

Ms. Brenda Mwanza

Ms. Mwanza is a development economist with a wealth of experience in macroeconomic and financial sector analysis, policy development, research, survey implementation and data analytics gained at the central bank. She became a member of the Securities and Exchange Commission Board in January 2022, representing the Bank of Zambia and chairs the Licensing Committee. Currently serving as Assistant Director- Financial Sector Development, at the Bank, her role entails coordinating the thematic areas of financial inclusion, financial sector development and collaboration with financial sector stakeholders in the public and private sector as well as international partners. She is also a Board member of the Microinsurance Technical Advisory Group.



Ex-officio Commissioner

Mr. Phillip K. Chitalu

Mr. Chitalu, a chartered accountant, is the Chief Executive Officer of the Commission and is an *ex-officio* Member of the Commission Board. Phillip has been with the Commission since August 2011. He has a bachelor's Degree of Accountancy from the Copperbelt University, a Fellow of the Association of Chartered and Certified Accountants (FCCA) and also Fellow of the Zambia Institute of Chartered Accountants (FZICA). Phillip also holds a Master of Philosophy in Development Finance from Stellenbosch University, Cape Town, and further holds the International Global Certificate for Securities Regulators from the Harvard Law School/IOSCO.

Committees and Committee Membership

The Commission Board has established Committees to assist the Board in performing some of the statutory functions conferred on the Board. The Commission has one *ad hoc* and five standing Board Committees namely –

- a) the Compensation Fund Committee;
- b) the Licensing Committee;
- c) the Market Transactions Committee;
- d) the Risk and Audit Committee;
- e) the Staff and Remuneration Committee; and
- f) the Property Acquisition and Development Committee (*ad hoc*).

Compensation Fund Committee

The Compensation Fund Committee is a Board Committee established pursuant to section 176 of the Securities Act. The Committee is responsible for overseeing matters relating to the Compensation Fund and reporting to the Board. In particular, the Committee administers the Fund and make determinations for the settlement of claims against the Fund as provided for under the Securities (Compensation Fund) Regulations.

Licensing Committee

The Licensing Committee is a Board Committee established pursuant to section 13 of the Securities Act and is responsible for licensing market players and overseeing and reporting on the existing and new policies as stipulated in the Act and the Rules made pursuant to the Act as well as enforcement matters.

Market Transactions Committee

The Market Transactions Committee is a Board Committee established pursuant to section 13 of the Securities Act and is responsible for overseeing and reporting to the Board on approval of applications for registration of securities required to be registered under Part VIII of the Act as well as the quanta and efficacy of capital formation.

Risk and Audit Committee

The Risk and Audit Committee is a Board Committee of the Board constituted under section 13 of the Securities Act. In addition, it is a statutory requirement under the Public Finance Management Act, No. 1 of 2018, for this Committee to be established. The Committee is responsible for overseeing financial management, reviewing internal controls, checks and balances and risk management.

Staff and Remuneration Committee

The Staff and Remuneration Committee is a Board Committee established pursuant to section 13 of the Securities Act and is responsible for overseeing, and reporting to the Board on recruitment, skills training, capacity building and retention of staff.

Property Acquisition and Development Committee

The Property Acquisition and Development Committee has been established as an *ad hoc* Committee to guide Management in the Commission’s property acquisition and development process. This Committee did not hold any meetings in the period under review.

Decision-making timeframes

In order to enhance efficient decision-making, the Securities Act of 2016 has introduced timeframes within which particular decisions, such as the grant of a license, should be made. The Board has therefore pursuant to section 14 of the Act delegated final decision-making powers with respect to time-sensitive matters such as those relating to the grant of different categories of licences to the Licensing Committee and final decisions on market transactions including registration of securities for capital raising and other authorisations to the Market Transaction Committee. The delegated function ensures that decisions are expeditiously made without having to wait for the Board to approve the decisions at its next scheduled quarterly Board meeting.

Other Statutory Committees

Although the Procurement Committee is not a Board Committee as per the Public Procurement Act, No. 12 of 2008 which places the procurement function on a procurement unit that is headed by the Chief Executive of an institution, this Committee is important to highlight as it is procedurally operated in compliance with the governance principles of transparency, responsibility, accountability and fairness.

The Committee composition in 2023 was as follows:

COMMITTEE	MEMBERSHIP REPRESENTATION	MEMBER
LICENSING COMMITTEE	Board Member representing LAZ and Committee Chairperson	Dr. Leonard Kalinde
	MoJ Representative	Mrs. Diana Majokwe Shamabobo
	BoZ Representative	Ms. Chanda Punabantu
	ERB Representative	Mr. Fred Hang’andu and Mr. Alfred Mwila
	PIA Representative	Mr. Chishiba Kabungo
	Ex-officio Board Member	Mr. Phillip K. Chitalu

COMMITTEE	MEMBERSHIP REPRESENTATION	MEMBER
MARKET TRANSACTIONS COMMITTEE	Board Member representing MoF and Committee Chairperson	Mr. Mulele M. Mulele
	Board Member representing ZACCI	Mr. Paul Nkhoma
	Board Member representing LAZ	Dr. Leonard Kalinde
	CCPC Representative	Mr. Brian Lingela
	PACRA Representative	Mr. Benson Mpalo
	ZDA Representative	Mr. Albert Halwampa
	Ex-officio Board Member	Mr. Phillip K. Chitalu
STAFF AND REMUNERATION COMMITTEE	Board Member representing ZACCI and Committee Chairperson	Mr. Paul Nkhoma
	Board Member representing BoZ	Ms. Brenda Mwanza
	MoJ Representative	Mr. Joe Simachela
	ZIHRM Representative	Mrs. Beatrice N. Mwila and Ms. Adrine Muchimba
RISK AND AUDIT COMMITTEE	Board Member representing BoZ and Committee Chairperson	Ms. Brenda Mwanza
	Board Member representing PIA	Ms. Mainza Masole and Mrs. Sibajene Zulu
	ZICA Risk Expert	Mr. Kapembwa Sindano
	MoF Representative	Ms. Namaambo Kaliyangile and Mrs. Sandra Nakula Kawana
	LAZ Representative	Ms. Matilda C. Kaoma
COMPENSATION FUND COMMITTEE	Board Member representing MOJ and Committee Chairperson	Mrs. Diana M. Shamabobo
	BAZ Representative and Committee Vice-Chairperson	Mr. Fanwell Phiri
	CMAZ Representative	Mr. Nicholas Kabaso
	ZACCI Representative	Mr. Phil Daka
	LAZ Representative	Ms. Abigail Chimuka
	MoF Representative	Mrs. Mwila K. Zulu
PROCUREMENT COMMITTEE	SEC CEO and Committee Chairperson	Mr. Phillip Chitalu
	Procurement specialist	Mrs. Mary Banda
	Procurement specialist	Mr. Christopher S. Mwandu
	SEC Member	Mrs. Diana Sichone
	SEC Member	Ms. Mutumboi Mundia
	SEC Member	Mr. Mateyo Lungu
PROPERTY ACQUISITION AND DEVELOPMENT COMMITTEE	Board Member representing PIA and Committee Chairperson	Ms. Mainza Masole and Mrs. Sibajene Zulu
	Board Member representing MoF	Mr. Mulele M. Mulele
	MoJ Representative	Mr. Joe Simachela
	Ministry of Works and Supply Representative	Mr. Robin K. Musumba
	Zambia Institute of Architects representative	Mr. Griven Sikalumbi
	Show Society of Zambia Representative	Mr. Vasco Sikanyeu

Audit Function

Audit and corporate governance

The audit function plays an integral role in the Commission's corporate governance environment. Audit is therefore one of the controls that the Commission Board uses to ensure that the Commission is transparent, responsible, accountable and fair in all its dealings with all types of stakeholders. The Board has delegated, to the Risk and Audit Committee, its role of ensuring that the Commission has put in place sound financial management structures and processes, including financial, risk management and internal audit controls. The Commission, therefore, uses audit as one of the most important oversight tools of its corporate governance.

Internal Audit function

The Commission has both an internal and external audit function. Due to the size of the Commission, the internal audit function is not performed by a member of staff engaged as an internal auditor but has been outsourced to an audit firm. The Commission engaged xxx to provide the internal audit function with the Risk and Audit Committee of the Board having an oversight internal audit role to enhance the Commission's adherence to internal controls, procedures and processes.

In essence, the internal audit function is meant to ensure that internal controls are effectively functioning in managing risk in the Commission. The Commission's Audit Committee achieves this by reviewing the control systems for the Commission and providing an independent assurance of risk management of the Commission to the Board.

External Audit function

Section 10 of the First Schedule to the Securities Act requires the Commission's external auditors to be appointed by the Commission subject to approval by the Minister responsible for finance. As the Commission's external auditors, Grant Thornton did perform the 2023 annual audit and presented a report to the Board on the Commission's financial statements as well as stating the level of compliance by the Commission to the law, regulations and policies as required under law. The financial statements will thereafter be presented to the Minister of Finance as part of the Commission's Annual Report.

The Commission Secretary and Corporate Governance



The Commission Secretary, among other roles, is responsible for advising the Commission Board on good corporate governance practices as well as the Commission’s compliance with rules and regulations that affect it. Additionally, the Commission Secretary assists the Board and its Committees to function effectively in line with the Securities Act and the Board Charter that outlines Terms of Reference for the Board and each Committee. The Commission Secretary is therefore an important link between the oversight functionality of the Board of Directors and the operational aspects of the Commission through the Management and staff.

Board Performance Self-Evaluation



Mandate for performance self-evaluation

Section 11 of the Commission’s Board Charter mandates the Board and its Committees to undertake a performance self-evaluation in order to assess the effectiveness of the Board, its

Committees, and its individual Board Members. The Board has over the last six years been undertaking an annual performance self-evaluation, in the last quarter of the financial cycle, as a corporate governance performance monitoring tool.

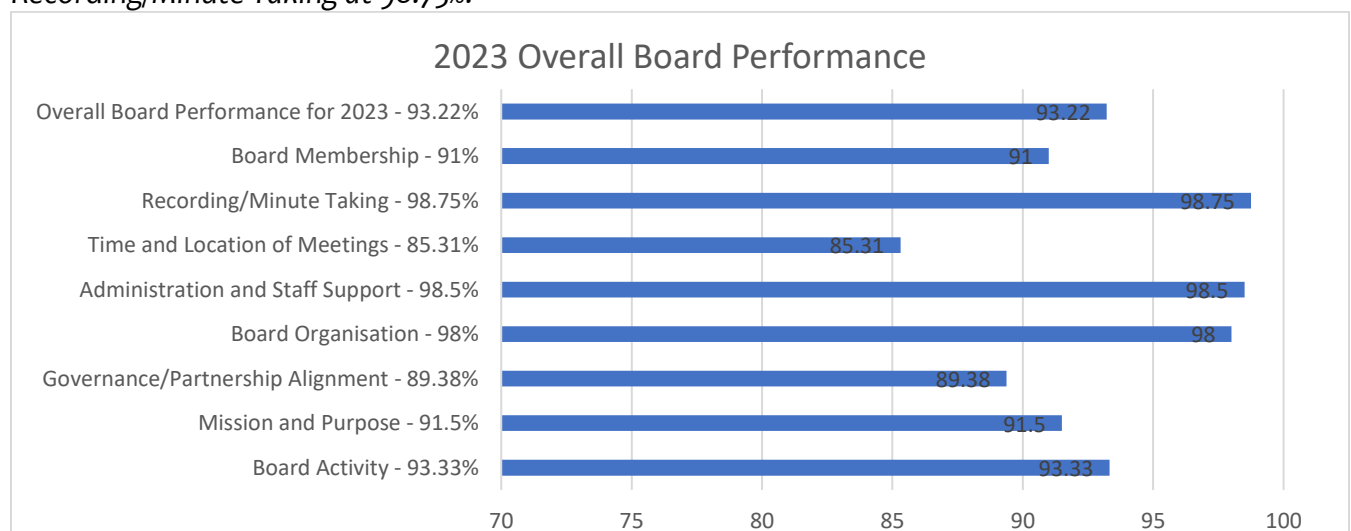
The performance self-evaluation is a collective, introspective, and comprehensive reflection by the Board to assess how the Board can be made more effective. The evaluation process is meant to identify strengths and weaknesses, to flag areas for improvement, and to plan for further action as appropriate. For the process to be effective, Board members are required to be open and submit positive ideas and opinions. The Board has developed an appropriate methodology to conduct the Performance Evaluations through a questionnaire that has been developed and which is required to be filled in by each Board Member. The responses are then collated and the results of the evaluation presented to the Board for further consideration.

During the period under review, the self-evaluation exercise was based on the submissions and views of seven out of eight respondents because one Board Member was no longer on the Board as they no longer represented the relevant nominating institution at the time of the assessment.

The Board performance self-evaluation was done for the following eight major areas: Board Activity; Mission and Purpose; Governance/Partnership Alignment; Board Organisation; Administration and Staff Support; Time and Location of Meetings; Recording/Minute Taking; and Membership. The analysis of each of these areas was done and the results for each area assessed.

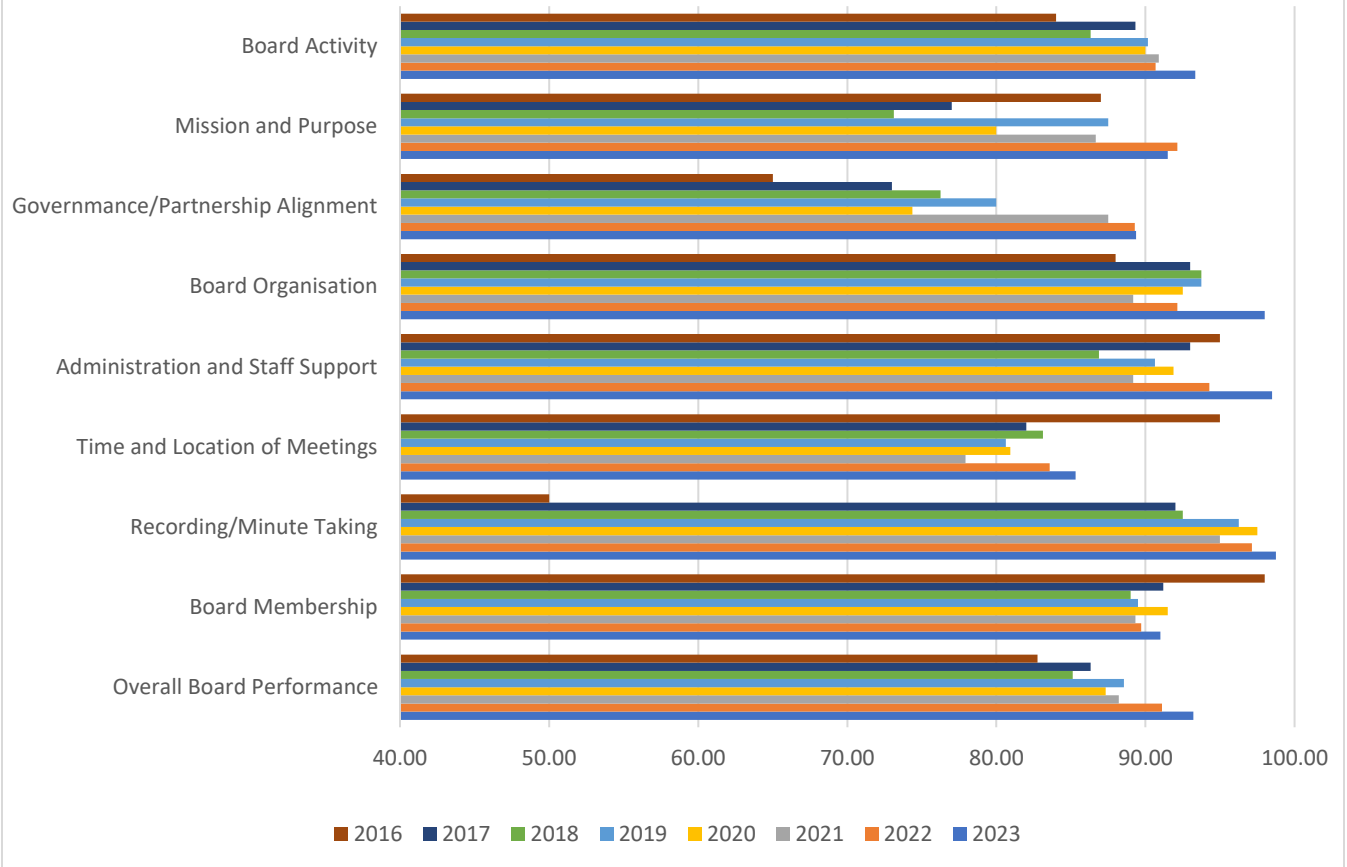
Results of the self-evaluation

The self-evaluation of the Board’s performance during the period under review revealed an overall Board’s performance for 2023 of 93.22% which was a slight increase to the 2022 assessment rate of 91.12%. Comparatively, the assessment rates for 2021 to 2016 were 88.21%, 87.34%, 88.55%, 86.32% and 82.75% respectively. The assessment of *Time and Location of Meetings* remained the lowest rated area at 85.31% whilst the highest rated area was the assessment of *Recording/Minute Taking* at 98.75%.

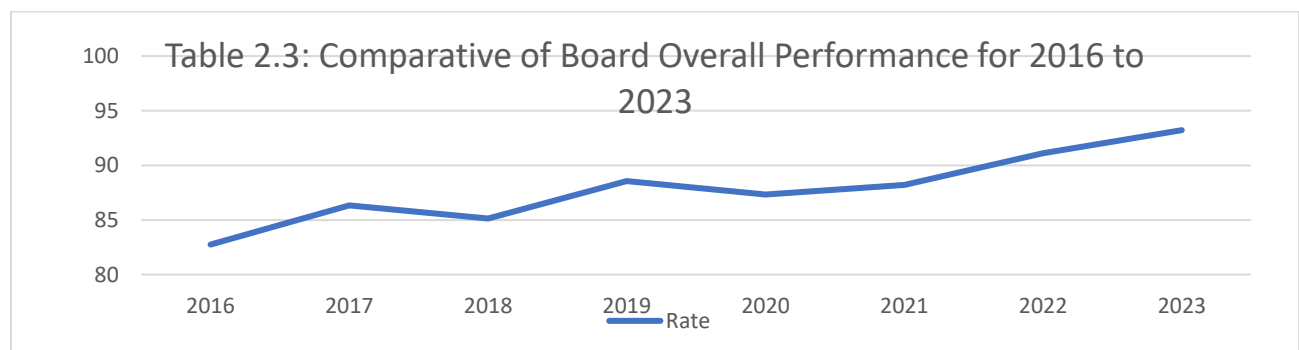


A comparative analysis of the Board’s performance over the last eight years for which the Board Performance Self-Evaluation has been conducted indicates the following results:

Table 2.1: Comparative of Board Overall Performance for 2016 to 2023



Seven of the eight areas assessed indicated a marked increase in performance rates on a comparative basis in the assessment done for 2023 with the overall Board performance recording an **increase in performance of 2.1%** from 91.12% in 2022 to **93.22%** in 2023. The overall performance of the Board has indicated an upward trajectory from 2020 to date as indicated in the following table:



INDIVIDUAL BOARD COMMITTEE PERFORMANCE FOR 2017 TO 2023 PERIOD

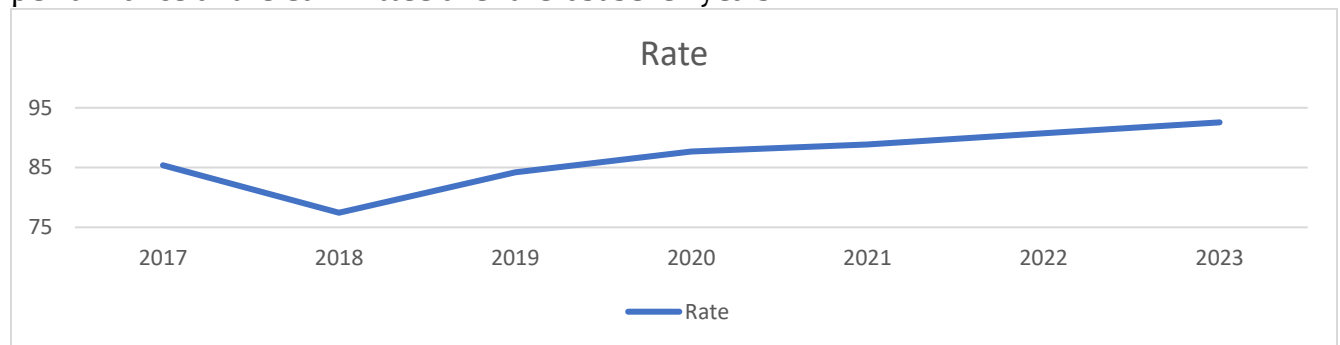
The Commission Board has five standing and one *ad hoc* Committee. The five standing Committees' performance was assessed using the same methodology adopted for the Board

and which was aimed at identifying strengths and weaknesses, flagging areas for improvement and planning for further action as appropriate.

The self-evaluation was conducted for the following seven major areas: Purpose of the Committee; Support for the Committee; Administration and Staff Support; Time and Location of Meetings; Attendance; Recording/Minute Taking; and Membership.

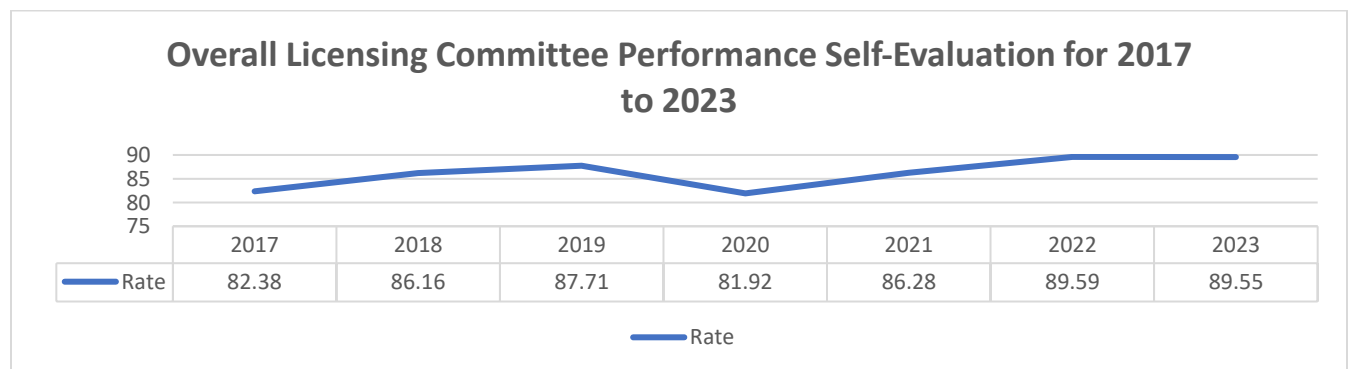
Compensation Fund Committee Self-assessment

The self-assessment of the Compensation Fund Committee revealed that the Compensation Fund Committee’s overall performance for 2023 was 92.56% which was a marginal increase from the 2022 assessment rate of 90.71%. comparatively, the assessment rates for the Committee’s overall performance for 2021 to 2017 were 88.87%, 87.67%, 84.18%, 77.44% and 85.36%, respectively. In this assessment, the highest rated area is Recording/Minute Taking at 98.33% while the lowest rated area is Attendance at 83.33%. The following graph shows the overall performance of the Committee over the last seven years:



Licensing Committee Self-assessment

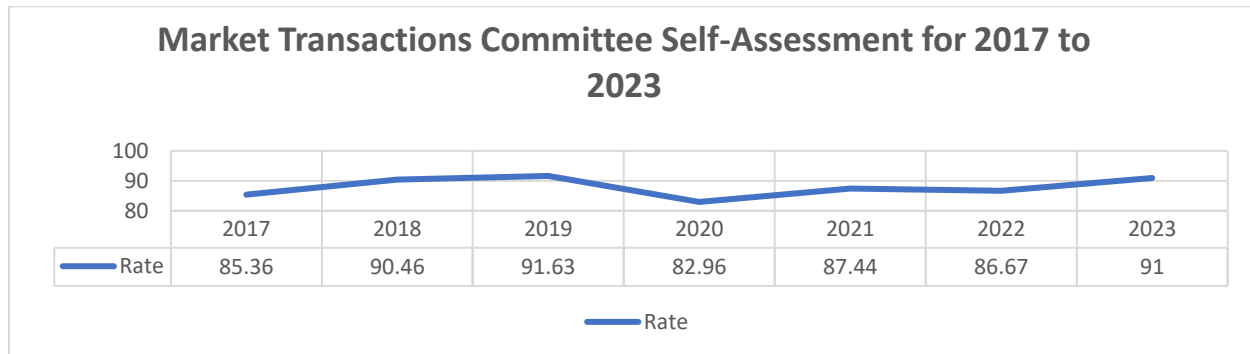
The self-assessment of the Licensing Committee revealed that the Licensing Committee’s overall performance for 2023 was assessed to be 89.55% which had marginally reduced from the assessment rate for 2022 which was 89.59%. Comparatively, the overall Committee performance as assessed in 2021, 2020, 2019, 2018 and 2017 was 86.28%, 81.92%, 87.71%, 86.16% and 82.38%, respectively. The area that was rated the highest was Committee Membership at 95% whilst the area with the lowest rating was Attendance at 82%. The following graph shows the overall performance of the Committee over the last seven years:



Market Transactions Committee Self-assessment

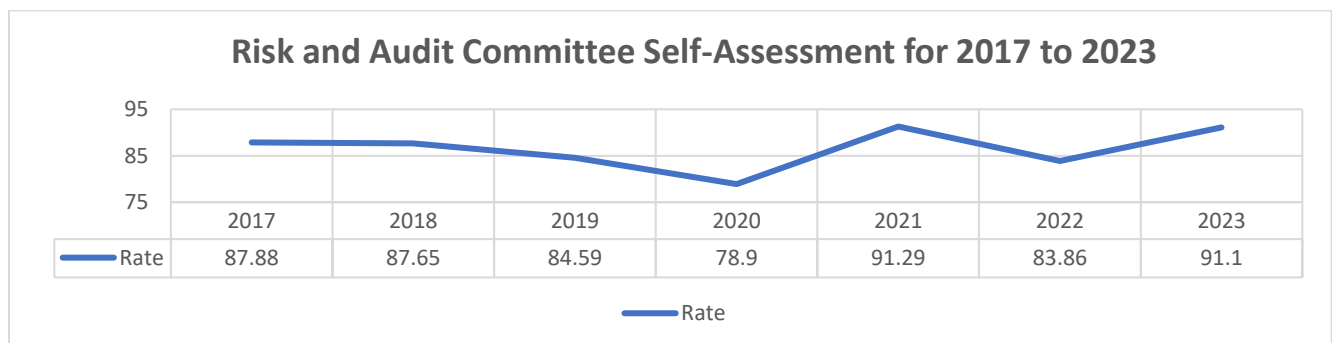
The self-assessment of the Market Transactions Committee revealed that the Market Transactions Committee’s overall performance for 2023 was found to be at 91% which

represented a 4.33% improvement from the 86.67% that was recorded in 2022. Comparatively, the Committee’s overall performance for 2021, 2020, 2019, 2018 and 2017 were 87.44%, 82.96%, 91.63%, 90.46% and 85.36%, respectively. The area with the highest rating was for Administration and Staff Support at 96% while the lowest rated area was a tie between Committee Member Attendance and Committee Membership, both of which were rated at 88%. The following graph shows the overall performance of the Committee over the last seven years:



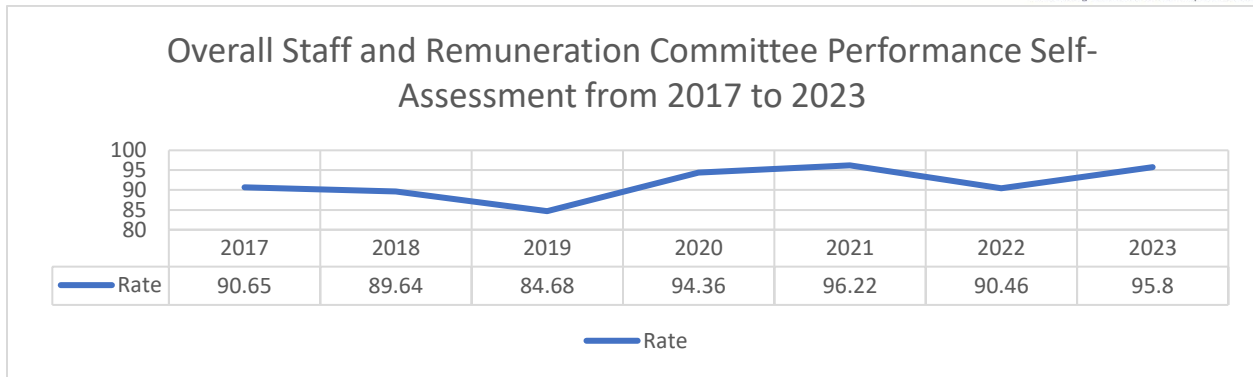
Risk and Audit Committee Self-assessment

The self-assessment of the Risk and Audit Committee revealed that the Risk and Audit Committee’s **overall performance for 2023 was found to be at 91.1%**, an increase from the 2022 assessment rate of 83.85%. The highest rating was made for Recording/Minute Taking at 100% while the lowest rating was for Attendance 65%. Comparatively, the performance rates for the 2021, 2020, 2019, 2018 and 2017 periods at 91.29%, 78.90%, 84.58%, 87.65% and 87.88%, respectively. The following graph shows the overall performance of the Committee over the last seven years:



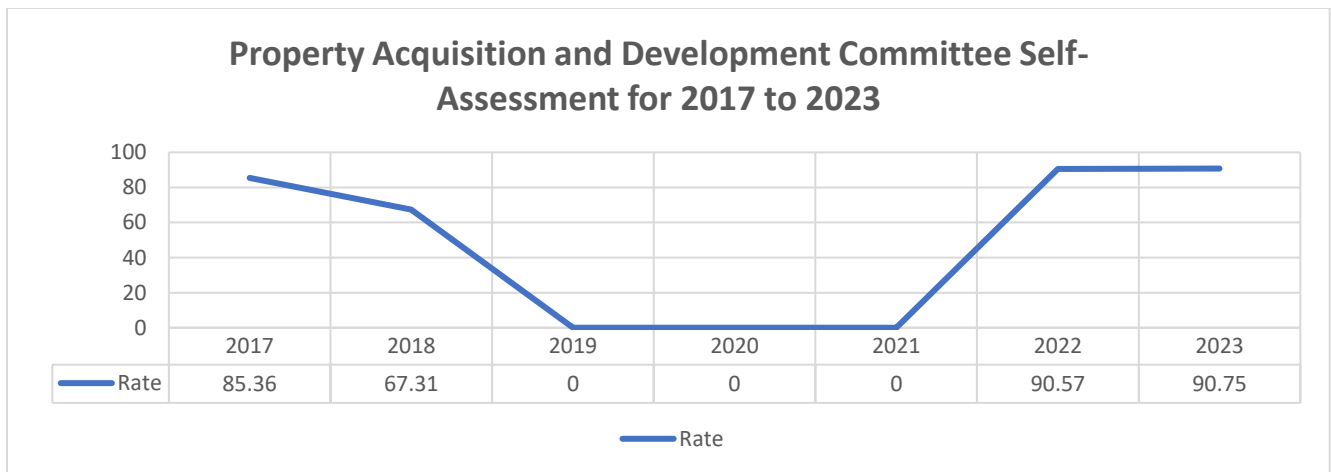
Staff and Remuneration Committee Self-assessment

The self-assessment of the Staff and Remuneration Committee revealed that the Staff and Remuneration Committee’s overall performance for 2023 was 95.80% representing a 5.34% improvement from the 90.46% recorded in 2022. Comparatively, the Committee’s overall performance for 2021, 2020, 2019, 2018 and 2017 were 96.22%, 94.36%, 94.68%, 89.64% and 90.65%, respectively. The highest rated categories were Support for the Committee, Administration and Staff Support, Recording/Minuting and Committee Membership which all scored 96.67% while the lowest rated category was Time and Location of Meetings which was rated at 95%. The following graph shows the overall performance of the Committee over the last seven years:



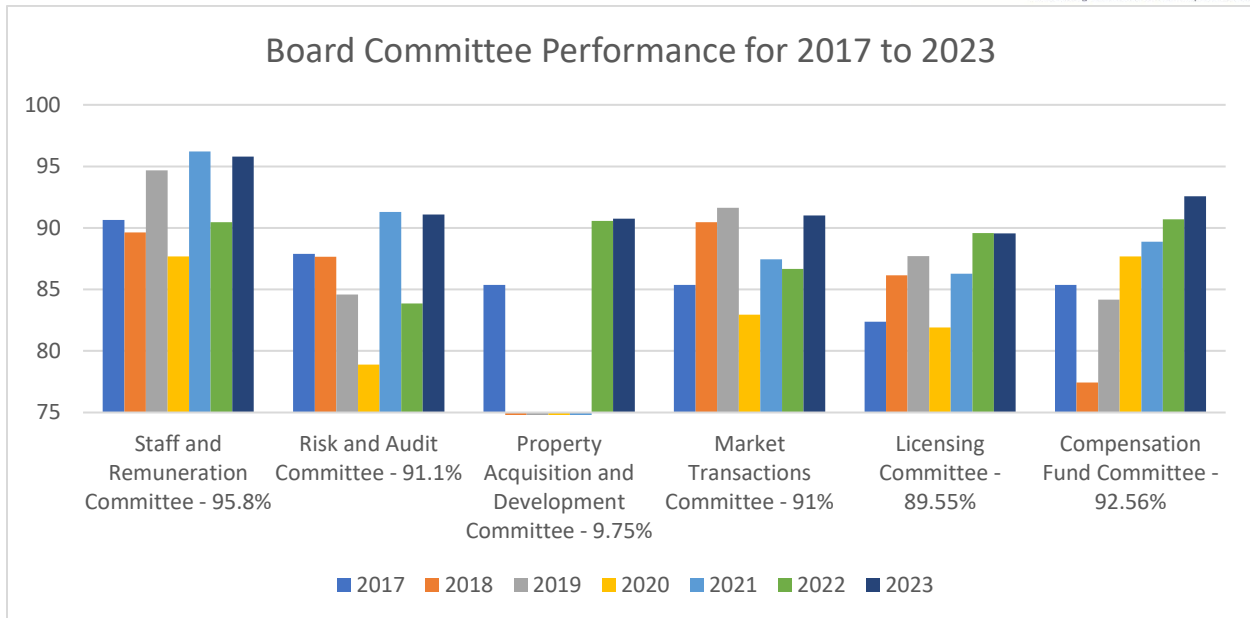
Property Acquisition and Development Committee Self-assessment

The self-assessment of the Property Acquisition and Development Committee revealed that the Committee’s overall performance for 2023 was found to be at 90.75%, a marginal increase from the 90.57%, that was assessed in 2022. Comparatively, the overall assessments for the 2018 and 2019 periods was 67.31% and 85.36%, respectively. The highest rating was for Support for the Committee at 100% while the lowest rating was for Recording/ Minute Taking and Committee Membership, both of which were rated at 75%. The following graph shows the overall performance of the Committee over the last seven years:



OVERALL BOARD COMMITTEE PERFORMANCE FOR 2017 TO 2023 PERIOD

The following table shows the overall performance of each of the Committees in one table:



NB: The Property Acquisition and Development Committee is an ad hoc Committee of the Board. It did not hold any meetings between 2019 and 2021 due to financial constraints. However, the Committee met more frequently in 2022 and has assessed its own performance in 2022 for the first time in three years.

Conclusion

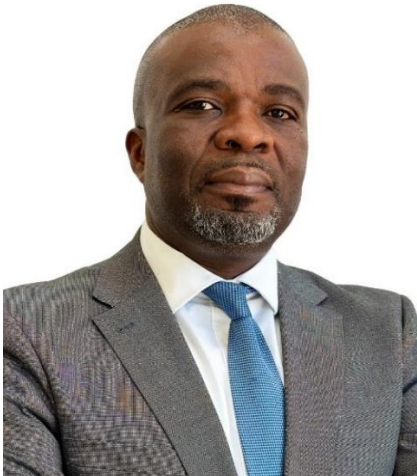
The performance self-evaluation exercise has proved to be a beneficial one as Members are able to make recommendations for improved performance, which recommendations are followed through in subsequent Meetings of the Board. This creates accountability and enables continuous improvement in the operations of the Commission.



Diana S. Sichone (Mrs.)
COMMISSION SECRETARY

SEC Management in 2023

During the period under review, the following were the Commission’s Management team in the period under review:



Chief Executive Officer

Phillip K. Chitalu

Phillip, a chartered accountant, has been with the Commission since August 2011. He has a bachelor’s Degree of Accountancy from the Copperbelt University, a Fellow of the Association of Chartered and Certified Accountants (FCCA) and also Fellow of the Zambia Institute of Chartered Accountants (FZICA). Phillip also holds a Master of Philosophy in Development Finance from Stellenbosch University, Cape Town, and further holds the International Global Certificate for Securities Regulators from the Harvard Law School/IOSCO.



Commission Secretary and Director – Enforcement & Legal Services

Diana Sichone

Diana, a legal practitioner, has been with the Commission since July, 2014. She holds a Bachelor’s degree in law from the University of Zambia and a Masters degree in Corporate and Commercial law from the University of Lusaka. Diana holds the International Global Certificate for Securities Regulators from the Harvard Law School/IOSCO. She is also an advocate of the High Court for Zambia, a qualified legislative drafter, trained commercial Arbitrator and is passionate about sustainability.



Director - Market Supervision & Development

Mutumboi Mundia

Mutumboi, a fellow of the Association of Chartered Certified Accountants (ACCA) and a Certified Expert in Sustainable Financing, had been with the Commission since January 2013 until she left the institution in July 2023. She is a Chevening Scholar and holds a Master’s Degree in Corporate Strategy and Governance from the University of Nottingham in the UK. She also holds the International Global Certificate for Securities Regulators from the Harvard Law School/IOSCO. Mutumboi further holds the Introductory Certificate in Arbitration from the UK’s Chartered Institute of Arbitrators.



Director – Market Supervision and Development

Nonde Sichilima

Nonde, a chartered accountant, has been with the Commission since September, 2015. Prior to his promotion to the position of Director – Market Supervision and Development in September 2023, Nonde’s substantive appointment was as Manager – Supervision. He holds a BA (Hons) Degree in Accounting and Finance from Athlone Institute of Technology, Ireland. He is a member of the Zambia Institute of Chartered Accountants and a Fellow of the Association of Chartered Certified Accountants (FCCA).



Manager – Market Transactions & Investments

Bruce Mulenga

Bruce has been with the Commission since February 2013. He holds a bachelor of Science in Accounting from Hull university and BTEC National Diploma in Business and Finance from City College of Higher Education.



Manager – Finance

Mateyo Lungu

Mateyo, a chartered accountant, has been with the Commission since December 2015. He is the holder of the Association of Chartered Certified Accountants (ACCA) qualification and the Certified Accounting Technician (CAT) from Chingola School of Accounts (ZAMIM-Chingola campus). He is a Fellow of the Association of Chartered Certified Accountants and an Associate member of the Zambian Institute of Chartered Accountants.



Manager – Law Reform and Enforcement

Dubholukulu Mulondiwa

Dubholukulu, a legal practitioner, has been with the Commission since 2020. She holds a Bachelor’s degree in law from Oxford Brookes University and she is also an advocate of the High Court for Zambia and a qualified legislative drafter.



Manager – Investigations and Enforcement

Kambole Seta

Kambole has been with the Commission since July 2022. She holds a Bachelor of Laws Degree obtained from the University of Lusaka and is a legal practitioner with 6 years of experience post bar qualification. She also holds a Post Graduate Diploma in Legislative drafting obtained from the Zambia Institute of Advanced Legal Education in 2022.



Manager – Market Supervision

Benson Mwileli

Benson has been with the Commission since January 2017 until he left the institution in October 2023. He holds a Bachelor of Arts Degree in Economics from the University of Zambia and a Master of Science Degree in Finance and Investment from the University of Bradford in the United Kingdom. He also holds an Advanced Diploma in Management Accounting from the Chartered Institute of Management Accountants (CIMA) and is a Certified Sustainable Finance expert with the Frankfurt School of Finance and Management in Germany.



Manager -Market Development

Dingase Makumba

Dingase has been with the Commission since May 2014. She holds a Master of Business Administration from the Eastern and Southern Africa Management Institute (ESAMI), Bachelor of Arts in social sciences from the University of Zambia and a Postgraduate Diploma in Marketing from the Chartered Institute of Marketing-UK and various Industry certifications from the Chartered Institute for Securities and Investments, Zambia College of Pensions and Insurance Trust, Toronto Centre and the Cambridge Centre for Alternative Finance.



Manager – Financial Inclusion

Mubanga Kondolo

Mubanga has been with the Commission since 2017. He holds a BA (Hons) in Business and Management from University of Sunderland and various certifications from the Cambridge Centre for Alternative Finance, Chartered Institute for Securities and Investments, Toronto Centre and Zambia College of Pensions and Insurance Trust.



Acting Manager – Market Supervision

Leah K. Simasiku

Leah has been with the Commission since 2013. She holds a Bachelor of Arts in Business Studies from Greenwich University, a Master of Business Administration (MBA) in Finance from the University of Lusaka, and a Graduate Certificate in Capital Markets from George Washington University. She has further enriched her knowledge through specialized training programs, including the Cambridge Sustainable Finance Course at Cambridge University, the Women’s Leadership Program at the Toronto Centre and also holds the International Global Certificate for Securities Regulators from Harvard Law School/IOSCO.



Acting Manager – Market Supervision

Gertrude Buyungwe

Gertrude has been with the Commission since 2016. She holds a Bachelor of Science degree in Banking and Finance from Copperbelt University and a graduate certificate in Capital Markets from George Washington University’s MI-IFC program. She also holds the International Global Certificate for Securities Regulators from Harvard Law School/IOSCO.



Acting Manager – Administration and Procurement

Florence Mbwili

Florence has been with the Commission from May, 2023. She holds a Bachelor’s degree in Public Administration from University of Zambia and a Masters Degree in Public Management from the University of Queensland in Australia. She is a member of the Zambia Institute of Human Resources Management and a member of the Chartered Institute of Personnel & Development (UK).

Report on regulatory and operational efficiency



In 2016, the Securities Act introduced provisions that enhanced the accountability of the Commission as a public institution vested with the regulatory powers to protect investors in the capital markets. Section 11(3) of the First Schedule to the Securities Act, No. 41 of 2016 requires the Commission to report on its regulatory and operational efficiency as part of the reporting requirements introduced by the law and include this information in its Annual Report.

In the next section, the Commission reports on each of the following:

- a) the extent to which the Commission has fully implemented its regulatory oversight functions as provided under the Securities Act and in its rules and the effectiveness of the operation of such regulatory oversight function;
- b) the actual and projected cost savings to the Government, if any, resulting from the operations of the Commission;
- c) the actual and projected costs which the Commission and the public would have incurred if the Commission had not undertaken regulatory responsibility for certain areas under the Commission's jurisdiction;
- d) the nature of the working relationship between the securities exchanges, clearing and settlement facilities and the Commission;
- e) an assessment of the actual and projected efficiencies the Commission has achieved or expects to be achieved as a result of the continuing regulatory activities of the Commission; and
- f) the immediate and projected capabilities of the Commission.

Extent of implementation of the Commission's oversight function and their effectiveness

The Commission's overall objective is to implement the dual mandate of investor protection and capital markets development. Section 8 of the Securities Act, in particular, highlights that the Board's role is to oversee the administrative affairs of the Commission by putting in place effective, efficient and transparent systems of corporate governance and generally providing strategic direction to the Commission, among other responsibilities. This provision entails that the Commission's decision-making function is vested in the Board, which is comprised of Members representing different institutions. Fundamentally, the Board is statutorily mandated to implement the provisions of the Act while the Commission's Management is there to implement the Board's decisions.

Section 13 also enables the constitution of Board Committees to which the Board delegates some of its decision-making functions and thus assist the Board in exercising its statutory functions.

In addition, the Commission has been able to implement its oversight functions by undertaking regulatory actions in response to infringements, by capital market operators, of the legal and regulatory framework. Some of these regulatory actions include the taking of supervisory possessions and the imposition of administrative sanctions including fines, censures and recompense directives, among others.

Cost Savings resulting from the Commission's Operations

The Commission prudently manages its resources to achieve its strategic objectives and therefore does not spend outside the approved budgets including in the review period. This has been done pursuant to one of the Commission's functions highlighted under section 8(b) of the Securities Act which requires the Board to approve the Commission's budget estimates to ensure sound financial management structures and processes, including financial, risk management and internal audit controls.

Cost to the Nation for not having the Commission

In pursuance of its investor protection mandate, the Commission was protecting over ZMW92 billion worth of investments as at 31st December 2023. The investments were in products ranging from shares or stocks, corporate bonds as well as assets under management in collective investment schemes. These investments are made directly by not less than 529,000 investors. However, through investments made by pension schemes and other institutional investors, a lot more investors have been able to indirectly invest in the capital markets.

It is the Commission's statutory mandate to protect the 529,000+ investors from having their savings or investments lost through fraudulent and other illegal activities by ensuring that issuers make prompt and full disclosure of non-public price-sensitive information by a company's directors to the general public, which disclosures enable investors and the general public to make informed decisions. With the large pool of savings subject to which the Commission exercises its regulatory investor protection mandate, the Commission's importance or relevance cannot be overemphasised as the savings could be lost, eroded or misapplied without the Commission's oversight function. This would have an adverse impact on financial market

confidence as well as the capacity of the capital markets to play the important function of savings mobilization.

Actual and Projected efficiencies the Commission has achieved as a result of the continuing regulatory activities

With the implementation of risk-based supervision (RBS), the Commission has changed its supervisory method from compliance to risk-based. Thus, by focusing on the areas or entities with the highest risk, the Commission is able to efficiently utilise its scarce resources to where they are needed most. As the process of RBS is forward looking, it ensures that risks are managed or mitigated before they crystallise. This has had the effect of increasing compliance by capital market operators which has a corresponding increase in market confidence thus translating into increased capital mobilisation especially in Collective Investment Schemes (CISs) and Corporate Bonds.

For the 2023 period, the Commission Board approved the following Key Performance Indicators (KPIs) to enable the Commission achieve its strategic objectives in an efficient and effective manner:

1. one program/ project implemented in collaboration with stakeholders;
2. 75% of Capital Market Operators aware of regulatory framework supporting new products;
3. finalise and launch Client Service Charter;
4. enhance business processes and procedures by ensuring 60% of institutional targets achieved by 31 December 2023;
5. improve Human Resource capacity by achieving 70% staff satisfaction level;
6. attain a sustainable funding model by engaging the Ministry of Finance and National Planning (MoFNP) for the funding policy; and
7. 100% adherence to the budget annually and attain 70% of the annual budget.

The Commission was able to successfully implement some of these performance indicators with the exception of the attainment of a sustainable funding model. However, the attainment of a sustainable funding model is one of the objectives of the Capital Markets Master Plan that was launched in February 2023. It is hoped that with the collaboration of different stakeholders including the MoFNP and the market, the Commission will achieve this critical goal.

Nature of the working relations with Capital Market Operators



Capital Markets
Association of Zambia

The Commission has a very good working relationship with the capital market operators represented by the Capital Markets Association of Zambia (CMAZ) to which each capital market operator is, by law, required to be a member of. The Commission holds regular stakeholder meetings with the market as well as with the public at large through holding of monthly townhall meetings at which topical issues affecting capital markets are presented and discussed. These meetings have been highly interactive and facilitate the exchange of information from the Commission to the relevant stakeholders including the capital market operators.

In addition, the Commission has leveraged on its relationships with several cooperating partners to obtain capacity building and other developmental support for several projects being undertaken including the implementation of risk-based supervision with the aid of the Toronto Centre.

Immediate and Projected capabilities of the Commission



Both the Capital Markets Master Plan (CMMP) and the Commission’s 2022-2026 Strategic Plan highlights the enhancement of regulatory capacity for the Commission as one of the Commission’s objectives. The Commission is implementing a number of projects with cooperating partners such as Toronto Centre, FSDA, UNCDF and BIOFIN that range from capacity building in topical areas including risk-based supervision to the development of regulatory frameworks for new and existing capital markets products.

Specifically, the Commission was during the period under review, able to undertake the following projects, which have continued into 2024:

- 1) Toronto Centre – Long term country engagement on Risk Based Supervision, Financial Inclusion and Sustainable Finance;
- 2) UNDP Biodiversity Finance Initiative (BIOFIN)
 - a. Development of a Tagging and Reporting System for the Financial Sector (Mainstream, identify, classify, and mark biodiversity and climate relevant financial products and services in the financial sector, enabling the estimation, monitoring, and tracking of financial flows for green growth);
 - b. Development of the Green Finance Strategy and Implementation Plan (roadmap for the broader green finance mainstreaming agenda); and
 - c. Green bond development;
- 3) UNCDF – Revenue Bond Project aimed at piloting issuance of a green revenue bond by a local authority in Zambia;
- 4) Financial Sector Deepening Africa - Development of Nature Regulatory Map for Nature related risks (this is being implemented by FSDA, SEC and BoZ); and
- 5) Chemonics Egypt – Renewables project pipeline to actualize renewable energy project opportunities in Zambia.

The Commission also took advantage of electronic platforms to enhance the regulatory capacity of Commission staff with the majority of the staff being trained in fintech and regulatory innovation that was run by the University of Cambridge Judge Business School. The trainings and capacity building that Commission staff underwent in 2023 have ensured that the Commission is always in tune with current developments in the capital markets space.

Phillip K. Chitalu
CHIEF EXECUTIVE OFFICER

Operational Activities

In 2023, the Commission continued to implement activities aimed at ensuring that capital markets contributed to the economic development. In undertaking its investor protection mandate, the Commission ensures that the markets are free, fair and transparent by requiring the registration of securities, the licensing and authorisation of capital market operators and the supervision of capital market operators to ensure that they are in compliance with the requirements of the law. The Commission’s operational activities are undertaken through its operational directorates namely

- The Directorate of Market Supervision and Development (“DMSD”)
- The Directorate of Enforcement and Legal Services (“DELS”)
- Directorate of Finance and Administration (“DFA”)

MARKET SUPERVISION AND DEVELOPMENT

In 2023, the Commission prioritized the launching and implementation of the Capital Markets Master Plan (“CMMP”), as well as progressing key Commission projects as follows:

- **Capital Markets Master Plan (“CMMP”)**: CMMP was launched by the president in 2023, and significant progress made towards establishing the governance structures in readiness for implementation.
- **Risk-Based Supervision (“RBS”)**: the Commission focused on activities to implement RBS in the Zambian capital markets.
- **Regulatory Sandbox Project**: the focus was on graduating sandbox participants with a view to assessing readiness for deployment of solutions to the public.
- **Green Bonds Project**: Efforts directed towards establishment of the green finance unit and implementing activities to green the Zambian financial services sector.

In addition, the directorate continued with its supervisory and market development functions of licensing, surveillance, complaints handling, financial inclusion and market awareness. The following successes were registered during the year:

- 👍 **Presidential launch of Capital Markets Master Plan** on 23rd February, 2023. This key milestone opened the way for implementation activities to commence;
- 👍 **First Prize** for the Best Climate Action exhibit and the **Third Prize** for Best Climate Awareness exhibit at the Lusaka Agricultural and Commercial Show;
- 👍 **Finalised the contracts for Secured financial and technical support** from the United Nations Development Programme/Biodiversity Finance Initiative for three teams of consultants to provide assistance in various initiatives (including the green bonds project) under the Green Finance Mainstreaming Working Group; and
- 👍 **Attended the United Nations Framework Convention for Climate Change (“UNFCCC”) Conference of Parties 28th Meeting (COP 28)** in November and December 2023 and established contact with potential cooperating partners, most of whom have indicated willingness to support Zambia’s long-term strategy for the development of capital markets.

2023 did have its own challenges which required resilience and innovation on the part of the Commission. Key was the need to navigate the ongoing organisational re-structuring and

rationalizing of emoluments for the Commission spearheaded by the Cabinet Office and Emoluments Commission respectively. These priority activities have a direct bearing on enhancing ability of the Commission to deliver on strategic activities especially the need to actualize the establishment of a specialized units across the Commission such as the CMMP Unit, the green/sustainability coordinating unit, the Innovation and Sandbox Units. Another area of challenge was the slow progress on the acquisition of Supervisory technology (“SUPTECH”) to aid the Directorate’s work. This had an impact on the roll out of RBS across capital markets as certain data collection and information capabilities could not be undertaken without systems.

The Commission will, in 2024, prioritise these areas to ensure these resourcing challenges are addressed.

The Directorate activities are organized along two key units

- **Market Development:** responsible for investor protection through investor education and awareness. The unit also oversees the Commission’s financial inclusion agenda, financial education activities, Green Bond Development, Regulatory Sandbox and is the key anchor point for the implementation of the Capital Markets Master Plan.
- **Market Supervision:** responsible for ensuring that Zambian capital markets are properly supervised primarily through implementation of the Commission’s Risk Based Supervision Project.

We discuss below the work streams of the above units.

MARKET DEVELOPMENT ACTIVITIES

Capital Markets Master Plan (CMMP)

In 2023, the Commission recorded progress towards cementing the formation structures and steps required for the successful implementation of the CMMP in the period under review. The Commission and the Ministry of Finance and National Planning (“MoFNP”) who are the Joint Secretariat for the CMMP focused their attention on advancing the afore-mentioned as follows:

- ❖ Establishment of the **Working Groups** – the five (5) CMMP working groups for the five development areas have been established.
- ❖ Appointment of **Action Teams** – through a public call for expressions of interest issued by the SEC, one hundred and fifteen (115) stakeholders registered their interest to support the CMMP’s implementation. The engagement of Action Teams shall be executed through the Public Private Dialogue Forum’s governance and implementation structures.
- ❖ Creation of the CMMP Coordinating Unit – The Commission and the Ministry of Finance and National Planning, in collaboration with the Emoluments Commission worked towards the secondment of staff resources from the MoFNP, Bank of Zambia and Pensions and Insurance Authority.

Green and Sustainable Finance Activities:

As part of its vision, the Commission seeks to “Position Zambia as a Global Green Investments Hub”. The Commission has, therefore, focused on sustainability as one of its core values and is pursuing various initiatives to ensure capital markets make their rightful contribution to the fight against climate change, whilst striving for economic development. To this end, the following are the key developments and activities undertaken by the Commission:

- (1) **Registration and subsequent issuance of Zambia’s debut Green Bond by CEC Renewables Limited:** CEC Renewables Limited registered a US\$200 million Green Bond, structured as a programme whose proceeds will accelerate the actualisation of ambitions to generate at least 200 MW of renewable energy and specifically solar energy with possible storage implementation. The first tranche of US\$54 million (Issued post year end in January 2024) was oversubscribed.

- (2) **Green Finance Mainstreaming Working Group Projects:** The Commission is the Secretariat of the Green Finance Mainstreaming Working Group, which is a collaborative working group comprised of the financial sector regulators i.e. the SEC, the Pensions and Insurance Authority and the Bank of Zambia and also includes other members being UNDP Biofin Zambia, WWF Zambia, the Ministries of Finance and National Planning and Green Economy and Environment and the Zambia Institute of Chartered Accountants. The working group is undertaking the following key projects aimed at ensuring mainstreaming of green finance into Zambia’s financial sector:
 - (i) **Development of a Tagging and Reporting System for the Financial Sector** (the objects of this project are to mainstream, identify, classify, and mark biodiversity and climate relevant financial products and services in the financial sector, enabling the estimation, monitoring, and tracking of financial flows for green growth);
 - (ii) **Development of the Green Finance Strategy and Implementation Plan.** (the objects of this project are to formulate a roadmap for the broader green finance mainstreaming agenda); and
 - (iii) **Green bond market development consultancy activities** (the objects of this project are to develop a sectoral green bond taxonomy for Zambia and a web based Green Bond Investment Portal for Zambia, including, technical assistance such as handholding support for potential issuers looking to issue a green bond).

- (3) **Other SEC initiatives in the green finance space include:**
 - (i) **Subnational Revenue Bonds Project:** this project is being implemented in collaboration with the United Nations Capital Development Fund and aims to spur development in the issuance of municipal bonds by local councils in Zambia.
 - (ii) **Development of a regulatory road map for nature related risks:** this project is being implemented in collaboration with the Financial Sector Deepening Africa (FSDA) to ensure that nature related risks are incorporated in the regulatory landscape in Zambia for the financial sector.
 - (iii) **The creation of a Green and Sustainable Finance Coordinating Unit:** The Commission is working to finalise the creation of a green and sustainable finance coordinating unit to coordinate and synergise activities related to sustainability within the institution and the broader sustainable finance ecosystem. This is all aimed at helping position Zambia as a preferred Global Green Investments Hub. The UNDP Biofin has already seconded one (1) resource to support the unit.

National Financial Inclusion Strategy (NFIS)

As part of the development process for the National Financial Inclusion Strategy (NFIS) phase II, the Commission was assigned to lead consultations and drafting of the Inclusive Green Finance / Climate Change Thematic Area, a key pillar (among others) that has been identified as critical towards progressing the financial inclusion agenda for Zambia. With respect to the above, a series of consultation meetings were undertaken for the respective thematic areas and as such, the Commission in collaboration with the Ministry of Finance and National Planning undertook a stakeholder consultative meeting on the Inclusive Green Finance / Climate Change thematic area.



Participants at the NSFE Meeting

National Strategy on Financial Education for Zambia (NSFE)

The National Strategy on Financial Education (NSFE) II for Zambia, 2019-2024 sets out the framework for providing financial education to the Zambian population with the overall strategic objective to have a Zambian population that has improved knowledge, understanding, skills, motivation, and confidence to help them secure positive financial outcomes for themselves and their families by 2024. The SEC under the appointment of the Ministry of Finance and National Planning oversees, as Secretariat, the Sub-Working Group for Youth and as part of its mandate, ensured the convening of stakeholder meetings on a quarterly basis. The meetings were meant to collate implementation of programmes identified under the NSFE II.

In the period under review, the NSFE II sub-working group for Youth was held on 22nd August 2023. The Working Group gained traction by canvassing the interest of critical stakeholders such as the Business Studies Teachers Association of Zambia now holding the chairmanship, and University Students' Association with the University of Lusaka Economics and Business Association (UNILEBA) President now holding the Co-Chairmanship.

The Student Associations that were on-boarded included the University of Zambia Business and Economic Association (UNZABECA), Copperbelt University Economics Association (CUEA) and ZCAS Economics and Business Association (ZCASEBA). Other members of the sub-working group included the Pensions and Insurance Authority (PIA), Bank of Zambia (BOZ), Capital Markets Association of Zambia (CMAZ), National Youth Development Council (NYDC), Financial Sector Deepening Zambia (FSDZ) and Future.

2023 Financial Literacy Week

The Commission alongside the Ministry of Finance and National Planning, the Bank of Zambia and the Pensions and Insurance Authority commemorated the 2023 Financial Literacy Week “FLW” under the theme Plan Your Money, Plant Your Future”.

As a core-spearheading implementor of the FLW, the Commission in collaboration with the Capital Market Association of Zambia assumed the responsibility to lead the coordination of activities in the Eastern Province of Zambia.

Commemoration of World Investor Week 2023

The Securities and Exchange Commission (SEC) organized the 7th annual World Investor Week (WIW) from October 2nd to 14th, 2023, as part of a global initiative led by International Organization of Securities Commissions (IOSCO) to promote investor education and protection. The WIW was commemorated under the theme ‘**Cultivating Resilience and Wise Habits: A Smart Investor avoids Fraud**’. In Zambia, the SEC collaborated with various stakeholders such as the Capital Markets Association of Zambia, the Lusaka Securities Exchange Plc, stockbrokers, fund managers, and Government agencies to coordinate and implement WIW activities, aiming for maximum outreach and impact.

The week’s events included:

- The inauguration of the WIW by the Hon. Minister of Finance and National Planning, Dr. Musokotwane Situmbeko MP, on national television.
- Essay writing competition.
- Investor awareness exhibition.
- Inter-university debate attended by Livingstone City Mayor, Ms. Constance Nalishebo Muleabai. Winners of the debate competition were:
 - Solwezi College of Education (1st prize);
 - Evelyn Hone College of Applied Arts and Commerce (2nd prize);
 - Malcom Moffat College of Education (3rd prize); and
 - Zambia Catholic University (4th prize).
- Robust social media campaign.

Chartered Institute of Securities and Investments (“CISI”) partnership milestones

The SEC/CISI partnership was signed in August 2016 through the execution of a Memorandum of Understanding, with a view to provide an effective framework for collaboration between the parties in the development of a formal certification programme for the capital markets sector practitioners. Two key milestones were achieved under this partnership in 2023 namely:

- **Accreditation of ZCAS University as a CISI training provider:** The SEC achieved a key milestone on 29th November 2023 when ZCAS University received accreditation as a training provider. This entails that the professionals wishing to attain chartered qualifications for securities industry can now access the training locally through ZCAS University.
- **Accreditation of the Commission as a CISI Test Centre:** Under the partnership, the SEC and CISI have collaborated to establish a framework for CISI assessments and creating a Testing Centre to facilitate undertaking of exams. In the period under review, there was participation by SEC Staff and some of the Commissioners who attended training for the following two CISI courses:

- (i) Phase 1: International Introduction to Securities and Investment (Africa); and
- (ii) Phase 2: Local Regulatory Assessment Module.

Monthly Town Hall Meetings

In efforts aimed at improving the investor base and investor education levels, the Commission undertook Town Hall Meetings (THMs) targeting both existing and potential investors. The Town hall meetings were undertaken monthly throughout the year under the following topics:

- **January 2023:** The Enforcement Programme of the Securities and Exchange Commission
- **March 2023:** “Regulators Perspective” of the Capital Markets Master Plan
- **April 2023:** Unregulated Financial Product Offerings
- **May 2023:** What Steps to Take to Avoid Being Scammed
- **June 2023:** Innovations that are in the capital markets
- **July 2023:** The ABC's of investing in the Capital Markets
- **August 2023:** Your Investing Options in the Capital Markets with a Focus on How to Invest in Shares
- **September 2023:** How to Invest in Shares
- **October 2023:** Your Investing Options: Collective Investment Schemes
- **November 2023:** Cultivating Resilience and Wise Habits: A Smart Investor avoids Fraud
- **December 2023:** Financial Planning as the Gateway to Achieving Financial Freedom in 2024



Through these Townhall meetings, the Commission reached approximately 7,400 people through both the zoom and the Facebook platforms.

Harmonization Of Regulatory Sandboxes

The Commission undertook an offsite workshop to explore mechanisms for a harmonized sandbox and collaborative framework for the supervision of Fintechs. Discussions were centered around the following areas:

- (i) **Overview of the Regulatory sandboxes:** Presentations highlighting progress, challenges and lessons were made by the BoZ, PIA and SEC.
- (ii) **Principles and frameworks for harmonization and collaborative supervision:** This session centered on considerations that would form a basis for a Report and recommendations and as such delved into key elements such as objective setting, the sandbox structure and Institutional / Implementation arrangement.

97th Lusaka Agricultural and Commercial Show

The SEC took part in the 97th Lusaka Agricultural and Commercial show and exhibited under the theme **“INCLUSIVE ECONOMIC TRANSFORMATION”** which resonated with the Capital Markets Master Plan Mission To create *efficient, transparent, effective, safe, innovative, Inclusive and sustainable capital markets* which formed a good basis for explaining the theme.

SEC won for the second time in a roll, the **1st prize** for the Best Climate Action exhibit and the **3rd prize** for Best Climate Awareness exhibit.



1st Place
Best Climate Action exhibit
Award

3rd Place
Best Climate Awareness
Exhibit Award



Participation in the Zambia International Trade Fair (ZITF)

The ZITF is renowned as the largest International Exhibition in the country recording over 800 local and international exhibitors and 130,000 patrons in the 2023 exhibition. It was therefore envisaged that participation in such an activity will present an opportunity for stakeholder engagements with high level networking aside the obvious brand visibility and good corporate citizenship.

Permanent Secretary, Ministry of Tourism Evans Muhanga visiting the SEC stand.



Developing Zambia's Subnational Revenue Bonds Project

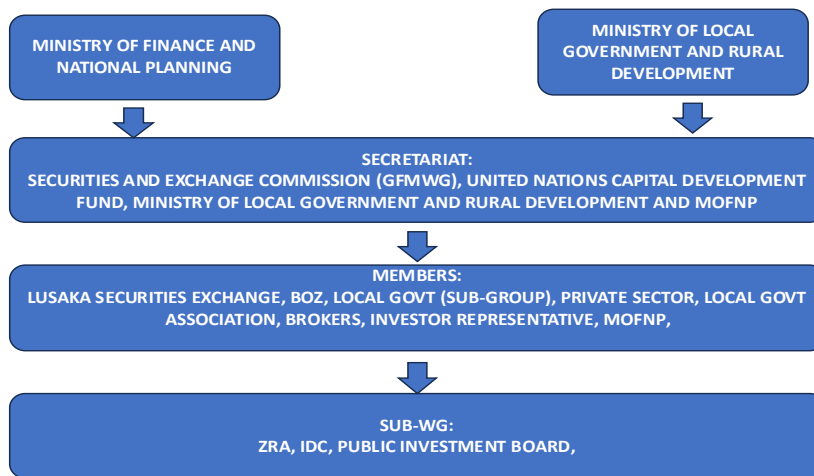
The Commission is working with the United Nations Capital Development Fund (UNCDF) to develop Zambia's domestic capital market to spur local development. The first instrument identified under this project is the Subnational Revenue Bonds. To develop capacity and increase awareness, SEC and UNCDF held a joint workshop on subnational revenue bonds at the Pamodzi Hotel in Lusaka in July 2023. The one-and-a-half-day workshop brought together key stakeholders, including senior government officials, local authorities, and development partners. The workshop centered on strengthening the domestic capital markets and exploring the potential of subnational revenue bonds to finance local development. The aim of the workshop was to raise



awareness about revenue bonds issued in local currency for municipals and sub-national entities, highlighting their potential as a viable financing alternative for local authorities. Furthermore, local councils were invited to present projects within their pipeline that could serve as models for future revenue bond issuances.

The Workshop was graced by the Permanent Secretary of the Ministry of Local Government and Rural Development – Administration, Mr. Maambo Haamaundu and was attended by six local Authorities who presented, in a session dubbed ‘the Market Place’, projects that could be considered for funding through sub-national revenue bonds.

A key outcome of the workshop was the creation of a National Task Force for Revenue Bonds to ensure discussions from the workshop were owned and carried forward by key decision-makers and stakeholders involved in the bond issuance process. The proposed composition of the Task Force is as depicted in the table below:



MARKET SUPERVISION

Universe of Capital Markets Operators

The Commission is responsible for the supervision of the following categories of market players by virtue of them being licensed, authorised, recognised by or having their securities registered by the Commission.

Capital Markets regulatory universe



The details of the capital markets operators including their contact details are included in **Appendices II and III**.

The supervisory mandate of the Commission is anchored upon four pillars as follows:

- Any person dealing or advising on securities must be licensed by the Commission;
- Any securities market or financial market infrastructures must be licensed as securities exchanges or clearing and settlement agencies by the Commission;
- All securities of a public company which are publicly traded must be registered by the Commission; and
- Collective Investment Schemes, Venture Capital Funds and other investment vehicles must be authorized by the Commission. Parties to these investment schemes must be authorised by the Commission.

Market Supervision undertakes the core functions as highlighted in the following table:

Market Supervision core activities



The Commission's risk assessments and ongoing monitoring are based on information submitted by and collected on Capital markets Operators. CMOs are required to submit to the Commission monthly, quarterly and yearly returns. These returns and information form the basis of the Commission's on-going monitoring, Risk Assessments under RBS as well as for planning on-site inspections of capital markets operators.

Issuers of Registered Securities

The Commission's focus of supervision is to ensure that issuers of registered securities provide adequate information and disclosures to investors, which information is relied upon to make investment decisions. Full disclosure to all investors ensures that there is no information asymmetry which is detrimental to the Commission's mandate of ensuring transparent, orderly and efficient capital markets.

As of 31st December 2023, the number of issuers stood at 44, with 45 instruments having been registered.

NUMBER OF ISSUERS

Class of securities	Number of issuers	Number of securities registered
Listed equities*	22	23
Quoted equities	11	11
Corporate Bonds*	11	11
Number of issuers/ Securities*	44	45

Note: One issuer REIZ has registered two securities (two listed share securities and one corporate Bond).

Internal control over financial reporting ("ICOFR")

In a bid to enhance financial reporting among issuers, the Commission continued to encourage the implementation of appropriate internal controls frameworks among issuers through the Securities (Internal Control Over Financial Reporting (ICOFR)) Guidelines issued in 2019 with a 5-year transition period effective 2019 to 2023 with the first year of full implementation in 2024. SEC and ZICA established a working group to implement ICOFR.

During the year ending 31st December 2023, the SEC-ZICA working group held various meetings discussing the ICOFR implementation status considering the concerns raised during the various stakeholder engagements. After obtaining a no objection from ZICA to make changes to the Guidelines, the working group made proposed changes and comments to the Guidelines with the aim of issuing them to the market for comments within 2024.

Collective Investment Schemes

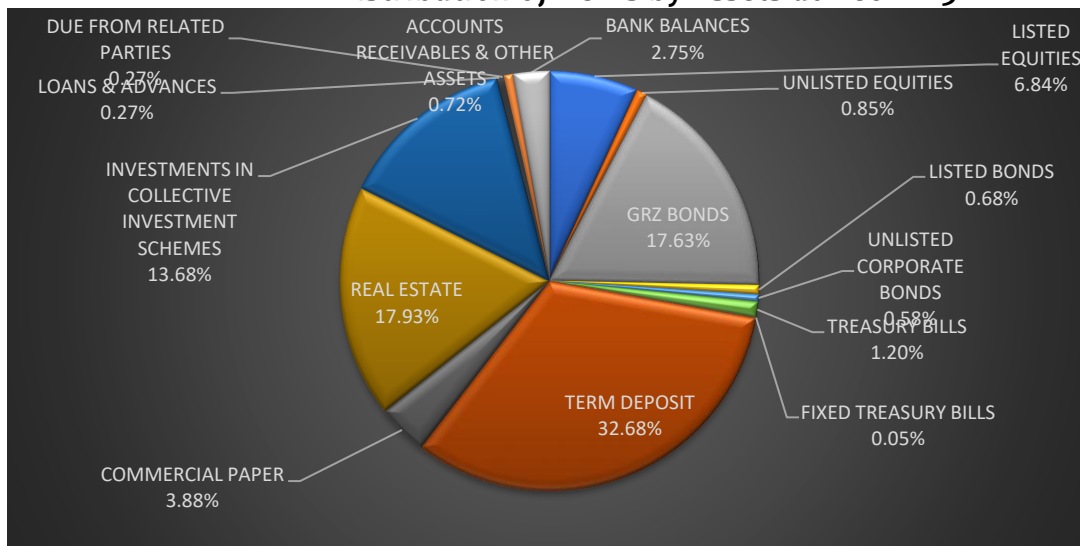
Collective Investment Schemes (CISs) remain a prime area of focus for the Commission as this is a product that is best suited to promote financial inclusion among Zambians. Secondly, the CIS space has seen significant growth over the past five years with Assets Under Management (“AUM”) increasing year on year. Below is a snapshot of the CIS industry at 31st December 2023.

Snapshot of the Collective Investment Schemes

Collective Investment Schemes – A SNAPSHOT AT DECEMBER 2023	A
Total CIS Assets Under Management ("AUM") closed at K2,417 million in December 2023, an increase of 43% from 2022.	A
K2,045 million was invested locally, an increase of 37%.	A
K372 million invested in foreign CISs, an increase of 93%.	A
475,461 investors across 11 local umbrella funds comprised of 62 sub-funds, a representation of 75% increase from December 2022.	A
328 investors in 25 foreign CISs, an increase of 7%.	A

This growth in assets under management for local CISs was largely driven by growth in contributions by new investors (as noted from the 75% increase in investor numbers) and existing investors and foreign exchange gains in dollar denominated assets under management (driven by the appreciation of US dollar against kwacha from K18.10/US\$ at December 2022 to K25.74/US\$ as at December 2023). The sector reached a significant milestone of K2 billion in assets under management in August 2023. The number of local authorised CISs remained at nine (9). In terms of deployment of AUM, 81.92% of the local CIS AUM were invested in Real Estate, Term Deposits, Other CISs and GRZ Bonds (Refer to Figure below).

Distribution of AUMs by Assets at Dec 2023



The list of fund managers for collective investment schemes is included in **Appendix II**.

Licenses

The Commission issued 33 licenses in the year to December 2023 bringing the total number of licenses to 236. As of 31st December 2022, there were 217 licenses in issue. The movement in the number of licensees by category for the year ending 31st December 2023, is provided in the table below:

Table 31: Movement in number licensees

License type	At January 2023	Issued	Cancelled/ Revoked/ Surrendered	At December 2023
Credit Rating Agencies	1	-	-	1
Dealers	35	-	-4	31
Dealer's Representatives	142	20	-6	156
Investment Advisors	13	5	-	18
Investment Advisors representatives	24	6	-4	26
Share Transfer Agencies	0	1	-	1
Clearing and Settlement Agencies	0	1	-	1
Securities exchanges	2	-	-	2
Total	217	33	-14	236

Surveillance and complaints handling

Market Surveillance

Market surveillance includes various activities such as monitoring trade operations on licensed exchanges using daily analysis of market trades, reviewing periodic reports, investigating anomalies and other activities. It also involves analysing information gathered through complaints, social, electronic and print media, among others. Surveillance activities also include the Commission attending Annual General Meetings (“AGMs”) for listed entities and local CISs in an observer capacity. The goal is to ensure that there are no market malpractices being perpetrated in the capital markets.

The Commission made the following observations with regards to AGMs held during the year:

- **Attendance:** AGMs were held either physically, virtually or in most cases a combination of both (hybrid). Most issuers were able to hold their AGMs.
- **Investor Participation:** The adoption of hybrid meetings, saw the increased participation for shareholders residing outside Lusaka. Most of the AGMs were engaging and it appears that most investors seemed well involved in the monitoring of the performance of the companies in which they have invested.

Complaints

For the year 2023, the Commission received a total of 21 complaints with three additional complaints that had been carried forward from the previous year. Ten (10) complaints were closed.

The table below shows a summary of complaints that were handled by Market Supervision during the year 2023.

Risk-Based Supervision

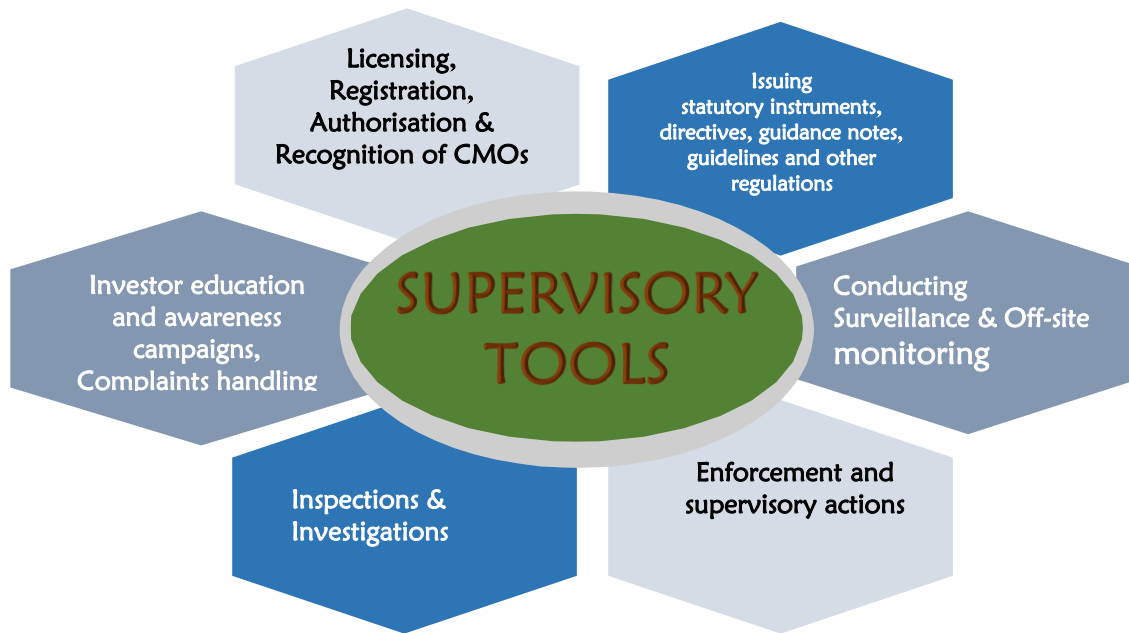
From the time the Commission launched the Risk Based Supervision (“RBS”) in the Zambian capital markets on 5th April 2022, it has migrated the Zambian Capital markets from a compliance based supervisory approach to RBS. The Commission’s progress in implementing RBS is discussed in detail below. Under RBS, the Commission has developed a dynamic, iterative and continuous supervisory process. This guides both industry wide and firm-specific supervisory work. This approach also ensures the Commission’s risk assessments are current and forward looking, which is vital to its ongoing effectiveness. The Commission uses three broad steps as depicted in the diagram below:



Commission's iterative supervisory process

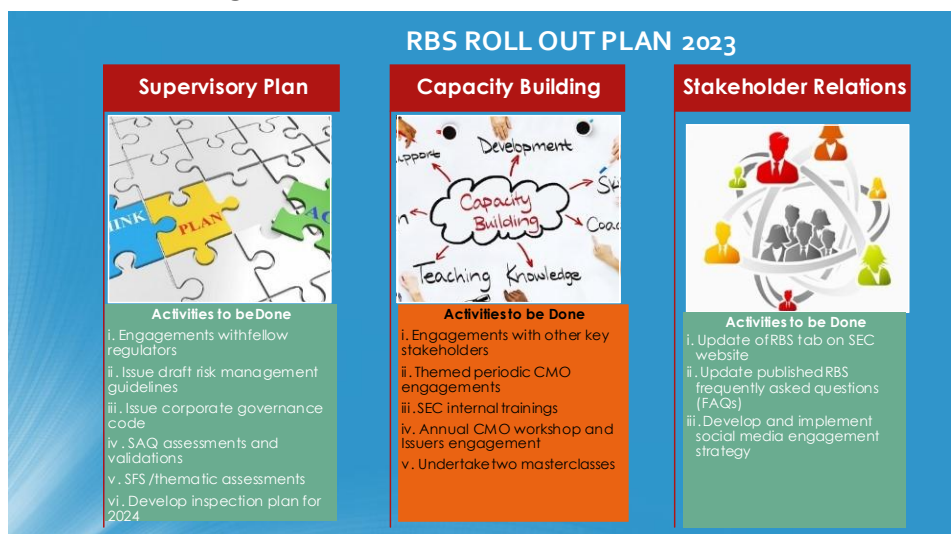
The Commission undertakes its supervisory functions using a number of supervisory tools as follows:

List of SEC supervisory tools



In 2023, focus was on rolling out RBS to the capital markets premised on three thematic areas namely the –

- (i) **Supervisory plan** – How the Commission will undertake supervision of CMOs to manage risk.
- (ii) **Capacity building** – to ensure the Commission, CMOs and stakeholders have adequate capacity to enable implementation of RBS in Zambia.
- (iii) **Stakeholder & Public Relations:** Ensuring the Commission implements the RBS Communications Strategy.



Supervisory Plan: The Supervisory plan sets out the Commission’s focus for managing risk arising in capital markets and ensuring there adequate risk management and mitigation. In 2023, the Commission’s focus was on undertaking risk assessments of CMOs in line with the RBS Policy. The Supervisory plan covered three (3) critical activities:

- (1) **Preliminary Risk Assessments:** The Commission issued self-assessment questionnaires

(“SAQs”) to the CMOs in order to have a preliminary risk assessment of the market. The Commission further undertook validation meetings for the submitted questionnaires to update the Risk Profiles of these entities.

- (2) **Issuance of Risk Management Guidelines (“RMGs”)**: Consultations and stakeholder engagements were held with stakeholders and by Q4 2023, the RMGs were finalised and issued in Q1 of 2024.
- (3) **Issuance of Corporate Governance Guidelines (“CGGs”)**: This work remains on-going as the Commission focussed on issuing the Risk Management Guidelines. It is a key focus area for 2024.

Capacity Building and Stakeholder relationship management: The capacity building plan sets out the Commission’s focus for building capacity across capital markets. The Commission undertook the following capacity building activities in 2023:

- (1) **Quarterly RBS Engagements** – The Commission held quarterly and other periodic RBS engagements on various topics regarding RBS and its implementation.



THE SECURITIES AND EXCHANGE COMMISSION
Risk Based Supervision (RBS) Quarterly Engagement

TOPIC: [Review Comments on the draft Risk Management Guidelines](#)

With
Mr. Nonde Sichilima
SEC Manager,
Market Supervision

Friday 24th March, 2023
10:30 hrs
Click on the link to register in advance

Open to all capital market operators

More Information:
+260 211 222 368 / +260 211 227 012 | www.secambia.org.zm | [in](#) [f](#) [t](#) | @secambia | "Protecting Investors in the Capital Markets"





Repositioning Zambia's Capital Markets for Sustainability, Growth and Stability.



THE SECURITIES AND EXCHANGE COMMISSION
Risk Based Supervision (RBS) Quartely Engagement

Topic: Issuance of risk management guidelines



With
Leah K. Simasiku
Acting Manager
Market Supervision

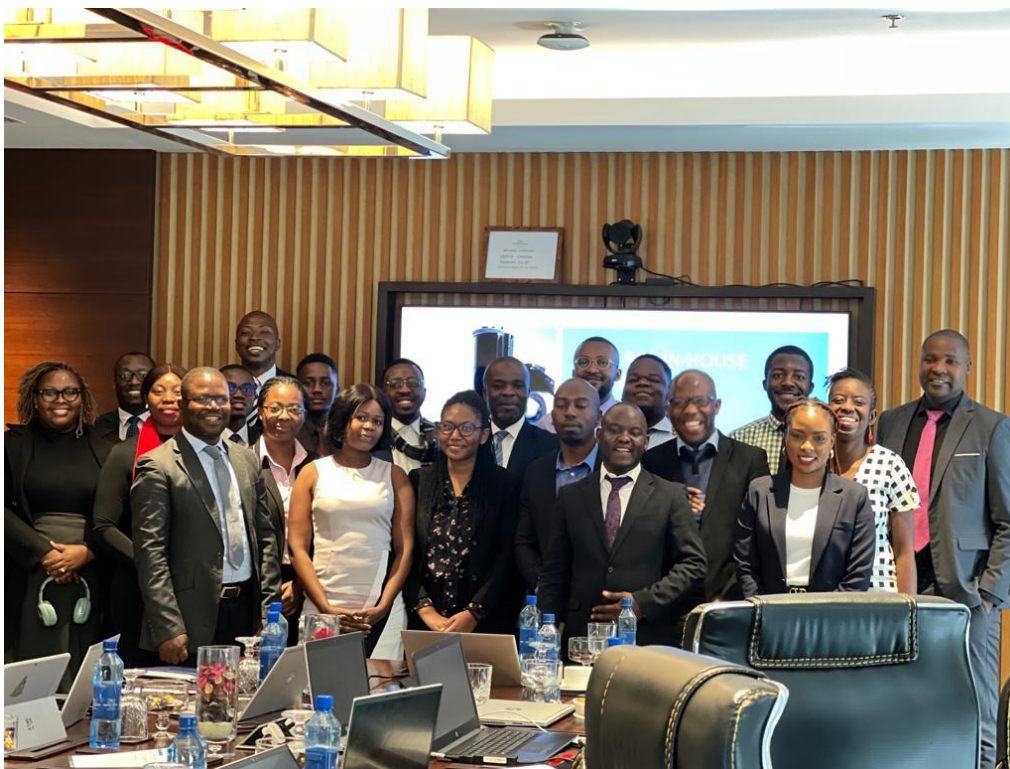
 **11th October, 2023**

 **15:00 hrs**

 **Meeting link provided with invite**

OPEN TO ALL CAPITAL MARKET OPERATORS

- (2) **RBS Internal Training for SEC Staff** – The Commission also held an RBS internal staff training. The two-day workshop helped equip and prepare the teams for the SAQ validation onsite meetings.



- (3) **Supervisory relations RBS Masterclass** - The Commission held an RBS masterclass in Livingstone on 14th and 15th November 2023 which focused on two topics: Supervisory relations and Risk vs Compliance.



RBS Supervisory Relations Masterclass held at Radisson Hotel, Livingstone

The masterclass was facilitated by Dr. Aute Kasdorp a specialist in Supervision Strategies based in the Netherlands. The masterclass was attended by 40 capital market operators, and provided an opportunity for interaction between the SEC and CMOs who participated actively during the sessions and the interactive breakout sessions, role play etc. The masterclass was one of the activities used by the SEC in 2023 under its initiative to improve stakeholder relationships with capital markets operators in light of the implementation of Risk Based Supervision in the Zambian Capital Markets.

In addition to the above, the Commission continued to hold one-on-one engagements with CMOs on topical issues such as Internal Controls over Financial Reporting, AML/ CFT issues, annual reporting and other continuing obligations. This was done to enhance the risk management practices among CMOs.

ENFORCEMENT AND LEGAL SERVICES

Following the enactment of the Securities (Amendment) Act No. 21 of 2022 in December 2022, the Commission started 2023 with strengthened regulatory framework. The Commission undertook a number of public sensitisations on the contents of the amendment Act.

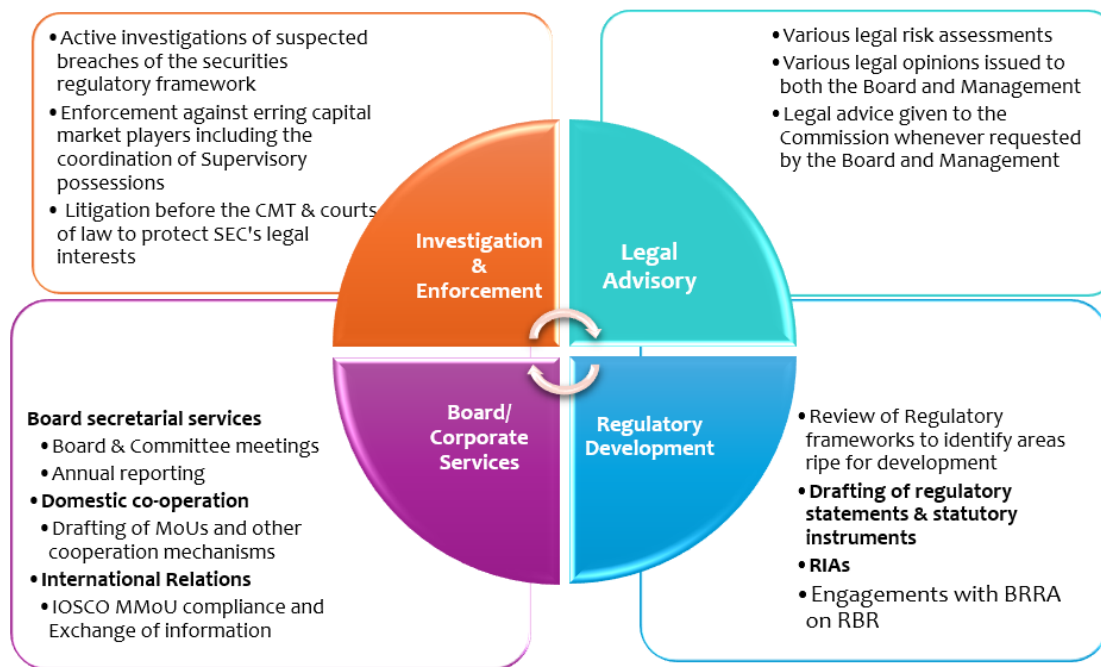
The year was dotted with other notable events such as the signing of Memoranda of Understanding with the Zambia Information and Communications Technology Authority (ZICTA) and the National Anti-Terrorism Centre (NATC), respectively, reverberating the Commission's commitment to promoting mutual cooperation and consultation with other regulatory authorities in a bid to enhance efficiency in the performance of respective regulatory and

supervisory mandates. Further, the Commission launched its Service Charter which reinforces the Commission’s efforts to improving service delivery for the benefit of our stakeholders and demonstrates the Commission’s allegiance to its goal of providing stakeholders in the capital markets with quality, courteous, informative, and timely service.

Operational functions of the Directorate

The Directorate performs four key functions as tabulated below:

Core operational functions of DELS



Investigations

In the year under review, the Commission investigated twenty-three (23) cases, of which fourteen (14) had been successfully concluded and ten (10) had been carried forward and targeted for completion in 2024. This demonstrated the Directorate’s commitment to resolving matters promptly in line with the Service Charter.

In a bid to achieve efficiency in investigations and enforcement, the Directorate, working with the surveillance unit of the Directorate of Market Supervision and Development as well as the technical expertise of the Commission’s Information Technology team, introduced a Complaints Management System (CMS) which is an electronic register and data storage system of all the matters handled by the Commission. The CMS creates a centralized repository for all information and statistics related to complaints received by the Commission and investigations that have been conducted by the Investigations unit.

The CMS represents a technological leap and transition from a manual to an automated system in order to enhance efficiency in data storage and report generation for complaints and other enforcement matters and is the precursor to the supervisory technology system that the Commission plans to procure in 2024. It shall further assist with institutional memory retention and is a key performance indicator for attainment of one of the strategic activities under the

2022 – 2026 strategic Plan to enhance business processes and procedures by automating, integrating and re-engineering requisite supervisory and business systems.

The Directorate undertook training in a Certified Fraud Examiners (CFE) Preparation Course offered by the Africa Training Academy. The Academy is an accredited training provider endorsed by the Association of Certified Fraud Examiners (ACFE) International. The CFE Preparation Course is a comprehensive program that covers all aspects of fraud examination. It includes instruction on financial transactions and fraud schemes, law, investigation, and fraud prevention and deterrence. The course also includes hands-on exercises and simulations. The training has equipped the DELS Investigation Unit with the latest techniques and best practices in fraud examination and further helped them to advance their knowledge and skills in this field.

Enforcement

The Commission undertook a total of thirteen (13) enforcement actions resulting in licence revocations, private and public censures, and the imposition of administrative fines.

As part of the ongoing commitment to regulatory oversight, the Commission maintained supervisory control over major capital markets operators and extended enforcement actions to rectify non-compliance across the market. Other notable events include the appointment, through publication in the Government Gazette, of the Directorate's staff as Public Prosecutors enabling the Commission to have the power to prosecute offences committed under the Securities Act without the need to rely on prosecutors from the National Prosecutions Authority. Additionally, the Commission joined the National Task Force on Asset Recovery, an Inter-Agency Framework consisting of law enforcement and regulatory bodies which is a critical tool for fostering cooperation, collaboration and exchange of information among Law Enforcement Agencies and relevant stakeholders in the recovery of assets obtained through criminal activity.

Litigation

In the year under review, the Commission commenced the year with nine (9) active court matters distributed across various courts and concluded the year with ten (10) active court matters including one (1) arbitration matter.

It is worth noting that during the course of the year, two (2) court matters were settled by Consent in favour of the Commission and one (1) was concluded pending delivery of Judgment. These court cases are critical in growing the jurisprudence in securities law cases that have previously been unavailable.

Regulatory Developments

Securities (Amendment) Act, No. 21 of 2022 (The Amendment Act)

The Securities (Amendment) Act, No. 21 of 2022 became operational following the Presidential assent on 23rd December 2022, by Gazette Notice No. 2263 of 2022, dated December 27, 2022.

The Commission embarked on a process of implementing an awareness program designed to educate the general public and, more specifically, participants and stakeholders in the Capital Markets on the new changes introduced by the amendment Act and the securities legislative framework in general to ensure that the market was knowledgeable of the content of the Act for better compliance with the securities law.

Subsidiary Legislation under the Securities Act

In the first quarter of 2023, the Commission held a 10-working day drafting workshop with the Ministry of Justice’s legislative drafting department (“MoJ”) and Ministry of Finance and National Planning (“MoFNP”) with the aim of expediting the drafting and enactment of eight (8) draft rules and regulations necessary to give effect to certain provisions of the Securities Act. The statutory instruments discussed include:

- 👍 the Securities (Capital Market Operators) (Complaints Handling Requirements) Rules;
- 👍 the Securities (Registration of Securities) Regulations;
- 👍 the Securities (Recognition of Self-Regulating Organisations) Regulations
- 👍 the Securities (Self-Regulatory Organisations) (General Requirements) Rules;
- 👍 the Securities (Capital Market Operators) (Licensing and Operations Requirements) Rules;
- 👍 the Securities (Capital Markets Operators) (General Licensing Procedures and Requirements) Regulations;
- 👍 the Securities (Fees and Levies) Rules; and
- 👍 the Securities (Compensation Fund) (Amendment) Regulations.

The Rules and Regulations are aimed at operationalising aspects of the Securities Act that require subsidiary legislation to be implemented. The importance of finalising these pieces of legislation cannot therefore be overemphasised.

The Commission has, following this activity, continued its engagements with MoJ and MoFNP to expedite the finalization of the drafting and it is hoped that ultimately, revised and new rules and regulations will be enacted to enable the Commission to continue carrying out its mandate efficiently.

Corporate Affairs

Secretarial Services

The Directorate continued to effectively deliver corporate, legal and secretarial services to support both the Commission and the Board.

Local and International Relations

Signing of Memoranda of Understanding

The year under review saw the Commission forge new relations and partnered with key stakeholders in the quest to promote cooperation among regulators and public authorities. On 11th October 2023, the Commission signed a Memorandum of Understanding (MoU) with Zambia Information and Communications Technology Authority (ZICTA) establishing a collaborative framework to promote mutual assistance, exchange of information, and avoid duplication of efforts in regulating entities that operate in both sectors.



Signing of MoU with ZICTA

Similarly, on 17th October 2023, the Commission signed an MoU with the National Anti-Terrorism Centre (NATC) also aimed at establishing a collaborative framework to promote mutual assistance and exchange of information.



Signing of MoU with NATC

Stakeholder Engagements with Law Enforcement Agencies

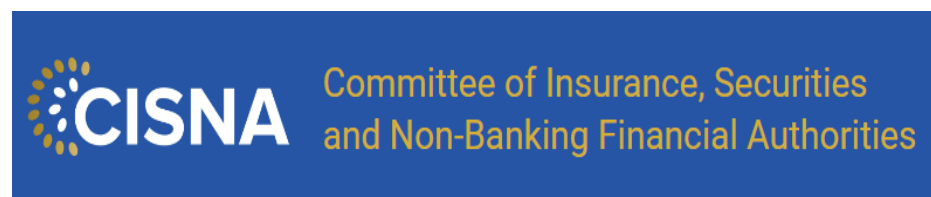
While forging new relations, the Commission did not neglect to nurture existing relations with the Law Enforcement Agencies and other local cooperating partners that have been instrumental in the Commission’s quest to maintain an orderly, transparent, and efficient capital markets. The Commission held a stakeholder engagement event on 11th August 2023 under the theme ‘Enhancing Regulatory Collaboration on Investor Protection’. The engagement was targeted at Law Enforcement Agencies and Financial Sector regulators and its objective was to enhance collaboration with stakeholders in the security vetting process.



Consultative Meetings on Trade in Services

The Commission also participated in consultative meetings such as the one held on 20th October 2023 hosted by the Ministry of Commerce, Trade, and Industry (“MCTI”). The purpose of the meeting was to formulate an offer for the business sector on trade in services under the Southern Africa Development Community (SADC) protocol on trade in services. The meeting addressed Zambia’s proposed commitments for the provision of professional services across all industry sectors, including the financial sector.

Participation in and Membership of CISNA



On the international front, the Directorate continued being the contact point for liaison with foreign capital market regulators on information sharing and exchange of information and participated in a number of activities hosted by various regional and international bodies. Of note was the election, on 2nd October 2023, of the Commission Secretary and Director – Enforcement and Legal Services, Mrs. Diana Sichone as a Member of the Governance Council of the SADC Committee of Insurance, Securities and Non-Banking Financial Authorities (CISNA) for a second 2 year term demonstrating the confidence that Member Authorities in the 15 country member grouping has in Mrs. Sichone’s leadership. The role of the Governance Council includes the execution of the decisions of the CISNA General Council; overseeing the operations of CISNA; and directing and overseeing the operations of the CISNA Secretariat. This meeting also saw the unveiling of a new logo for CISNA.

The Commission also participated in a validation workshop hosted by CISNA which was held in Mauritius from 22nd to 24th August 2023. The meeting was attended by representatives from SADC member states, as well as representatives from the CISNA Secretariat and technical experts. The purpose of the meeting was to validate seven (7) model laws developed by CISNA

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for Non-Banking Financial Institutions (“NBFIs”) in the SADC region. The seven (7) model laws validated were:

- the model law on Debt Listing Requirements;
- the model law on Financial Intermediaries;
- the model law on Savings and Credit Cooperatives;
- the model law on Listing Requirements for Small and Medium Enterprises;
- the model law on Microfinance Institutions;
- the model law on Medical Aid Schemes; and
- the model law on Insurance.



Commission Staff at the CISNA Secretariat in Mauritius

Participation in SADC Sector Focus Group Meetings

The Commission was part of the Zambian delegation that attended the SADC Sector Focus Group (“SFG”) on business services meeting held in Johannesburg, South Africa from the 26th to the 29th of April 2023 for the purpose of reviewing of the recommendations on the development of Mutual Recognition Agreements (“MRAs”) and adoption of a roadmap for negotiations on MRAs for professional services under the SADC Protocol on Trade in Services. The meeting was preceded by a Regional Workshop on developing MRAs for professional services from 24th to 25th April at the same venue.

The Commission also participated in the 13th Meeting of the Committee on Trade in Services of the Common Market for Eastern and Southern Africa (COMESA) which was held in Mombasa, Kenya, from 24th to 28th July 2023. The aim of the meeting was to discuss the following:

- 👍 draft procedures for the review or withdrawal of commitments;
- 👍 the presentation of initial draft offers;

- 👍 the finalization of negotiations on revised draft offers;
- 👍 the update on the status of offers; and
- 👍 the presentation of a study report on the options for including selected trade in services in the Simplified Trade Regime.

On 8th November 2023, the Commission participated in the launch of the Trade Obstacles Alert Mechanism (TOAM) Platform unveiled by the International Trade Centre (ITC) in collaboration with the Zambia Chamber of Commerce and Industry (ZACCI) and the Ministry of Commerce, Trade, and Industry (MCTI). The TOAM Platform is an online platform that allows companies to report trade obstacles they encounter, directly notifying the relevant authorities and aims to facilitate a proactive approach in addressing trade obstacles and enhance the trade landscape in Zambia.



Capital Market Operators Workshop on Exchange Traded Funds

The Directorate organized a workshop in collaboration of the Directorate of Finance and Administration on 26th July 2023 at the Southern Hotel focused on enlightening market players and other invited participants such as legal practitioners, auditors, and accountants, on Exchange Traded Funds (ETFs). ETFs are one of the new products that the Commission has developed a regulatory framework for pursuant to the Capital Markets Master Plan.

Overall, the workshop provided participants with valuable knowledge and addressed queries effectively, enabling them to gain a comprehensive understanding of ETFs and their relevance within the Zambian Capital Market. The workshop had open discussions and engaging presentations which contributed to a collaborative learning environment, making the event a significant step towards enhancing the participants' proficiency in dealing with ETFs and building market capacity in that regard. The event was also meant to obtain stakeholder validation of the draft Guidelines the Commission had prepared in 2019 as the initial stakeholder consultative process had received insufficient responses from the relevant capital market participants and relevant stakeholders.

Following this successful meeting, the Directorate worked with the Market Transactions Unit under the Directorate of Finance and Administration to publish the Guidelines in the Government Gazette.

Stakeholders' Engagement for Issuers/Share Transfer Agents

The Directorate held a virtual stakeholder engagement meeting on 21st July 2023 with the primary objective of providing a comprehensive understanding of the licensing requirements for all parties involved in share transfer activities. The engagement was meant to build knowledge in the market on the Commission's mandate under the Securities Act in relation to licensing of individuals or entities intending to operate as share transfer agents. This initiative was taken to address the growing trend of entities and individuals conducting share transfer activities without the necessary licensing.

The Directorate regarded this engagement as a significant stride towards nurturing a transparent and compliant share transfer ecosystem. By creating a forum for dialogue, the Commission was able to collaboratively work with stakeholders in its mandate to uphold the integrity of the securities market and safeguard the interests of all participants.

National Annual Prosecutors Conference

The Directorate attended the National Prosecution Authority's Inaugural National Annual Prosecutors' Conference that took place at the Avani Victoria Falls Resort Hotel in Livingstone from 21st to 23rd August 2023. The primary theme of the event centred on achieving "Prosecutorial Excellence in Economic and Financial Crimes in the Digital Age," with a particular emphasis on adapting and strengthening strategies to fight against corruption and other economic crimes.

This conference brought together prosecutors from diverse law enforcement agencies and statutory organizations across the country, with the overarching goal of providing attendees with the expertise and capabilities required to proficiently address the evolving and complex trends in criminal activities, ultimately ensuring a transparent and accountable public prosecution service.

Board Members' Capacity Building Programme Facilitated by the Committee of Insurance, Securities and Non-Banking Financial Authorities (CISNA)

In August 2023, the Directorate spearheaded the attendance of Members of the Commission's Board to a capacity building programme hosted by the Financial Services Commission of Mauritius in collaboration with the Committee of Insurance, Securities and Non-Banking Financial Authorities (CISNA) Secretariat. The programme took place on 25th and 26th August 2023 in Ebene Mauritius and was attended by Board Members and Chief Executive Officers from CISNA member authorities.

The capacity building programme was tailored to promote, good corporate governance, diversity, inclusion, and financial stability by effectively and efficiently championing a process of collaboration, engagement and co-ordination between the regulators and stakeholders. The attendees got to learn about good corporate governance and how it correlates with resilience and operational transparency in an organization. The programme was also an excellent platform to review the progress of CISNA at the regional level.



Regulatory Compliance

National Regulation

The year under review saw the appointment of members of the Emoluments Commission which was operationalized in 2022 by Act No. 1 of 2022. Following the appointments, the Emoluments Commission announced guidelines and the way forward regarding emoluments management in State organs and State institutions. As a consequence of these guidelines, the Emoluments Commission embarked on a rationalization and harmonization exercise. The Commission was rationalized and harmonized with the following institutions:

- a) Competition and Consumer Protection Commission (CCPC);
- b) Nursing and Midwifery Council of Zambia (NMCZ);
- c) Tobacco Board of Zambia (TBZ);
- d) Zambia Compulsory Standards Agency (ZCSA);
- e) Zambia Metrology Agency (ZMA);
- f) Occupational Health and Safety Institute (OHSI); and
- g) Zambia Bureau of Standards (ZABS).

The Commission attended the review exercise which was held from 6th to 24th November 2023 at Waterfalls Hotel, in Chongwe District. The exercise resulted in the issuance of a harmonization and rationalization report at the end of December 2023 which highlights the rationalized and harmonized salaries and conditions of service for the group members, including for the Commission.

The Commission is engaging the Emoluments Commission on a sustainable way of implementing the rationalized conditions of service to avoid non-compliance.

Policy Review

The Commission launched its service charter on 7th November 2023. The Service Charter underscores the organization’s dedication to its stakeholders and its unwavering commitment to delivering customer-centric services within specific timeframes. The charter meticulously outlines the Commission’s engagement with stakeholders, the comprehensive range of services it offers, and the proactive measures stakeholders can take to contribute to enhanced service delivery.



It is anticipated that the Commission will put more of such policies in place that speak to the Commission’s dedication to investors, the public and other stakeholders.

In addition, the Commission concluded the drafting of an Enforcement Manual which will be launched, internally, within the course of 2024. The Manual serves as a standard internal guide for Commission staff engaged in enforcement activities and sets out how investigations and enforcement matters are commenced and conducted. The Manual also speaks to how the Commission exercises its powers to address any misconduct or contravention of the securities regulatory framework.

Appointment as Public Prosecutors and Invitation to join the Interagency Framework

By a letter dated 4th October 2023, the Director of Public Prosecutions (DPP) invited the Commission to join the interagency framework on coordination and cooperation, which is a national tasks force on asset recovery that was set up by the DPP in January 2023.

Since its membership in the interagency framework, the Commission attended two (2) technical committee meeting and hosted the November session of the technical committee at the Commission premises, which was chaired by the Director – Market Supervision and Development.

Further, the year under review saw the appointment of staff from the Directorate as public prosecutors. The appointments were gazetted in November 2023. These appointments will facilitate closer collaboration between the National Prosecution Authority and the Commission in the prosecution of criminal offences that occur in the capital markets.

Sustainability Agenda

The Commission participated in the Sustainable/Green Bonds Regional Workshop at Cresta Mowana in Kasane, Botswana from 20th – 22nd February 2023. The workshop was part of the SADC Green Bonds Programme and was organised by the Committee of SADC Stock Exchanges (“CoSSE”) in partnership with Financial Sector Deepening Africa (“FSD Africa”) and the Botswana Stock Exchange Limited (“BSE”).

With specific focus on sustainable finance, the workshop discussed various issues surrounding the green bonds space including the issuance process, benefits to the capital markets, and technical support offered by FSD Africa.



In addition, through a leadership programme by the Swedish Institute, the Director – Enforcement and Legal Services had undertaken a project to review the reasons why there had not been a single issuance for green bonds despite the regulatory framework having been in place since December 2019. One of the reasons outlined from the study was a lack of awareness of the existence of the regulatory framework, the high costs that came with additional requirements such as the engagement of an independent reviewer to verify the greenness of the project as well as the lack of capacity on the market to issue the bond.

Although the challenges still require addressing, it was gratifying to see the registration of the debut green bond by CEC Renewables, a subsidiary of CEC Plc in a project in which the issuer planned to raise US\$200m for a 200MW solar power plant.



Further, the Directorate with other Commission staff from the Directorate of Market Supervision and Development participated in the United Nations Framework Convention on Climate Change (UNFCCC) Conference of Parties (COP28) which took place in Dubai in November and December 2023. The COP28 was a platform at which the Commission was able to highlight the strides that the Commission was taking to position Zambia as a global green investments hub as well as create partnerships and explore potential collaboration and support for the

capital markets development agenda as espoused under the Capital Markets Master Plan (CMMP) such as support towards capacity building for the green bonds framework. It was at this same meeting that the Republican President Mr. Hakainde Hichilema announced the issuance of Zambia’s debut green bond.

MARKET TRANSACTIONS

The Securities Act requires securities including private funds and collective investment schemes proposed to be offered to the public to be registered with the Commission. The Commission also approves mergers or acquisitions involving entities whose securities are registered with the Commission. The registration of securities and authorization of private funds and CISs is among one of the ways the Commission protects investors in the capital markets, while the rules on takeovers and mergers also ensure that takeovers and mergers are conducted in an orderly manner that protects minority shareholders.

During the period under review, the Commission received and processed several applications from companies including those relating to the registration of securities, authorization of funds, mergers and acquisitions. Waivers from certain Securities Act obligations as enshrined in the Act, and other miscellaneous market activities were also considered.

The table below shows the companies, type and number of securities that were approved during the period under review:

DATE	COMPANY	TYPE AND NUMBER OF SECURITIES/OR TRANSACTIONS	DATE APPROVED/ DEFERRED	PURPOSE OF MEETING
22/02/2023	Prudential	Approval	22/02/2023	To consider application for approval of all employee share purchase plan
22/02/2023	Prudential	Approval	22/02/2023	To consider application for approval of all employee share award plan
22/02/2023	Prudential	Approval	22/02/2023	To consider application for approval of employee restricted stock plan
22/02/2023	LM&C Properties Limited	Waiver	22/02/2023	Application for a waiver from making a mandatory offer – LM & C properties limited
26/04/2023	Monter Capital	Authorization Of Private Fund	26/04/2023	To consider the authorization of Monter Capital Fund limited partnership
26/04/2023	Unifi Credit	Approval	26/04/2023	To consider the application for variation on the K50 million commercial paper issue amount
18/05/2023	Bayport	Registration Of Securities	18/05/2023	Registration of tranche 2 under the K700 million medium term note programme
23/08/2023	REIZ	Registration Of securities	23/08/2023	To consider the registration of USD5 million corporate bond

23/08/2023	IFC	Waiver	23/08/2023	To consider the application for a waiver of the requirement for IFC to include a reporting accountant's report in the prospectus
01/12/2023	CEC Renewables	Registration Of Securities	01/12/2023	Consideration of the application for the registration of Copperbelt Energy Corporation Renewables limited USD200,000,000 green medium-term note programme
01/12/2023	REIZ	Registration Of Securities	01/12/2023	To consider the registration of 1,000,000,000 ordinary shares
23/12/2023	Bayport	Registration Of Securities	23/12/2023	Registration of a tranche 3 supplemental note under the K700 million medium term note programme



PHILLIP K. CHITALU
CHIEF EXECUTIVE OFFICER

2023 Financial Statements



Securities and Exchange
Commission

Financial Statements
31 December 2023

SECURITIES AND EXCHANGE COMMISSION
FINANCIAL STATEMENTS – 31 DECEMBER 2023

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SECURITIES AND EXCHANGE COMMISSION

REPORT OF THE COMMISSIONERS

The Securities and Exchange Commission Board of Commissioners present their report, with the audited accounts for the year ended 31 December 2023.

1. Organisation

The Securities and Exchange Commission (the "Commission" or the "SEC") is a statutory body established under the repealed Securities Act, Cap 354 of the Laws of Zambia ("the repealed Act") and whose existence is continued under the Securities Act, No. 41 of 2016 ("the Securities Act"). The Securities Act was further amended in 2022. The Commission is located only in Lusaka (Zambia) at Plot 3827, Parliament Road, Olympia. The mandate of the Commission is to ensure that investors, both local and foreign, are protected. It is also the mandate of the Commission to promote and encourage the development of the market. This therefore entails that the Commission has a huge role of ensuring that there is a balance between investor protection and Capital Market Development.

Its mission is to stimulate the expansion and grow the capital market in order to make a sustainable contribution to the economic development of Zambia. Its vision is to be a capital markets regulator that offers a conducive market environment for raising long-term capital needed for a thriving economy.

2. Functions

In line with its primary statutory mandate, SEC undertakes the following functions and roles:

- (a) The Commission shall create and promote conditions in the capital markets aimed at ensuring an orderly growth, integrity and development of the capital markets.
- (b) Notwithstanding the generality of subsection (a), the Commission shall:
 - (i) Ensure compliance with the Act and regulations or rules made in accordance with the Act.
 - (ii) License securities exchanges, regulate the activities of securities exchanges and the settlement of securities transactions;
 - (iii) License and regulate capital markets operators;
 - (iv) License and regulate clearing and settlement agencies and other participants in the capital markets;
 - (v) License and regulate credit rating agencies and provide conditions for the issuing of credit ratings;
 - (vi) Approve the constitutions, charters, articles, by-laws, and rules governing and pertaining to securities exchanges, clearing and settlement agencies and other participants in the capital markets;
 - (vii) Promote and encourage high standards of investor protection and integrity among members of securities exchanges, capital markets operators, clearing and settlement agencies, self-regulatory organisations, and other participants in the capital markets;
 - (viii) Support the operation of a free, orderly, fair, secure, and properly informed capital market;
 - (ix) Regulate the manner and scope of securities transactions;
 - (x) Regulate margin requirements, capital adequacy requirements, disclosure and reporting requirements and clearing and settlement requirements, as may be prescribed;

SECURITIES AND EXCHANGE COMMISSION REPORT OF THE COMMISSIONERS

2. Functions (continued)

- (xi) Take all reasonable steps to safeguard the interest of persons who invest in securities and guard against illegal and improper practices as provided in the Act;
- (xii) Authorise the establishment of collective investment schemes and other schemes;
- (xiii) Regulate the activities of managers, trustees, and custodians;
- (xiv) Authorise and regulate the establishment of private funds ;
- (xv) Consider and suggest proposals for the reform of the Act and rules and regulations made in accordance with the Act;
- (xvi) Promote and develop a system of self-regulation by securities exchanges, clearing and settlement agencies, self-regulatory organisations, other participants in the capital markets and capital markets operators, as may be prescribed;
- (xvii) Encourage the development of securities and securities exchanges and the increased use of such exchanges;
- (xviii) Provide, promote, or otherwise support financial education, awareness and confidence with regard to financial products, institutions and services;
- (xix) Prescribe certification standards and accreditation for licensees;
- (xx) Co-operate with, provide assistance to receive assistance from, and exchange information with, other regulatory bodies and trade organisations in Zambia and elsewhere; and
- (xxi) Exercise and perform such other functions as may be conferred or imposed upon it by or in accordance with the Act or any other written law.
- (xxii) Vet a substantial shareholder in accordance with the vetting criteria contained in guidelines issued by the Commission, including the substantial shareholder's source of funds, and the beneficial owner of a company whose securities are registered, or which is authorised or licensed under the Act.
- (xxiii) In addition, the Commission may, for the purposes of achieving the objectives of the Act, implement a risk-based approach in the supervision and regulation of capital markets, and in combating money laundering and countering the financing of terrorism, proliferation, proliferation financing or any other serious offence.
- (xxiv) Further Subject to terms and conditions that the Commission may determine, the Commission may use a sandbox framework to supervise new market products, platforms, and other innovations in a controlled environment.

3. Commissioners

(a) *Composition*

The Commission is subject to legislative requirements regarding the composition, powers, functions, committee structure and responsibilities of the Board. The Board of Commissioners is accountable to Parliament through the Minister of Finance and National Planning. The Securities and Exchange Commission (the "Commission" or the "SEC") is governed by a Board of Commissioners appointed by the Minister responsible for Finance and National Planning for a period of three (3) years subject to renewal for a like term. The Board consists of representative from the following:

- (i) The Bank of Zambia;
- (ii) The Law Association of Zambia;
- (iii) The Zambia Institute of Chartered Accountants;
- (iv) The Zambia Chamber of Commerce and Industry;
- (v) The Ministry responsible for Finance and National Planning;
- (vi) The Ministry responsible for Justice; and
- (vii) The Pensions and Insurance Authority.
- (viii) The Securities and Exchange Commission

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3 Commissioners

(b) Identities

Name of Board Member	Institution Represented	Date of change	Reason for change
Mrs. Ruth S. Mugala	Board Chairperson - Zambia Institute of Chartered Accountants	n/a	n/a
Mr. Paul Nkhoma	Vice Chairperson - Zambia Chamber of Commerce and Industry	n/a	n/a
Dr Leonard N. Kalinde	Commissioner - Law Association of Zambia	n/a	n/a
Mr. Mulele Mulele	Commissioner-Ministry of Finance and National Planning	n/a	n/a
Mrs. Diana Majokwe Shambobo	Commissioner-Ministry of Justice	n/a	n/a
Ms. Brenda Mwanza	Commissioner-Bank of Zambia	n/a	n/a
Mrs. Sibajane Zulu	Commissioner-Pensions and Insurance Authority	9 th October 2023	New Appointment to the Board to represent the Pensions and Insurance Authority
Mr. Phillip K. Chitalu Ex-officio	Chief Executive Officer - Securities and Exchange Commission	n/a	n/a

Board of Commissioners' appointment dates, terms of office, committee membership and their biographies are available from the Commission, along with details of recent changes to Board membership.

(c) Commissioners' Interests

None of the Commissioners held an interest in the Commission's capital resources.

(d) Commissioners' Emoluments

Commissioners' emoluments during the year amounted to K1.185 million (2022:K1.158 million).

4. Management

Management is responsible for implementation of the core functions of the Commission. The day to day operations of the Securities and Exchange Commission (SEC) are managed by the Commission Chief Executive Officer who is appointed by the Board of Commissioners. Other directorates are Directorate of Market Supervision and Development (DMSD), Directorate of Enforcement and Legal Services (DELS) and the Directorate of Finance and Administration (DFA).

Mr. Phillip K. Chitalu	- Chief Executive Officer
Mrs. Diana Sichone	- Director - Enforcement & Legal Services/Commission Secretary
Mr Nonde Sichilima	- Director - Market Supervision & Development
Mr. Bruce Mulenga	- Manager - Market Transactions
Mr. Mateyo Lungu	- Manager - Finance
Ms. Florence Mbwili	- Acting Manager -Administration
Mrs. Leah Simasiku	- Acting Manager - Market Supervision
Ms. Getrude Buyungwe	- Acting Manager - Market Supervision
Mr. Dingase Makumba	- Manager - Market Development
Mr. Mubanga Kondolo	- Manager - Financial Inclusion
Ms. Dubholukulu Mulondiwa	- Manager - Legal and Law Reform
Mrs. Kambole Seta	- Manager - Investigations and Enforcement

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REPORT OF THE COMMISSIONERS

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Mrs. Diana Majokwe Shamabobo	Commissioner-Ministry of Justice	n/a	n/a
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SECURITIES AND EXCHANGE COMMISSION REPORT OF THE COMMISSIONERS

4. Management (continued)

The role of the Chief Executive Officer is set out in the Securities Act. The Chief Executive Officer has executive responsibility for ensuring that the Commission's statutory objectives and functions are exercised efficiently and effectively, for leading partnership arrangements with government, for working with key stakeholders, and as an executive member of the Board contributing to and reviewing the strategic direction.

5. Financial Review

(a) Capital

Because the Commission has no subscription capital, capital resources comprise accumulated funds and unamortised balances of revenue (unrestricted fund) and deferred revenue (restricted funds).

(b) Operating Results

The operating result for the year was a surplus of K89,837 million (2022: Surplus K70,574 million).

(c) Income

- (i) Total grants received from GRZ amounted to K10,199 million (2022: K10,199 million).
- (ii) Fees, levies, and commissions amounted to K108,518 million (2022: K81,444 million)
- (iii) Investment and sundry income amounted to K21,314 million (2022: K14,026 million).

(d) Expenditure

Expenditure was K55,047 million (2022: K37,449 million). The main items were staff costs of K31,694 million (2022: K24,534 million) and recurrent expenditures of K22,317 million (2022: K12,916 million). Impairment losses were K 0.080million (2022: K0.140 million).

(e) Capital Expenditure

- (i). Fixed assets amounting to K6,540million (2022: K2,086 million) were acquired during the year under review. No major changes were made to the accounting policies of property, motor vehicles and other assets.
- (ii). CWIP comprises land and initial ground works for building future Commission offices which cost the Commission K1,065 million. The land was last valued at K9,500 million in 2022 and the next valuation of the land is expected in 2024. The valuation was performed by an independent valuation firm. The valuation gain was not recognised in the financial statements as cost additions and impairment adjustments are expected to be at historical CWIP and possibly future costs.

(f) Related Party Transactions

The Commission's related parties include Board of Commissioners and senior executive management. Related parties and related party transactions are discussed in Note 28 of the financial statements.

6. Challenges and Risk Factors

(a) Challenges of Capital Market Regulation

The Securities and Exchange Commission of Zambia (SEC) has for long aimed to lay the foundation for an efficient, orderly, and fair capital market in Zambia which is as sustainable as it is globally competitive. The 2023 financial year was a year of change for the capital market of Zambia, resulting in changes which were at times incremental and at others transformational;

SECURITIES AND EXCHANGE COMMISSION

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6. Challenges and Risk Factors (continued)

(a) Challenges of Capital Market Regulation (continued)

- (i) **Effective Regulation:** In enhancing our regulatory effectiveness, the Commission did not hesitate to address factors which could potentially undermine its effectiveness as perceived by the capital market. The Commission is currently embarking on a risk-based supervision ("RBS") project that aims to transition the market supervision approach from compliance based to risk based. It is envisioned that adopting RBS will ensure the Commission optimises its resources and is forward looking in terms of identifying and managing out the significant risks. Investigations are often long drawn and time-consuming, but these investigations are being duly conducted, with enforcement actions in several cases imminent over the next year. We are well-prepared for the journey ahead and prevail upon licensees and participants alike for their cooperation in ensuring that the capital market of Zambia is at its safest-yet for investors.
- (ii) **Enhancing Capital Market Participation**
 - Even as the local capital market vies for visibility in the international arena, especially the region, the benefits it offers for investors at home remain unexploited. Our efforts in relation to enhancing retail investor literacy continued to be featured frequently in print media. Our support of professionals in building upon their competencies resulted in the completion of several continuing professional development programmes over the course of the year, increasing the total number of personnel trained. In the year ahead, we look forward to reviewing and revising the present iteration of the capital market qualification framework to better reflect new and anticipated developments in capital markets.
 - We remain committed to our intention, as articulated in 2022, to provide market participants with a safe and well-regulated space in which they may explore innovative means of fundraising and investment. These include, in particular, the introduction of new products to the market. The SEC, with the leadership of the MoFNP, is spearheading the development of a 10 year Capital Markets Master Plan (CMMP), which Plan aims to address impediments to developing the markets. The CMMP has identified development areas, which includes the promotion of new innovative products and markets. The Plan also caters for enhancing existing markets. The market for corporate bonds and the unit trust industry have long been at the receiving end of many facilitative initiatives of the SEC, often with demonstrable results. Our focus in respect of these markets has been for long-term growth and sustainability, and, as in previous years, we have made many representations for their continued development. Elsewhere, we are deeply invested in ensuring that capital market participation is broad based through greater market participation, and that the challenges faced by market participants are addressed effectively whenever they are so required.
- (iii) **Rules for Licensees:** We have taken several measures in line with the new Securities Act: formulating minimum standards common to all market intermediaries, reviewing existing rules applicable to them, and drafting new rules to be adopted under the new Act. In keeping with our commitment to improving our engagement with industry, issuers and the investing public, these rules and standards are released at appropriate times and forums.

SECURITIES AND EXCHANGE COMMISSION (SEC)

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6. Challenges and Risk Factors (continued)

(a) *Challenges of Capital Market Regulation (continued)*

- (iv) **Issuer Compliance:** The SEC has been working on developing and implementing rules for the enforcement of several continuous listing requirements, including those on submission of financials, maintenance of a minimum public holding, and the fulfilment of corporate governance requirements. The enforcement procedures so established ensure that failure by listed companies to comply will result in commensurate penalties.
- (v) **Enhancing Market Infrastructure:** Work on capital market regulation under the Act is already underway, with refinements being made by us to the business and operational model to enhance our capacity to regulate. As part of this process, the potential for enabling enhancements to the existing framework for securities transactions is being assessed by the SEC, with compliance audits having been conducted on most firms which completed implementation as of the deadline provided by us.
- (vi) **High quality Financial Reporting:** The SEC believes it is useful to make preparers and auditors of financial statements aware of the topics on which the SEC has been working and focusing on. In that regard, the integrity of the financial reporting system is critical. This financial reporting system, which has been established through the combined efforts of both the public and private sectors, is designed to provide investors with comparable, consistent, and transparent information necessary to make informed investment decisions. High quality financial reporting serves as the foundation and source of information for our entire disclosure system. A key attribute of our financial reporting system is transparency, which is the complete reporting and disclosure of transactions such that the financial statements reflect the underlying results of the business in conformity with International Financial Reporting Standards ("IFRS"). Globalisation of business and capital markets, technology enhancements that make it possible for significant currency flows across borders at the push of a button, the growth in the volume and magnitude of investments in the capital markets, the current price-earnings ratios, and the market's reaction when "surprises" occur, as well as other factors, have increased the need for greater transparency for investors in the capital markets. The SEC believes that the qualitative characteristics of accounting information, such as those set forth in the International Accounting Standards Board's ("IASB's") Concepts Statements, provide the best basis for a discussion of the quality and transparency of a licensee's financial reporting. These characteristics include factors such as relevance and reliability, as well as verifiability, neutrality, comparability, consistency, timeliness and representational faithfulness (the degree to which the accounting actually represents the transaction or event). SEC requires the independent public accountant or auditor to have a discussion with the audit committee regarding the auditor's judgement about the quality, not just acceptability, of the entity's financial reporting. The amendment notes the following examples of items that could impact the quality of financial reporting:

SECURITIES AND EXCHANGE COMMISSION

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6. Challenges and Risk Factors (continued)

(a) *Challenges of Capital Market Regulation (continued)*

(vi) High quality Financial Reporting (continued)

- Selection of new or changes to accounting policies: Estimates, judgements, and uncertainties and unusual transactions: Accounting policies relating to significant financial statement items, including the timing of transactions and the period in which they are recorded. Some believe that conservatism is a characteristic that should be discussed. Since a preference that possible errors in measurement be in the direction of understatement rather than overstatement of net income and net assets introduces a bias into financial reporting, conservatism tends to conflict with significant qualitative factors such as representational faithfulness, neutrality, and comparability (including consistency). Conservatism in financial reporting should no longer connote deliberate, consistent understatement of net assets and profits. Any attempt to understate results consistently is likely to raise questions about the reliability and integrity of the information about those results and will probably be self-defeating in the long run.

Accordingly, the consistent understating of results (i.e., conservatism) or overly optimistic estimates of realisation (i.e., lack of conservatism or aggressiveness) are inconsistent with the characteristics of quality financial reporting needed for transparent reporting in today's markets.

- Auditor's Independence: By certifying the public reports that collectively depict an entity's financial status, the independent auditor assumes a public responsibility transcending any employment relationship with the client. The independent public accountant performing this special function owes ultimate allegiance to the entity's creditors and shareholders and investors, as well as the investing public. SECs function demands that the accountant maintains total independence from the auditee at all times and requires complete fidelity to the public trust. If auditors do not meet the expectations of the investing public and the public loses its confidence in the role performed by the auditor as an objective and independent third party, there will be irreparable harm done to the value of that role. Accordingly, the SEC reiterates the need for auditors to maintain their integrity, objectivity, and independence, and when necessary to make the tough calls on the tough issues. In making these calls, auditors should keep foremost in mind that the investing public is their client. The ultimate responsibility for the selection and engagement of an independent auditor rests with the registrant. Accordingly, we encourage the audit committee and financial management of each registrant to have a robust discussion with the auditor. Management and the audit committee should inquire as to whether the firm, its partners, and its employees have complied with the firm's, the profession's, and the SEC's independence rules with respect to the audit of the licensee's financial statements. We also encourage each registrant's audit committee and financial management to inquire as to the types of quality controls an audit firm has, both in the Zambian and in its international affiliates where audit work is performed for the registrant. Some registrants have had to replace their auditor due to the auditor's lack of compliance with the independence rules. Some of these situations have arisen as a result of a lack of high-quality internal controls. The modifications were requested to ensure that firms have effective systems of internal controls that ensure compliance by the firm, its partners, and professional staff, with the firm's, the profession's, and the SEC's independence rules as observed by the Zambia Institute of Chartered Accountants. The internal controls set forth in the letter include:

SECURITIES AND EXCHANGE COMMISSION (SEC)

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6. Challenges and Risk Factors (continued)

(a) *Challenges of Capital Market Regulation (continued)*

(vi) High quality Financial Reporting (continued)

- Establishment of written independence policies and procedures
- Requiring firms to have conflicts verification process
- Establishment of firm-wide on-going training programs
- Strengthening of internal inspection and testing programs
- Creation of disciplinary mechanism for independence violations
- Need for more responsive professional quality control standard setting process, and
- Requiring senior management supervision of independence process.

During 2023, the SEC worked with ZICA and members of the audit profession to strengthen the quality of controls on audit reporting.

- Issuance of Financial Statements: Financial statements must be free of material error as of the date they are filed with the Commission. For example, assume a registrant widely distributes financial statements, but before filing them with the Commission, the registrant or its auditor become aware of an event or transaction that existed at the date of the financial statements, and that causes those financial statements to be materially misleading. If a registrant does not make corrections to the financial statements so that they are free of material misstatement or omissions when they are filed with the Commission, the registrant knowingly will be filing a false and misleading document. In addition, registrants are reminded of their responsibility to, at a minimum, disclose subsequent events, while independent auditors are reminded of their responsibility to assess subsequent events and evaluate the impact of the events or transactions on their audit report.

- (vii) Looking Ahead: The present work of the SEC focuses on laying a foundation for an efficient, orderly, and fair capital market which is both competitive and sustainable. This goal, and the initiatives begun towards this end, undoubtedly portends interesting times ahead for regulators and licensees alike. To brace ourselves for the way ahead, we at the SEC recognise the need to stay true to our course as regulators even as we rally our resources, ease our regulatory burden, and make full use of existing technology to meet regulatory needs. In 2024, as in past years, we will be working towards fulfilling these needs to the best of our ability.

SECURITIES AND EXCHANGE COMMISSION

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6. Challenges and Risk Factors (continued)

(a) *Challenges of Capital Market Regulation (continued)*

As we embark on this new phase of capital market reform, much remains to be said of the most valuable hands on deck: the Chairman and Chief Executive Officer, who together guide and support the work of the Commission and whose foresight and conviction stimulate careful deliberation of capital market policies; the staff, whose proven commitment to uplifting the capital market and the national economy is the SEC's greatest asset; and the Ministry of Finance, licensees, and the media, whose support has been pivotal to many of our successes. It is our hope that these good graces will continue to benefit us as we continue to deliver on our regulatory and development agenda.

(b) *Operational Risk*

Operational risk is the risk of losses from inadequate or failed internal processes and systems, caused by human error or external events. It has a broad scope and includes transaction authorisation and processing; completeness of income recording; payments processing and the management of information, data quality and records. The following are the main risks noted under this classification:

- (i) **Impact of Changing Markets, Responsibilities and Developments:** Changes in the securities markets and financial industry, as well as difficult fiscal realities, have entity wide impacts. As markets evolve, so must the SEC. These types of industry developments and financial innovation will continue to present challenges to SEC, requiring additional staff expertise, resources, and a program that is agile, responsive, and continuously improving and is well funded.
- (ii) **Importance of Leveraging Technology and Analytics:** As in previous years, the Commission recognises that technology and analytics are critical to the mission of the SEC and its ability to deliver information to the public, identify risks, uncover frauds, sift through large volumes of data, inform policy making, and streamline operations. Other key information technology initiatives include improving examinations through risk assessment and surveillance tools; enhancing systems that support the enforcement program. Long-term investment and development in technology and analytical tools will be critical to the future success of the Commission's oversight responsibilities. Particularly important since the new Act will be a continued focus on enhancing quantitative and data analytic efforts. These tools will provide SEC with a greater ability to monitor trends and emerging risks, ultimately enabling it to allocate its resources more effectively.
- (iii) **Infrastructural Enhancements:** The roles of the SEC to regulate and develop the market often eclipse the equally important task of facilitating the enabling of infrastructural enhancements. We have since come to recognise the need to introduce solutions which are tailored to the present state of the local capital market.
- (iv) **Financial Crime Risk -** Financial crime risk is the risk that the Commission suffers losses as a result of internal and external fraud or intentional damage, loss or harm to people, premises or its moveable assets. The risk is directly attributable to its people risk.

SECURITIES AND EXCHANGE COMMISSION (SEC)

REPORT OF THE COMMISSIONERS

6. Challenges and Risk Factors (continued)

(b) *Operational Risk (continued)*

- (v) **People Risk** - People risk arises from failures of the Commission to manage its key risks as an employer, including lack of appropriate people resource, failure to manage performance and reward, unauthorised or inappropriate employee activity and failure to comply with employment related requirements.

(c) *Legal Risk*

The Commission is subject to a comprehensive range of legal obligations, covered by the Securities Act, No. 41 of 2016 (as amended by Act No. 21 of 2022). As a result, it is exposed to many forms of legal risk, which may arise in a number of ways: its business may not be conducted in accordance with requirements of the Act; contractual obligations may either not be enforceable as intended or may be enforced against the Commission in an adverse way; the Commission may face risk where legal proceedings are brought against it, in the course of carrying out its mandate, etc. Regardless of whether such claims have merit, the outcome of legal proceedings is inherently uncertain and could result in financial loss. Defending legal proceedings can be expensive and time-consuming and there is no guarantee that all costs incurred will be recovered, even if the Commission is successful.

(d) *Reporting Risk*

- (i) **Financial Reporting Risk** - Financial reporting risk arises from a failure or inability to comply fully with regulations or codes in relation to the preparation, presentation, or disclosure of financial information. Non-compliance could lead to damage to reputation or, in extreme cases, withdrawal of external funding.
- (ii) **Accounting Risks** - The Commission's future performance and results could be materially different from expected results depending on the outcome of certain potential risks and uncertainties, details of which are discussed above. The reported results of the Commission are also sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements.
- (iii) **Financial Risks** - The Commission through its normal operations is exposed to a number of risks on its financial instruments, the most significant of which are credit and liquidity. Market (currency and interest) risks are generally low. The two main risks on its financial instruments are generally deemed to be within manageable limits.
- (iv) **Revenue Recognition**
 - **Year-End Cut-off Testing:** Many of the revenue frauds involve improper cut-off as of the end of the respective period. The SEC believes that auditors need to conduct appropriate period-end cut-off procedures. This is particularly important for audits of businesses that experience a high level of sales transactions or individually significant sales transactions near the end of the financial reporting period. In addition, for significant and unusual revenue transactions, especially those at or near the end of a quarterly or year-end reporting period, the auditor should consider confirming all significant terms of the transaction rather than just the outstanding account receivable balance.

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6. Challenges and Risk Factors (continued)

(d) *Reporting risk (continued)*

- **Related Party Side Agreements:** Because "side agreements" often between related parties often include unilateral cancellation, termination, or other privileges for the customer to void the transaction, "side agreements" pose a significant risk to proper revenue recognition. Companies should create sufficient internal controls to ensure that any agreements or alterations to sales contracts that are evidenced by "side agreements" are given proper accounting recognition. Auditors should perform procedures, including confirmation of the terms of significant contracts, that would assist them in detecting "side agreements."
- **Questionable Revenue Recognition Practices:** The SEC continues to encounter cases of questionable and inappropriate revenue recognition practices. Significant issues include:
 - Complex arrangements that provide for multiple different deliverables (e.g., multiple products and/or services) at different points in time during the contract term.
 - Nonmonetary transactions where fair values are not readily determinable with a sufficient degree of reliability.
- **Income Statement Classification:** The appropriate classification of amounts within the income statement or statement is as important as the appropriate measurement or recognition of such amounts. IFRSs regarding classification of amounts. In addition, auditors should ensure that all such classifications are materially correct.
- **Useful Lives of Intangible Assets:** IAS 38 requires that all intangibles be identified and assigned a fair value in the purchase price allocation of a purchase business combination. This would include intangibles such as patents, intellectual property, customer lists, an engineering workforce, favourable contracts, etc. IAS 38 requires that the recorded costs of the intangible assets acquired, including goodwill, be systematically amortised to income over the periods benefited. In addition to IAS 38, other factors that SEC believes are relevant in determining useful lives for intangible assets include:
 - The significance of competition in the industry, the ability of competitors to negatively affect the profitability of the acquired business, and the barriers to market entry.
 - The impact of potential or expected changes in technology on product margins and life cycles and the importance of technological innovation to the product's future success and profitability.
 - Legislative action that results in an uncertain or changing regulatory environment.

The SEC will challenge a registrant that merely conforms its goodwill life to its peer companies. Companies should perform an analysis of the factors and assumptions discussed above that are to be used in determining the appropriate useful life of goodwill in each specific acquisition. This analysis should be adequately documented when the asset is acquired, and amortisation begins. A company should continually evaluate the periods of goodwill and other intangible asset amortisation, including considering the impact of changes in the factors noted above, to determine whether subsequent events and circumstances warrant revised estimates of useful lives or salvage values.

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REPORT OF THE COMMISSIONERS

6. Challenges and Risk Factors (continued)

(d) *Reporting risk (continued)*

- A lack of understanding of the basis for the accrual and the necessary supporting evidence.
- Testing the loss accrual balance through poorly designed or implemented analytical procedures.
- Applying analytical procedures to subjective audit areas incapable of testing through analytical procedures.
- Only testing a loss accrual to ensure that the balance is not understated.
- A lack of testing of completeness of all disclosures mandated by IFRS.
- A lack of testing of the proper classification of costs.
- Testing that failed to identify the fact that assets such as inventory, for which a write-down at year end establishes a new cost basis, cannot be subsequently adjusted upward through the adjustment of "reserves." Auditors are reminded that audit procedures and techniques must be appropriately tailored to ensure that any contingent liability, restructuring accrual, or other loss accrual balance, and related activity, is adequately supported and disclosed. It is important that auditors:
 - Carefully consider all the risk factors set forth in Statement in ISA 240, Consideration of Fraud in a Financial Statement Audit, and how for a particular auditee, existing risk factors should be assessed and related to the specific determination of the nature, timing, and extent of the audit tests.
 - In light of the business, industry, and control risks affecting the company, as well as the subjective nature of the particular types of estimates being examined, consider the type of verifiable, objective evidence that would be required to support the account balances. ISA 230 and ISA 315 discuss the need for appropriate audit documentation as well as adequate internal accounting controls.
 - Test not only ending balances, but also the propriety and classification of activity in the accounts during the periods presented. The testing should not be limited to merely determining if the liability is understated, but rather whether it is properly stated such that the financial statements are fairly presented in all material respects. The SEC acknowledges the judgement involved in reporting certain liabilities and that a range of possible or probable losses may exist. But the SEC has and will continue to challenge loss accruals that are either materially understated or overstated, including when understated or excess liabilities are used to manage earnings.

SECURITIES AND EXCHANGE COMMISSION

REPORT OF THE COMMISSIONERS

6. Challenges and Risk Factors (continued)

(d) Reporting risk (continued)

- Disclosure of Loss Contingencies: The SEC reminds companies and their auditors of the disclosures required by IAS 37. The standard requires that companies disclose the nature of an accrual made for an estimated loss from a loss contingency. If no accrual is made or if an exposure to loss exists in excess of the amount accrued, the company is required to disclose the contingency when it is other than remote (that is, reasonably possible) that a loss or an additional loss may have been incurred. The disclosure should include the nature of the contingency and an estimate of the possible loss or range of loss or state that such an estimate cannot be made. General "loss accruals and reserves" are prohibited by IAS 37. Some enterprises have in the past accrued so called reserves for general contingencies. General or unspecified business risks do not meet the condition for accrual in paragraph 8, and no accrual for loss should be made.
- Segment Information: ISA 500, requiring, among other things, that auditors "review corroborating evidence, such as information that the chief operating decision maker uses to assess performance and allocate resources, material presented to the board of directors, minutes from the meetings of the board of directors, for consistency with financial statement disclosures. When reviewing segment information as part of the normal review and comment process, the SEC commonly requests registrants to provide copies of the reports or other materials supplied to the "chief operating decision maker" of the company. SEC have views regarding the significance of segment information to the financial statements taken as whole. The effects of a misstatement on segment information and the relative importance of information about the affected segment to the financial statements taken as a whole should be considered in assessing the materiality of a misstatement. The need to consider such information notes that 'situations may arise in practice where the auditor will conclude that a matter relating to segment information is qualitatively material even though, in his or her judgment, it is quantitatively immaterial to the financial statements taken as a whole.' The SEC expects that all registrants and their auditors will take such considerations into account when assessing the materiality of any misstatements identified during the course of the audit.
- Loan Loss Allowances and Effective Internal Controls
 - One of the specific concerns recently expressed by the banking regulator is the need for appropriate underwriting standards and internal controls related to the accounting for and financial reporting of the allowance for loan losses. An institution's internal accounting controls for loan loss allowances should assure compliance with the authoritative accounting guidance contained in accounting and auditing pronouncements, including IAS 39 and IFRS 9. The accounting controls should ensure timely and accurate reporting for financial reporting purposes, including for losses and changes in the credit quality of the loan portfolio in conformity with IFRS.

SECURITIES AND EXCHANGE COMMISSION
REPORT OF THE COMMISSIONERS

6. Challenges and Risk Factors (continued)

(d) *Reporting risk (continued)*

- Certain entities do not appear to have adequate controls in place to assure that loan loss allowances and provisions were determined and reported in conformity with IFRS. In some cases, institutions did not have adequate documentation and clear, concise internal communication of their policies and procedures related to loan loss allowances. As an example, we noted instances where there was a distinct disconnect between an institution's credit administration function and its financial reporting group in the accounting for loan loss allowances.
- The central bank requires institutions to follow IFRS in recording their allowances for loan losses. Thus, the SEC has been reminding institutions that they should provide appropriate disclosures of loan loss allowances in their financial reports to ensure transparency of the information to readers of those reports.
- The SEC reminds companies that where statistical data, quantitative analysis, or disclosures in a registrant filing appear to be inconsistent with loan loss provisions or allowances, the SEC will ask the company to explain those inconsistencies. For example, data commonly used to evaluate the appropriateness of the loan loss allowance may indicate an inconsistency between the accounting for the allowance and the disclosure of material risks in the portfolio for which the allowance was maintained. In such a case, the SEC may issue comments relating to the loan loss allowance. Additionally, disclosures in the filing should be consistent with the documentation supporting the loan loss allowance. The SEC questions allowances that appear too low, as well as those that appear too high, as compared to the disclosures made and the supporting documentation.

7. Risk Management and Control

The Commission, through its normal operations, is exposed to a number of risks, the most significant of which is liquidity risk.

8. Compliance

The Commission's management are responsible for establishing and maintaining adequate internal controls over financial reporting. Under the supervision of the Chief Executive Officer the Commission's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRSs. The Board has responsibility for monitoring compliance with the regulatory environment and the various internal control processes and procedures.

9. Contract Gratuity

The Commission has an internal Contract Gratuity arrangement for all staff. The Commission makes monthly gratuity provisions and gratuities are paid as and when they fall due.

On behalf of the board:



SECRETARY

DATE: 18 April 2024

SECURITIES AND EXCHANGE COMMISSION

STATEMENT OF COMMISSIONERS' RESPONSIBILITIES

The Securities Act, 2016 as amended requires the Commissioners to prepare financial statements for each financial year which give a true and fair view of the financial position of Securities and Exchange Commission and of its financial performance and its cash flows for the period then ended. In preparing such financial statements, the Commissioners are responsible for:

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- selecting appropriate accounting policies and applying them consistently;
- making judgements and accounting estimates that are reasonable in the circumstances; and
- preparing the financial statements in accordance with the applicable financial reporting framework, and on the going concern basis unless it is inappropriate to presume that the Commission will continue in operation.

The Commissioners are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Commission and enable them to ensure that the financial statements comply with the Securities Act, 2016 as amended. They are also responsible for safeguarding the assets of the Commission and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Commissioners confirm that in their opinion

- (a) the financial statements give a true and fair view of the financial position of Securities and Exchange Commission as of 31 December 2023, and of its financial performance and its cash flows for the period then ended;
- (b) at the date of this statement there are reasonable grounds to believe that the Commission will be able to pay its debts as and when these fall due; and
- (c) the financial statements are drawn up in accordance with International Financial Reporting Standards.

This statement is made in accordance with a resolution of the Commissioners.

Signed at Lusaka on 18 April 2024


Chairperson


Commissioner



Grant Thornton
Metropolitan House
2nd Floor, West wing
Off Kelvin Siwale Road
Arcades Area
P.O. Box 30885
Lusaka, Zambia

T +260 (211) 227722-8
C +260 974 267988
C +260 957 599429
E gtlusaka.mailbox@gt.com

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SECURITIES AND EXCHANGE COMMISSION**

Opinion

We have audited the financial statements of Securities and Exchange Commission which comprise the statement of financial position as at 31 December 2023, the statement of profit and loss, the statement of comprehensive income, statement of changes in funds and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Commission's financial statements give a true and fair view of the financial position of the Commission as at 31 December 2023, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matter is a matter that, in our professional judgement, was of significance in our audit of the financial statements for the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. We have determined the matter described below to be a key audit matter to be communicated in our report.

Partners

Edgar Hamuwele (Managing)
Christopher Mulenga
Wesley Beene
Rodia Milumbe Musonda
Chilala Banda

Chartered Accountants

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SECURITIES AND EXCHANGE COMMISSION (CONTINUED)**

Key Audit Matter

Measurement of financial assets

Due to the complex and subjective nature of judgements made in the assumptions by the Commissioners over the measurement of financial assets this was considered a key audit matter.

- The Commissioners are required to apply the forward-looking approach to recognize expected credit losses based on IFRS 9's impairment requirements.

- Further, in assessing the fair value of financial assets, the Commissioners use a variety of valuation methods based on the classification of assets and make assumptions that are based on market conditions and other relevant valuation data existing at each reporting date.

How the matter was addressed in our report

Our procedures included but were not limited to the following:

- Assessing the design and implementation of the impairment model adopted with focus on compliance with the requirements of IFRS9: "Financial Instruments".
- Reviewing management's evaluation of possible outcomes and the probability of occurrence.
- Checking the reasonableness of the information and ensuring the information was supported with reference to past events, current conditions as well as forecast of the future.

- We obtained the analysis prepared by management in calculating the fair value of the assets.
- We evaluated management's valuation assumptions and changes in assumptions to ensure they were reasonable and consistent with market information and other relevant valuation data.
- Performed audit procedures over the valuation and accounting of investments in financial assets, to ensure that the valuation inputs applied to various valuation techniques were reasonable.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SECURITIES AND EXCHANGE COMMISSION (CONTINUED)

Other information

The Commissioners are responsible for the other information. The other information comprises the Report of the Commissioners and the detailed expenses schedule which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Securities Act, 2016 (as amended) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SECURITIES AND EXCHANGE COMMISSION (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)


- Conclude on appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements of Securities and Exchange Commission as at 31 December 2023 have been properly prepared in accordance with the Securities Act, 2016 (as amended) and the accounting and other records and registers have been properly kept in accordance with the Act.


Chartered Accountants


Edgar Hamuwele (AUD/F000111)
Name of Partner signing on behalf of the firm

Lusaka

Date: 18 April 2024

SECURITIES AND EXCHANGE COMMISSION

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 K	2022 K
Operating Income			
Fee Income	6	4,854,728	2,860,011
Commissions and Levies	7	108,517,825	81,444,130
Non-Operating Income			
Interest Income	8	21,111,520	13,995,306
Other Income	9	<u>10,401,206</u>	<u>10,229,452</u>
		<u>144,885,279</u>	<u>108,528,899</u>
Costs			
Impairment of Financial Assets	10	80,000	140,000
Depreciation	12	955,417	365,414
Employee Costs	Appendix	31,694,837	24,534,228
Non-Operating Costs	Appendix	<u>22,317,560</u>	<u>12,915,577</u>
		<u>55,047,814</u>	<u>37,955,219</u>
Surplus for the Year		<u>89,837,465</u>	<u>70,573,680</u>

SECURITIES AND EXCHANGE COMMISSION

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	K	K
Surplus for the Year	89,837,465	70,573,680
Other Comprehensive Income:		
Items that will not be subsequently reclassified to surplus or deficit:	-	-
Items that may be subsequently reclassified to surplus or deficit:	-	-
Total Comprehensive Income for the year	<u>89,837,465</u>	<u>70,573,680</u>

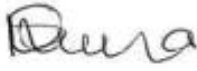

SECURITIES AND EXCHANGE COMMISSION
STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Accumulated Funds K
Balance as at 1 January 2022	93,318,988
Total Comprehensive income	<u>70,573,680</u>
At 31 December 2022	163,892,668
Total Comprehensive income	<u>89,837,465</u>
At 31 December 2023	<u>253,730,133</u>

SECURITIES AND EXCHANGE COMMISSION
STATEMENT OF FINANCIAL POSITION - 31 DECEMBER 2023

ASSETS		2023	2022
		K	K
Non-Current Assets			
Property, Plant and Equipment	12	<u>8,740,527</u>	<u>3,155,842</u>
		<u>8,740,527</u>	<u>3,155,842</u>
Current Assets			
Receivables at Amortised Cost	13	9,236,762	268,391
Other Financial Assets	14	1,499,267	1,574,215
Cash and Cash Equivalents	15	<u>245,996,252</u>	<u>169,073,491</u>
Total Current Assets		<u>256,732,281</u>	<u>170,916,097</u>
Total Assets		<u>265,472,808</u>	<u>174,071,939</u>
FUNDS AND LIABILITIES			
Funds			
Accumulated Funds		<u>253,730,133</u>	<u>163,892,668</u>
Total Funds		<u>253,730,133</u>	<u>163,892,668</u>
Non-Current Liabilities			
Statutory Funds	16	534,120	474,108
Deferred Income	17	593,334	433,334
Investor Protection Funds	18	<u>1,315,724</u>	<u>1,191,585</u>
		<u>2,443,178</u>	<u>2,099,027</u>
Current Liabilities			
Employee Benefits and Provisions	19	7,159,366	6,283,648
Payables, Accruals and Provisions	20	<u>2,140,131</u>	<u>1,796,596</u>
Total Current Liabilities		<u>9,299,497</u>	<u>8,080,244</u>
Total Equity and Liabilities		<u>265,472,808</u>	<u>174,071,939</u>

The financial statements on pages 21 to 50 were approved by the Board of Commissioners on 18 April 2024 and were signed on its behalf by:

) CHAIRPERSON
)
) COMMISSIONER
)

SECURITIES AND EXCHANGE COMMISSION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

		2023	2022
		K	K
Cash Inflow From Operating Activities			
Surplus for the Year		89,837,465	70,573,680
Depreciation	12	955,417	365,414
Interest Received	8	(21,111,520)	(13,995,306)
Increase in Accounts Receivables		(8,968,371)	(55,191)
Increase/(decrease) in Other Receivables		74,948	(660,234)
Increase/(decrease) in Statutory Funds		60,012	51,756
Increase in Accruals and Provisions		343,535	337,799
Increase in Employee Benefits and Provisions		875,718	940,911
Increase in Investor Protection Funds		<u>124,139</u>	<u>148,177</u>
Net Cash Inflow From Operating Activities		<u>62,191,343</u>	<u>57,707,006</u>
Investing Activities			
Actual Payments to Acquire Tangible Fixed Assets	12	(6,540,102)	(2,086,359)
Interest Received		<u>21,111,520</u>	<u>13,995,306</u>
Net Cash inflow on Investing Activities		<u>14,571,418</u>	<u>11,908,947</u>
Financing Activities			
Deferred Income		<u>160,000</u>	<u>(66,666)</u>
Net Cash inflow/ (outflow) from/ (on) Financing		<u>160,000</u>	<u>(66,666)</u>
Net Increase in Cash and Cash Equivalents		76,922,761	69,549,287
Cash and Cash Equivalents at the start of the year		<u>169,073,491</u>	<u>99,524,204</u>
Cash and Cash Equivalents at the end of the year		<u>245,996,252</u>	<u>169,073,491</u>
Represented By:			
Cash at Bank and in Hand	15	5,330,619	3,643,952
Short-Term Bank Deposits	15	<u>240,665,633</u>	<u>165,429,539</u>
		<u>245,996,252</u>	<u>169,073,491</u>

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. The Commission

The Securities and Exchange Commission (the “Commission” or the “SEC”) a statutory body established under the repealed Securities Act, Cap. 354 of the Laws of Zambia and whose existence is continued under the Securities Act, No. 41 of 2016 as amended and which is headquartered in Lusaka (Zambia) at Plot 3827, Parliament Road, Olympia was established pursuant to Act No 41 of 2016 of the Laws of Zambia, which replaced Cap 354 of the Laws of Zambia of 1993. The mandate of the Commission is to ensure that investors, both local and foreign, are protected. It is also the mandate of the Commission to promote and encourage the development of the market. This therefore entails that the Commission has a huge role of ensuring that there is a balance between investor protection and Capital Market Development.

Its mission is to stimulate the expansion and grow the capital market in order to make a sustainable contribution to the economic development of Zambia. Its vision is to be a capital markets regulator that offers a conducive market environment for raising long term capital needed for a thriving economy.

2. Basis of presentation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are presented in accordance with IAS 1 “Preparation of financial statements” (Revised 2007). The Commission has elected to present the “Statement of Comprehensive income” in two statements namely the “Profit and Loss” and the “Statement of Comprehensive Income”. They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and liabilities at fair value through the statement of comprehensive income.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Commission’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3. Principal accounting policies

The principal accounting policies applied by the Commission in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

- (a) New standards and amendments that are effective at 1 January 2022 and are applicable to the Commission
 - IFRS 17 ‘Insurance Contracts’
 - Amendments to IFRS 17 ‘Insurance Contracts’ (Amendments to IFRS 17 and IFRS 4)
 - Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
 - Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
 - Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)
 - Disclosure of Accounting Policies (Amendments to IAS 1)
 - Definition of Accounting Estimates (Amendments to IAS 8)

These amendments do not have a significant impact on these Financial Statements and therefore the disclosures have not been made.

SECURITIES AND EXCHANGE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3. Principal accounting policies (continued)

- (b) **Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Commission**
- Leases on sale and leaseback (Amendments to IFRS 16) - These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction.
 - Non-current liabilities with covenants (Amendments to IAS 1) - These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.
 - Supplier finance (Amendments to IAS 7 and IFRS 7)
 - Lack of Exchangeability (Amendments to IAS 21)

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Commission's financial statements.

- (c) **Fee income**
Licensing fee income is recognised upon issue of a license. Registration fee income is recognised once securities are registered. Authorisation fee income on a takeover or merger transactions is recognised when the transaction is duly authorised. The LuSE trade commission is credited to the statement of comprehensive income on an accrual basis.
- (d) **Interest**
Interest income is recognised on an accrual basis.
- (e) **Property, plant and equipment**
Motor vehicles, furniture and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Commission and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.
Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the revaluation surplus in the accumulated fund. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in accumulated fund, all other decreases are charged to the statement of comprehensive income. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation surplus to the accumulated fund.

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3. Principal accounting policies (continued)

(e) **Property, plant and equipment (continued)**

Depreciation is calculated to write down the assets to residual amounts on a straight-line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose, which are consistent with those of the previous year, are: -

	%
Motor vehicles	25
Office equipment	20
Computer hardware	33.3
Office furniture	25

The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the statement of comprehensive income in the other operating income. When revalued assets are sold, the amounts included in the revaluation surplus relating to these assets are transferred to retained earnings.

(f) **The Commission as a lessee**

The Commission makes the use of leasing arrangements principally for the provision of office space. The Commission considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Commission assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Commission.
- the Commission has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- the Commission has the right to direct the use of the identified asset throughout the period of use.

The Commission assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Commission recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Commission, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. Principal accounting policies (continued)

(f) The Commission as a Lessee (continued)

The Commission depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Commission also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Commission measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Commission's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Commission has elected to account for short-term leases and leases of low-value assets using the practical expedients as the lease on the building had less than 12 months to run after the year end. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(g) The Commission as a lessor

As a lessor the Commission classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3. Principal accounting policies (continued)

(h) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the commission becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the entity does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset.
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Commission's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3. Principal accounting policies (continued)

h) Financial instruments (continued)

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

The category also contains equity investments. The Commission accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in listed equity securities at fair value through other comprehensive income (FVOCI). In the current financial year, the fair value was determined in line with the requirements of IFRS 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at Fair Value through Other Comprehensive Income (FVOCI)

Financial assets are designated as being at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cashflows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Commission considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. Principal accounting policies (continued)

h) **Financial instruments (continued)**

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Commission considers evidence of impairment for trade and other receivables as well as investments.

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Interest on the impaired assets continues to be recognised through the unwinding of the discount. When an event occurring after the impairment was recognised causes the impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Classification and measurement of financial liabilities

The Commission's financial liabilities include borrowings, deposits from customers and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Commission designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Financial liability at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

i) **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments and balances held with banks. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents.

j) **Foreign currencies**

(i) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Commission operates (the 'functional currency'). The financial statements are presented in Zambian Kwacha, which is the Commission's presentation currency.

SECURITIES AND EXCHANGE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

3. Principal accounting policies (continued)

i) Foreign currencies (continued)

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the rates of exchange prevailing at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

k) Employee benefits

(i) *Provision for retirement benefits*

The Commission has a plan with National Pension Commission Authority (NAPSA) where the Commission pays an amount equal to the employee's contributions. Employees contribute 5% of their gross earnings up to a ceiling set annually.

(ii) *Provisions for leave pay and long service bonus*

Provisions for leave pay are made in respect of all staff. In addition, all employees are entitled to gratuity and a provision is made thereon.

l) Trade and other payables

Trade and other payables are stated at cost.

m) Grants

Revenue Grants (grants with no future directly related costs) are treated as unrestricted funds. Deferred Revenue Grants (grants with specific future related costs) are treated as temporarily restricted funds and charged to revenue as the conditions attaching to them expire.

4. Critical accounting estimates and judgements

The Commission makes estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying Commission's accounting policies, management has made judgements in determining:

- (a) the classification of financial assets;
- (b) whether assets are impaired;
- (c) estimation of provision and accruals; and
- (d) recoverability of trade and other receivables.

5. Management of financial risk

5.1 Financial risk

The Commission is exposed to a range of financial risks through its financial assets. The most important component of this financial risk is credit risk. These risks arise from open positions in the interest rate and business environments, all of which are exposed to general and specific market movements. The Commission manages these positions with a framework that has been developed to monitor its customers and return on its investments.

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

5. Management of financial risk (continued)

5.1 Financial risk (continued)

5.1.1 Credit risk

The Commission has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key area where the Commission is exposed to credit risk is trade and other receivables and investments.

The Commission structures the levels of credit risk it accepts by placing limits on its exposure to the level of credit given to or investment made in a single entity.

5.1.2 Foreign currency risk

Most of the transactions for the Commission are carried out in Zambian Kwacha. The exposure to foreign currency risk is low.

5.1.3 Capital management

The Commission's objective when managing capital is to safeguard the Commission's ability to continue as a going concern so that it can continue to provide benefits to stakeholders.

The Commission's capital is supported by grants from the Government of the Republic of Zambia (GRZ) and its internally generated fees.

6. Fee Income	2023 K	2022 K
<i>Revenue comprises Income arising on:</i>		
Annual Issuer's Fees	1,240,000	1,240,000
Authorisation fees	316,667	274,999
Scrutiny Fees	300,668	152,002
Licensing Fees	1,710,384	1,193,010
Registration Fees	1,261,620	-
Other Fees	25,389	-
	<u>4,854,728</u>	<u>2,860,011</u>
7. Commissions and Levies		
Administration Fines	498,500	178,400
Commissions on LuSE Trades	104,665,558	79,803,765
Levies on Collective Investment Schemes	<u>3,353,767</u>	<u>1,461,965</u>
	<u>108,517,825</u>	<u>81,444,130</u>

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023		2022
	K		K
8. Interest Income			
Interest Income-Bank Balances	838		4
Interest Income-Investments	21,053,308		13,924,150
Interest Income-Staff Loans	<u>57,374</u>		<u>71,152</u>
	<u>21,111,520</u>		<u>13,995,306</u>
9. Other Income			
Grant Income	10,198,953		10,198,952
Sundry Income	<u>202,253</u>		<u>30,500</u>
	<u>10,401,206</u>		<u>10,229,452</u>
10. Impairment Loss on Financial Assets			
	Trade	Other	Total
	Receivables	Assets	K
	K	K	
Balance at 1 January 2022	100,000	-	100,000
Impairment Loss	140,000	-	140,000
Written Off	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
Balance at 31 December 2022	140,000	-	140,000
Impairment Loss	80,000	-	80,000
Written Off	<u>(140,000)</u>	<u>-</u>	<u>(140,000)</u>
Balance at 31 December 2023	<u>80,000</u>	<u>-</u>	<u>80,000</u>

11. **Taxation**

In stating operating results, no provision is made for taxation as the Commission is exempt from taxation.

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

12. Property, Plant and Equipment

	Motor Vehicles K	Office Equipment K	Office Furniture K	Computer Equipment K	CWIP K	Total K
Cost						
At 1 January 2022	354,178	406,643	525,380	1,104,310	1,065,665	3,456,176
Additions	—	836,123	328,701	921,535	—	2,086,359
At 31 December 2022	354,178	1,242,766	854,081	2,025,845	1,065,665	5,542,535
Additions	6,076,973	30,585	120,797	311,747	—	6,540,102
At 31 December 2023	6,431,151	1,273,351	974,878	2,337,592	1,065,665	12,082,637
Depreciation						
At 1 January 2022	354,177	304,992	518,201	843,909	—	2,021,279
Charge for the year	—	66,228	48,267	250,919	—	365,414
At 31 December 2022	354,177	371,220	566,468	1,094,828	—	2,386,693
Charge for the year	171,604	255,184	99,583	429,046	—	955,417
At 31 December 2023	525,781	626,404	666,051	1,523,874	—	3,342,110
Carrying Amounts						
At 31 December 2023	5,905,370	646,947	308,827	813,718	1,065,665	8,740,527
At 31 December 2022	—	871,546	287,613	931,017	1,065,665	3,155,842

(a) Capital Work in Progress (CWIP)

The Commission owns a property on stand No. LUSAKA/LN 8426/3, Burma Road, Woodlands Lusaka. Currently the land has a Guard House and wall fence structure. Development of the property has delayed due to the delayed approval from the Ministry of Infrastructure and Housing.

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 K	2022 K
13. Receivables at Amortised Cost		
Issuer Fees	<u>9,236,762</u>	<u>268,391</u>
(a) Analysis of Receivables		
Gross Amounts Receivable	9,316,762	408,391
Less: Impairment Provision	<u>(80,000)</u>	<u>(140,000)</u>
	<u>9,236,762</u>	<u>268,391</u>
(b) Movement in Impairment Provision		
At the beginning of the year	140,000	100,000
Charge for the year	80,000	140,000
Written off during the year	<u>(140,000)</u>	<u>(100,000)</u>
At the End of the year	<u>80,000</u>	<u>140,000</u>
(c) Net Accounts Receivables are Summarised as follows:		
Neither past due nor impaired	9,236,762	268,391
Impaired	<u>80,000</u>	<u>140,000</u>
Gross	9,316,762	408,391
Less: allowance for impairment	<u>(80,000)</u>	<u>(140,000)</u>
Net	<u>9,236,762</u>	<u>268,391</u>

The average credit period on provision of services is 90 days. No interest is charged on outstanding trade receivables. The Commission always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Commission has recognised a loss allowance of 100% against all receivables over 120 days past due because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

13. Receivables at Amortised Cost (continued)

The Commission writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

The following table details the risk profile of trade receivables based on the Commission's provision matrix. As the Commission's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Commission's different customer base.

	2023	ECL
	K	
Ageing	9,236,762	0%
< 30 Days	-	5%
31 - 60 Days	-	10%
61-90 Days	-	25%
91-120 Days	-	50%
121 - 180 Days	<u>80,000</u>	100%
Over 180 Days	<u>9,316,762</u>	
Lifetime ECL		
	2022	ECL
	K	
Ageing		
< 30 Days	268,391	0%
31 - 60 Days	-	5%
61-90 Days	-	10%
91-120 Days	-	25%
121 - 180 Days	-	50%
Over 180 Days	<u>140,000</u>	100%
Lifetime ECL	<u>408,391</u>	

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 K	2022 K
14. Other Financial Assets		
Deposits and Prepayments	673,945	141,623
Staff Receivables	<u>905,322</u>	<u>1,432,592</u>
	1,579,267	1,574,215
Less Impairment Provision	<u>(80,000)</u>	-
	<u>1,499,267</u>	<u>1,574,215</u>
15. Cash and Cash Equivalents		
(a) Cash at Bank and in Hand		
ABSA Bank Plc	5,259,272	3,569,439
Standard Chartered Bank Plc	19,979	72,429
First National Bank Limited	51,368	1,005
Petty Cash	-	<u>1,079</u>
	<u>5,330,619</u>	<u>3,643,952</u>
(b) Short-Term Bank Deposits		
Standard Chartered Bank Plc	-	125,590,781
ABSA Bank Plc	186,788,727	39,838,758
First National Bank Limited	<u>53,876,906</u>	-
	<u>240,665,633</u>	<u>165,429,539</u>
	<u>245,996,252</u>	<u>169,073,491</u>

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	K	K
16. Statutory Funds		
Compensation Fund	170,018	110,005
Market Development Fund	<u>364,102</u>	<u>364,103</u>
	<u>534,120</u>	<u>474,108</u>
17. Deferred Income		
Balance at the start of the year	433,334	500,000
Received during the year	593,334	433,334
Amortised during the year	<u>(433,334)</u>	<u>(500,000)</u>
Balance as at the year end	<u>593,334</u>	<u>433,334</u>
This represents income received in the year for the following financial period.		
18. Investor Protection Funds		
Uncollected Dividends-Starbic	58,495	52,976
Cavmont Guarantee Fund - ECR	902,313	817,180
Mukuyu Growth Funds	<u>354,916</u>	<u>321,429</u>
	<u>1,315,724</u>	<u>1,191,585</u>
19. Employee Benefits and Provisions		
Gratuity Provision	5,790,884	4,979,864
Leave Pay Provision	<u>1,368,482</u>	<u>1,303,784</u>
	<u>7,159,366</u>	<u>6,283,648</u>
20. Payables, Accruals and Provisions		
Audit provisions	748,834	590,818
NAPSA	92,188	75,972
PAYE	1,299,109	1,045,883
Sundry Payables	-	58,001
Save as You Earn	-	400
NHIMA	<u>-</u>	<u>25,522</u>
	<u>2,140,131</u>	<u>1,796,596</u>

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

21. **Segmental reporting**

Segmental reporting is applied in line with IFRS 8 to report the split between levy and fee income. Expenditure, however, is not segmented. Segmental reporting is not required for assets and liabilities, as this information is not regularly reported to the chief operating decision-maker.

22. **Revenue**

Revenue and Financing Sources	Commission and non Commission Revenue	Revenue Availability	Presentation
Securities transaction fees	Commission Revenue	Collection of securities transaction fees are used to supplement the SEC's annual appropriation.	Statement of profit and loss
Registration, merger, and other fees from registrants	Commission Revenue	There are no restrictions on collections beyond the amount needed to be billed.	Statement of profit and loss
Compensation Fund Contributions	Non-Commission Revenue	Certain collections of monetary sanctions are deposited into the SEC's Compensation Fund in accordance with legislation.	Reported in a separate statement

Revenue is measured based on the consideration to which the Commission expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Commission recognises revenue when it transfers control of a product or service to a customer:

- (a) Licensing Fee Income is recognised upon issue of a licence.
- (b) Registration Fee Income is recognised once securities are registered.
- (c) Authorisation Fee Income on a takeover or merger transactions is recognised when the transaction is duly authorised.
- (d) The LuSE Trade Commission is credited to the statement of profit and loss on an accrual basis.

23. **Other Income and Expenditure**

Other income and expenditure is recognised on an accruals basis. Where income received relates to a period of time covering more than one accounting period, that part extending beyond the current accounting period is treated as deferred income. Corporate overheads are not segmented.

SECURITIES AND EXCHANGE COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

24. Critical Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies above and/or the notes to the financial statements. However, the key areas are summarised below.

(a) Areas of judgement that have the most significant effect on the amounts recognised in the financial statements are:

- (i) Review of asset carrying values and impairment charges and reversals
- (ii) Estimation of asset lives
- (iii) Determination of fair values of non-current assets
- (iv) Impairment losses on receivables
- (v) The Commission makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events believed to be reasonable under the circumstances.

(b) Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- (i) Review of asset carrying values and impairment charges and reversals
- (ii) Estimation of liabilities for post-retirement costs
- (iii) Contingencies

25. Comparatives

Where necessary, corresponding figures have been reclassified to conform to changes in the presentation of the current period.

26. Financial instruments

The Commission's activities expose it to a variety of financial risk: market risk (including currency risk, fair value positions), liquidity and credit risk:

(a) Total financial instruments

	31 December 2023			
	Receivables K	Assets at Fair Value through P & L K	Asset at amortised cost K	Total K
Assets as per statement of financial position				
Loans and receivables:				
- Trade receivables	-	-	10,816,028	10,816,028
- Cash and Cash equivalents	245,996,252	-	-	245,996,252
Total	245,996,252	-	10,816,028	256,812,280
Liabilities as per statement of financial position				
Other financial liabilities				
- Other financial liabilities	-	-	9,602,544	9,602,544
- Trade and other payables	-	-	2,220,131	2,220,131
Total	-	-	11,822,675	11,822,675

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

26. Financial instruments (continued)

The Fund's activities expose it to a variety of financial risk: Market risk (including currency risk, fair value positions), liquidity and credit risk:

	31 December 2022			
	Receivables	Assets at Fair Value through P & L	Asset at amortised cost	Total
	K	K	K	K
Assets as per statement of financial position				
Loans and receivables:				
- Trade and other receivables	-	-	1,842,606	1,842,606
- Cash and cash equivalents	<u>169,073,491</u>	-	-	<u>169,073,491</u>
Total	<u>169,073,491</u>	-	<u>1,842,606</u>	<u>170,916,097</u>
		Liabilities at fair value through P & L	Other financial liabilities at amortised cost	Total
		K	K	K
Liabilities as per statement of financial position				
Other financial liabilities				
		-	8,382,675	8,382,675
Trade and other payables		-	<u>1,796,596</u>	<u>1,796,596</u>
Total		-	<u>10,179,271</u>	<u>10,179,271</u>

b) *Credit Risk*

The Commission takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Commission by failing to pay amounts in full when due.

As at 31 December 2023, the maximum exposure to credit risk, without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Commission due to failure to discharge an obligation by the counterparties arises from the carrying amount of each financial asset in the statement of financial position.

In order to manage this risk, the Commission has a defined credit policy which is documented and forms the basis of all credit decisions. The Commission also makes allowance for impairment against non-performing accounts, where recovery is doubtful. The carrying amount of financial assets represents the maximum credit exposure. As shown below, exposure to credit risk is represented by cash balances and amounts due on accounts receivables:

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

26. Financial instruments (continued)

b) Credit Risk (continued)

2023						
Category	Rating	ECL	Gross Carrying Amount K	Loss Allowance K	Net Carrying Amount K	
Bank and Cash Balances	Performing	12-Month ECL	5,330,619	-	5,330,619	
Fixed Deposits	Performing	12-Month ECL	240,665,633	-	240,665,633	
Receivables at Amortised Cost	Performing	Simplified Approach	9,316,762	(80,000)	9,236,762	
Other Financial Assets	Performing	Not credit impaired	<u>1,579,266</u>	<u>-</u>	<u>1,579,266</u>	
			256,892,280	(80,000)	256,812,280	

2022						
Category	Rating	ECL	Gross Carrying Amount K	Loss Allowance K	Net Carrying Amount K	
Bank and Cash Balances	Performing	12-Month ECL	3,643,952	-	3,643,952	
Fixed Deposits	Performing	12-Month ECL	165,429,539	-	165,429,539	
Receivables at Amortised Cost	Performing	Simplified Approach	408,391	(140,000)	268,391	
Other Financial Assets	Performing	Not credit impaired	<u>1,574,215</u>	<u>-</u>	<u>1,574,215</u>	
			171,056,097	(140,000)	170,916,097	

For trade receivables, the Commission has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Commission determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

The Commission's primary credit exposure from liquidity of cash and cash equivalents amounted to K5.331 million at 31 December 2023 (2022: K3.644 million).

The credit risk for cash and cash equivalents and short-term deposits is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

The credit risk for investments is considered to be low since the Fund Managers are reputable entities.

In respect of trade and other receivables, the Commission is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good.

SECURITIES AND EXCHANGE COMMISSION COMPENSATION FUND

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

26. Financial instruments (continued)

(b) *Credit Risk (continued)*

The Commission's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognizing expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL.
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL not impaired
In default	Amount is >90 days past due or there is evidence indicating Lifetime ECL — credit-impaired.	Lifetime ECL credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Commission has no realistic prospect of recovery.	Amount is written off.

(c) *Market Risk*

(i) *Currency risk*

The Commission takes on low exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows as the majority of its transactions and balances are in local currency.

(ii) *Interest Rate Risk*

The Commission is exposed to interest rate risk to the extent of the balance of any loans and other borrowings taken and outstanding. During the period under review, the Commission was not subject to any interest rate risks as it had no loans, and other borrowings taken and outstanding. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

(iii) *Fair Values*

Because of short maturity profiles, fair values of financial assets and liabilities approximate to their carrying amounts.

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

26. Financial instruments (continued)

(d) *Liquidity Risk and Interest Rate Risk*

Liquidity risk is the risk that the Commission will not be able to pay financial instruments liabilities as they come due. The principal external risks faced by the Commission remain unforeseen reduction of operating income.

The table below summarises the Commission's exposure to liquidity risks:

	Up to 1 month K	1-3 Months K	4-12 Months K	1-5 Years K	Total K
At 31 December 2023					
Non-interest bearing	<u>781,625</u>	<u>2,344,874</u>	<u>6,252,997</u>	<u>474,108</u>	<u>9,853,604</u>
	<u>781,625</u>	<u>2,344,874</u>	<u>6,252,997</u>	<u>474,108</u>	<u>9,853,604</u>
At 31 December 2022					
Non-interest bearing	<u>673,354</u>	<u>2,020,061</u>	<u>5,386,829</u>	<u>474,108</u>	<u>8,554,352</u>
	<u>673,354</u>	<u>2,021,061</u>	<u>5,386,829</u>	<u>474,108</u>	<u>8,554,352</u>

(i) **Liquidity risk**

This is monitored on a daily basis by management and controlled as far as reasonably possible to minimise the risk of mismatches between current liabilities and current assets.

(ii) **Interest rate risk**

The Commission's interest rate risk arises from its lease obligations. The risk is deemed low.

(iii) **Cash flow risk**

In the opinion of the Commissioners, the risk that future cash flows may not be sufficient to meet its working capital requirements is medium.

(e) *Fair Value Estimation*

The different levels of determining fair value, by valuation method, have been defined as: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly from prices or indirectly derived from prices; and Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). The fair values of the Commission's financial assets and liabilities for both the current and comparative year do not differ materially from their carrying values:

Interest-bearing loans and borrowings: Fair value is calculated based on expected future principal and interest cash flows.

Trade and other receivables/payables: For receivables/payables the carrying amount is deemed to reflect the fair value.

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

27. Capital Management

The Commission's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns to controlling interests and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Commission monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. The gearing ratios at 31 December 2023 and 2022 were as follows:

	2023 K	2022 K
Debt	-	-
Cash	<u>245,996,252</u>	<u>169,073,491</u>
Net debt	<u>(245,966,252)</u>	<u>(169,073,491)</u>
Equity	253,730,133	163,892,668
Net debt to equity ratio	96.95%	103.16%

28. Related parties

(a) Control of the Commission

The Commission is controlled by a Board of Commissioners. Members of the Board who held office during the year and to the date of this report are shown on Page 3.

(b) Identity of Related Parties

The key executives of the Board i.e. officers other than Board of Commissioners with the ability, directly or indirectly, to control or exercise significant influence over the Board in making financial and operating decisions, are listed on Page 3.

(c) Transactions with Related Parties:

In 2009, the IASB revised IAS 24 again to address the disclosures in government-related entities and issued a revised IAS 24 to simplify the definition of 'related party' and to provide an exemption from the disclosure requirements for some government-related entities. Under this revision, IAS 20-Grants requires government support in grants or other support to be disclosed in the financial statements of the reporting entity. IAS 24 requires such disclosure of support from government to also be disclosed. However, no disclosure is required in the financial statements of state-controlled enterprises as regards related party relationships with other state-controlled enterprises and transactions with such enterprises.

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

28. Related parties (continued)

	2023	2022
	K	K
(i) Grants from Government	10,198,952	10,198,952
(ii) Government Assistance	253,730,133	163,998,940
(iii) Key Management Compensation	4,515,258	4,104,780
(iv) Remuneration to Commissionets	1,185,426	1,158,006
(v) Amounts payable to key executive	7,779,041	7,071,855

29. Capital Commitments

There were no amounts authorised by the Board not contracted for in the current or prior year. However, on the capital work in progress, gross of capital grants deductible from the costs, does not include additional costs that will arise prior to completion. To date, the costs cover only historical costs that have been incurred. There is need to establish the actual costs for full implementation and capital commitments established. There is also the possibility of additional impairment provisions being required for recognition. This remained unestimated at the year-end (2022: Nil).

30. Contingent Liabilities

(a) From time to time, the Commission is subject to legal challenge and judicial review of decisions made in the normal course of its business as regulator of the securities and capital markets in Zambia. Legal judgements could give rise to liabilities for legal costs, but these cannot be quantified as the outcome of proceedings would be unknown and there is therefore considerable uncertainty as to the nature and extent of any subsequent liability.

(b) Other than the above, the Commission has not entered into any unquantifiable contingent liabilities as at the year-end by offering any guarantees, letters of comfort or indemnities to anyone.

31. Impact of COVID-19

The local vaccination roll-out for both adults and children has continued to gather pace albeit not at the rate witnessed in developed markets. As a result of the progress on vaccinations, developed markets have made significant headway in reopening their economies. Furthermore, experts have assessed that vaccinations are key to achieving herd immunity and may be key to returning to normal. In light of the inequality in the vaccination roll out, it is likely that we may see uneven growth with developed markets recording a strong recovery while the emerging and frontier markets may trail behind.

SECURITIES AND EXCHANGE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

31. Impact of COVID-19 (continued)

The Board Members have carefully considered its unique circumstances and risk exposures around COVID-19 when analysing the effects of the pandemic on the Commission. The financial impact of COVID-19 has been assessed as low at the time of reporting.

32. Climate Change

The Compensation Fund recognises Climate Risk as an Integrated Risk Type. Climate Risk is defined as the potential for financial loss and non-financial detriments arising from climate change and society's response to it. The Commission aims to measure and manage financial and non-financial risks from climate change, and reduce emissions related to its own activities in alignment with the Paris Agreement. Climate change impacts almost all the sectors within the economy. However, the Commission notes that there are certain sectors that are more vulnerable to climate risks under different Transition Risk and Physical Risk scenarios. The Commission plans to move quickly in developing identified methodologies and engage with its various stakeholders and integrate Climate Risk into its mainstream risk management activities and assessments. The Commission will seek to adapt its approach as the impact from Climate Risk becomes clearer and the tools and methodologies to gather reliable data mature.

33. Events after the Reporting Date

(i) IAS 10 requires the Commission to disclose the date on which the accounts are authorised for issue by the Commission. The annual report and accounts were authorised by the Commission for issue on the date of the signature of the directors and the date of the auditor's report.

(ii) The Commission on 20th February 2020 resolved to take supervisory action against MAMCo pursuant to section 11(4) of the Securities Act, No. 41 of 2016. This followed MAMCo's non-compliance with the Commission's Directives to resolve the outstanding regulatory issues against MAMCo including compliance with the Commission's December 2018 Directives relating to payment of amounts due to creditors in a prohibited product who were owed in excess of K254 million or the regularisation of the product into an authorised product. In this regard, on 2nd March 2020, the Commission took possession of MAMCo pursuant to section 11(4)(a) of the Securities Act.

On 14th March 2022, MAMCo filed an appeal into the Capital Markets Tribunal challenging, among other things, the Commission's decision to take supervisory possession. The Commission is in receipt of an adverse judgment issued by the Capital Markets Tribunal for which it has since appealed to the Court of Appeal. The Commissioners believe that the Commission has very high prospects of success in the matter, and as such, the damages amounting to K275 million have not been accrued in these financial statements. The Appeal is yet to be heard and determined. The Commission has applied for a stay with the Capital Markets Tribunal pending determination of the appeal.

(iii) The Commission has evaluated other subsequent events through to the date the financial statements were available for issuance and has determined that there has not arisen since the end of the period any other transaction or event of a material nature likely, in the opinion of management, to affect substantially the operations of the Commission, the results of those operations or the state of affairs of the Commission in subsequent financial periods.

APPENDIX

SECURITIES AND EXCHANGE COMMISSION
DETAILED EXPENSES
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	K	K
Employee Costs		
Basic Pay	17,871,618	14,210,406
Bonuses and other Allowances	3,416,839	3,011,071
Gratuity	5,546,096	3,675,259
Leave Pay	2,276,476	1,669,586
Medical Expenses	1,505,122	1,192,233
NAPSA-Employer Contributions	525,974	429,521
NHIMA	167,960	139,973
Workers Compensation Fund Control Board	18,870	15,060
Overtime	<u>365,882</u>	<u>191,119</u>
	<u>31,694,837</u>	<u>24,534,228</u>
Administration Expenses		
Advertising & Promotions	450,020	175,387
Audit Fees	638,600	197,251
Bank Charges	126,217	70,542
Board and Committee Expenses	1,185,426	1,158,006
Consultancy	727,985	390,949
Electricity & Utilities	96,880	85,717
Insurance	599,220	291,823
Motor Vehicle Expenses	498,506	448,574
Office Rentals	2,113,470	2,078,970
Other Expenses	534,198	363,609
Postage & Courier	12,784	17,456
Print & Stationery	315,005	108,037
Property Repairs & Maintenance	20,482	14,959
Repairs & Maintenance	195,854	129,226
Security Expenses	346,093	269,114
Telephone & Internet	308,425	287,921
Subscriptions, Publications ,Workshops and Training	<u>14,148,395</u>	<u>6,828,036</u>
	<u>22,317,560</u>	<u>12,915,577</u>
Total Expenses	<u>54,012,397</u>	<u>37,449,805</u>

APPENDICES

Appendix I Corporate Address and Contact Details



Securities and Exchange Commission

Corporate Office Address:

Plot 3827 Parliament Road

Olympia

P.O. Box 35165

Lusaka, ZAMBIA



(0211) 227012/222368/222369/226386

Fax: (0211) 225443



info@seczambia.org.zm

Website: www.seczambia.org.zm

Appendix II

List of Authorised Capital Market Players as at 31st December, 2023

In order to ensure that only fit and proper persons and entities are allowed to offer securities services to the investing public, the Commission approved the applications of the following entities to conduct securities business in the categories shown below:

Securities Exchange Licenses

The following entities held a securities exchange license as at 31st December, 2023:

Item	Company Name	2022		2023	
		Yes	No	Yes	No
1.	Lusaka Securities Exchange Plc	√		√	
2.	Bond & Derivatives Exchange Zambia Plc	√		√	

Credit Rating Agency Licences

The following entities held a Credit Rating Agency license as at 31st December, 2022:

Item	Company Name	2022		2023	
		Yes	No	Yes	No
1.	Premier Rating Agency	√		√	

Dealer's Licenses

The following corporate entities held a Dealer's license as at 31st December, 2023:

Item	Company Name	2022		2023	
		Yes	No	Yes	No
1.	ABSA Bank Zambia PLC	√		√	
2.	Access Bank Zambia Limited	√		√	
3.	Aflife Capital Zambia Limited	√		√	
4.	African Banking Corporation Investment Services Limited(T/A ABC Asset Management)	√		√	
5.	African Banking Corporation Zambia Limited (Trading as Atlas Mara Bank Zambia Limited)	√		√	
6.	African Life Financial Services Limited	√		√	
7.	Altus Capital Limited	√		√	
8.	Autus Securities Zambia Limited	√		√	
9.	Citibank Zambia Limited	√		√	
10.	Eco-Bank Zambia Limited	√		√	
11.	Equity Capital Resources Plc	√		√	
12.	Finance Securities Limited	√		√	
13.	First Capital Bank Zambia				
14.	First National Bank Zambia Limited	√		√	
15.	Hobbiton Investment Management Services Limited	√		√	
16.	Indo-Zambia Bank Limited				
17.	Laurence Paul Investment Services Limited	√		√	
18.	Kukula Capital Plc	√		√	
19.	Providence Asset Management Limited				
20.	Longhorn Associates Limited	√		√	
21.	Madison Asset Management Company Limited	√		√	
22.	Pangaea Securities Limited			√	
23.	Prudential Pension Management Zambia Limited	√		√	
24.	Stanbic Bank Zambia Limited			√	
25.	Standard Chartered Bank Zambia Plc	√		√	
26.	Stockbrokers Zambia Limited	√		√	
27.	Treasfin Limited	√		√	
28.	United Bank for Africa Zambia Limited	√		√	
29.	WCAP Limited	√		√	
30.	Zambia Industrial Commercial Bank Limited			√	
31.	Zambia National Commercial Bank			√	

Dealer's Representative Licenses

The following persons held a Dealer's representative's license as at 31st December, 2023

Item	Name of Representative	Dealer	2022		2023	
			Yes	No	Yes	No
1.	Mr. Mukudzei-Ishe Zhou	Aflife Capital Zambia Limited	√		√	
2.	Mr. Aaron Phiri	Absa Bank Zambia PLC	√		√	
3.	Ms. Bathsheba Magula	Absa Bank Zambia PLC	√		√	
4.	Mr. Boston Nkuname	Absa Bank Zambia Plc	√		√	
5.	Ms. Chiwala Mwelwa	Absa Bank Zambia Plc	√		√	
6.	Mr. Lesa Mulenga	Absa Bank Zambia Plc	√		√	

Item	Name of Representative	Dealer	2022		2023	
			Yes	No	Yes	No
7.	Mr. Stanley Kaweme Tamele	Absa Bank Zambia Plc	√		√	
8.	Mr. Mukelebai Wambulawae	Absa Bank Zambia Plc	√		√	
9.	Mr. Blessings S. Banda	Absa Bank Zambia Plc	√		√	
10.	Mr. Kamwaya Hamoonga	Absa Bank Zambia Plc	√		√	
11.	Mr. Mubanga Bwalya	Absa Bank Zambia Plc	√		√	
12.	Mr. Mwangala Lutangu	Absa Bank Zambia Plc	√		√	
13.	Mr. Calvin Sichilomba	Access Bank Zambia Limited	√		√	
14.	Mr. John Keyala	Access Bank Zambia Limited	√		√	
15.	Mr. Danny Mulenga	African Banking Corporation Investment Services Ltd	√		√	
16.	Mr. Nicholas Kabaso	African Banking Corporation Investment Services Ltd	√		√	
17.	Ms. Zangose Mwanza	African Banking Corporation Investment Services Ltd	√		√	
18.	Ms. Michelle M Musonda	African Banking Corporation Investment Services Ltd	√		√	
19.	Mr. Clifford Muzoka	African Banking Corporation Zambia Limited	√		√	
20.	Mr. Victor Mwembo Chishala	Stanbic Bank Zambia Limited	√		√	
21.	Ms. Lupupa Mulenga	African Banking Corporation Zambia Limited	√		√	
22.	Mr. Richard Ndhlovu	African Banking Corporation Zambia Limited	√		√	
23.	Mr Christopher K. Mwelo	African Banking Corporation Zambia Limited	√		√	
24.	Ms. Theresa Chiluba	African Banking Corporation Zambia Limited	√		√	
25.	Mr. Geoffrey Musekiwa	African Life Financial Services Limited	√		√	
26.	Ms. Vanessa K. Wright	African Life Financial Services Limited	√		√	
27.	Mr. Jones Phiri	African Life Financial Services Limited	√		√	
28.	Mr. Mumba Musunga	African Life Financial Services Limited	√		√	
29.	Ms. Valarie M Mwiinga	African Life Financial Services Limited	√		√	
30.	Mr. Joseph Mazila	African Life Financial Services Limited	√		√	
31.	Ms. Nasilele Ngumbi	African Life Financial Services Limited	√		√	
32.	Mr. Jonathan Bupe Imakando	African Life Financial Services Limited	√		√	
33.	Mr. Elijah Chanda Kabaso	African Life Financial Services Limited	√		√	
34.	Mr. Eleutherius Chimansa Nyanga	African Life Financial Services Limited	√		√	
35.	Ms. Nancy Lwisa Nambela	African Banking Corporation Investment Services Ltd	√		√	
36.	Ms. Mwaba Ethel Mupinde	African Banking Corporation Investment Services Ltd	√		√	
37.	Mr. Ken Simwaba	Altus Capital Limited	√		√	
38.	Ms. Justina Lunda Mukanzo	Altus Capital Limited	√		√	
39.	Mr. Mataka Nkhoma	Autus Securities Zambia Limited	√		√	
40.	Ms. Ngosa Mary Kafwembe	Citibank Zambia Limited	√		√	
41.	Mr. Steven Chitete	Citibank Zambia Limited	√		√	
42.	Mr. Victor Zimba	Citibank Zambia Limited	√		√	

Item	Name of Representative	Dealer	2022		2023	
			Yes	No	Yes	No
43.	Ms. Cecilia Sindano	Eco-Bank Zambia	√		√	
44.	Mr. Choongo Chibawe	Equity Capital Resources Plc	√		√	
45.	Mr. Jack Sievu	Equity Capital Resources Plc	√		√	
46.	Mr. Barkat Ali	Finance Securities Limited	√		√	
47.	Mr. Malama Nicholas Mushinga	First Capital Bank Zambia	√		√	
48.	Mr. Lukwesa Munyinda	First Capital Bank Zambia	√		√	
49.	Mr. Gerald Ndhlovu	First National Bank Zambia Limited	√		√	
50.	Mr. Kapumpe Chola Kaunda	First National Bank Zambia Limited	√		√	
51.	Mr. Ignatius Innocent Kashoka	First National Bank Zambia Limited	√		√	
52.	Mrs. Naomi Hara Palale	First National Bank Zambia Limited	√		√	
53.	Ms. Chali Maria Mulenga	First National Bank Zambia Limited	√		√	
54.	Ms. Nonde Nsomi	First National Bank Zambia Limited	√		√	
55.	Mr. Mulenga Kawimbe	First National Bank Zambia Limited	√		√	
56.	Ms. Celine P. Chauwa	Hobbiton Investment Management Services Limited	√		√	
57.	Mr. Moses Mfula	Hobbiton Investment Management Services Limited	√		√	
58.	Ms. Yvonne Simonga Muyanje	Indo-Zambia Bank Limited	√		√	
59.	Ms. Moobela Halwiindi	Indo-Zambia Bank Limited	√		√	
60.	Ms. Mwansa Bantubonse	Indo-Zambia Bank Limited	√		√	
61.	Mr. Yotamu Mwale	Indo-Zambia Bank Limited	√		√	
62.	Mr. Tue Andersen	Kukula Capital Plc	√		√	
63.	Mr. Damien Harris	Kukula Capital Plc	√		√	
64.	Mr. Mphaso Banda	Kukula Capital Plc	√		√	
65.	Mr. Aaron Yobe Zulu	Laurence Paul Investment Services Limited	√		√	
66.	Mr. Martyn Banda	Laurence Paul Investment Services Limited	√		√	
67.	Ms. Namoonga Malambo	Laurence Paul Investment Services Limited	√		√	
68.	Ms. Chiwoni Soteli	Longhorn Associates Limited	√		√	
69.	Ms. Joy Nanyiza	Longhorn Associates Limited	√		√	
70.	Ms. Sindisiwe Malambo	Longhorn Associates Limited	√		√	
71.	Mr. Marlon Nsofu	Longhorn Associates Limited	√		√	
72.	Mr. Brian Chilufya Chintu	Longhorn Associates Limited	√		√	
73.	Ms. Mercedes Mwansa	Madison Asset Management Company Limited	√		√	
74.	Ms. Blessing Chilombe	Madison Asset Management Company Limited	√		√	
75.	Mr. Mupanga Chilungu	Madison Asset Management Company Limited	√		√	
76.	Ms Claire Machila Lungwe	Madison Asset Management Company Limited	√		√	
77.	Ms. Siphwe Nkunika	Madison Asset Management Company Limited	√		√	
78.	Ms. Nkumbu P Pelekamoyo	Madison Asset Management Company Limited	√		√	
79.	Mr. Ceaser Siwale	Pangaea Securities Limited	√		√	
80.	Ms. Tidale Mwale-Chisunka	Pangaea Securities Limited	√		√	
81.	Ms. Wendy Nsamwa Nglazi-Tembo	Pangaea Securities Limited	√		√	
82.	Ms. Chipso Mambwe	Pangaea Securities Limited	√		√	

Item	Name of Representative	Dealer	2022		2023	
			Yes	No	Yes	No
83.	Mr. Ernest Kando	Prudential Pension Management Zambia Limited	√		√	
84.	Mr. Matepa Chingambu	Prudential Pension Management Zambia Limited	√		√	
85.	Mr. Jimmy Mwale	Prudential Pension Management Zambia	√		√	
86.	Mr. Alinani Simbule	Stanbic Bank Zambia Limited	√		√	
87.	Ms. Chenge Besa Mwenechanya	Stanbic Bank Zambia Limited	√		√	
88.	Ms. Chitemwe Ng'ambi Kapaya	Stanbic Bank Zambia Limited	√		√	
89.	Mr. Dean Nathaniel Onyambu	Stanbic Bank Zambia Limited	√		√	
90.	Mr. Mwila Pascal Mwenya	Stanbic Bank Zambia Limited	√		√	
91.	Mr. Musenge Komeki	Stanbic Bank Zambia Limited	√		√	
92.	Ms. Prudence Khumbo Mhango	Stanbic Bank Zambia Limited	√		√	
93.	Ms. Veronica Sinkala	Stanbic Bank Zambia Limited	√		√	
94.	Mr. Victor Chileshe	Stanbic Bank Zambia Limited	√		√	
95.	Mr. Mintu Chitebe	Stanbic Bank Zambia Limited	√		√	
96.	Mr. Luke Siame	Stanbic Bank Zambia Limited	√		√	
97.	Mrs. Musa Imakando Mzumara	Stanbic Bank Zambia	√		√	
98.	Mr. Kayeba Mwenechanya	Stanbic Bank Zambia	√		√	
99.	Mr. Wiza Chinula	Standard Chartered Bank Zambia Plc	√		√	
100.	Mr. Benjamin N. Mulenga	Standard Chartered Bank Zambia Plc	√		√	
101.	Mr. Davy Nanduba	Standard Chartered Bank Zambia Plc	√		√	
102.	Mr. Derek Bobo	Standard Chartered Bank Zambia Plc	√		√	
103.	Ms. Dorothy N. K Moono	Standard Chartered Bank Zambia Plc	√		√	
104.	Ms. Edna Towela Lungu	Standard Chartered Bank Zambia Plc	√		√	
105.	Mr. Joseph Chibwe Ngesa	Standard Chartered Bank Zambia Plc	√		√	
106.	Mr. Kabwe Mwaba	Standard Chartered Bank Zambia Plc	√		√	
107.	Mr. Mubanga Yvonne Mukuka	Standard Chartered Bank Zambia Plc	√		√	
108.	Mr. Muchindu Lombe	Standard Chartered Bank Zambia Plc	√		√	
109.	Mr. Mulolwa Nkhata-Kamana	Standard Chartered Bank Zambia Plc	√		√	
110.	Ms. Mwaka Kalenga Mfula-	Standard Chartered Bank Zambia Plc	√		√	
111.	Mr. Mwali Chisala	Standard Chartered Bank Zambia Plc	√		√	
112.	Mr. Ravi Kapadia	Standard Chartered Bank Zambia Plc	√		√	
113.	Ms. Tamara Mooya Bbuku	Standard Chartered Bank Zambia Plc	√		√	
114.	Mr. Wiggins Mupango	Standard Chartered Bank Zambia Plc	√		√	
115.	Ms. Valerie M Chulu	Standard Chartered Bank Zambia Plc	√		√	
116.	Mr. Fred C. Kabombo	Standard Chartered Bank Zambia Plc	√		√	
117.	Ms. Bwalya Kasito	Standard Chartered Bank Zambia Plc	√		√	
118.	Mr. Kangwa C. Chengo	Standard Chartered Bank Zambia Plc	√		√	
119.	Ms.Sarudzai Muचेchemera	Standard Chartered Bank Zambia Plc	√		√	

Item	Name of Representative	Dealer	2022		2023	
			Yes	No	Yes	No
120.	Mr. Brian Mufalali Chasimpha	Standard Chartered Bank Zambia Plc	√		√	
121.	Mr. Kamungoma Mate	Stockbrokers Zambia Limited	√		√	
122.	Ms. Maxime Chiluba Harlaar	Stockbrokers Zambia Limited	√		√	
123.	Mr. Charles Mate	Stockbrokers Zambia Limited	√		√	
124.	Mr. Jack Kanyanga	Stockbrokers Zambia Limited	√		√	
125.	Mr. Boniface Mwamba	Stockbrokers Zambia Limited	√		√	
126.	Mr. Bwalya Mwape	Stockbrokers Zambia Limited	√		√	
127.	Mr. Trust Sileke Mwaisaka	Stockbrokers Zambia Limited	√		√	
128.	Ms. Natasha Nelson	Stockbrokers Zambia Limited	√		√	
129.	Mr. Mchemba Chinzewe	Stockbrokers Zambia Limited	√		√	
130.	Mr. Chinyanta Nkonkomalimba	Stockbrokers Zambia Limited	√		√	
131.	Mr. Lusekelo Chitundu	Stockbrokers Zambia Limited	√		√	
132.	Mr. Mwape Bwanali	Stockbrokers Zambia Limited	√		√	
133.	Ms. Mwaka Kopakopa	United Bank for Africa Zambia Limited	√		√	
134.	Mr. Nyeji Ruth Chilembo	WCAP Limited	√		√	
135.	Ms. Karen Kabage Kapika	Zambia Industrial Commercial Bank Limited	√		√	
136.	Mr. Rudolph Ngulube	Zambia Industrial Commercial Bank Limited	√		√	
137.	Mr. Gerald Soko	Zambia National Commercial Bank Plc	√		√	
138.	Mr. Kawangu Sakuwaha	Zambia National Commercial Bank Plc	√		√	
139.	Mr. Austin Hamukonka Chijikwa	Zambia National Commercial Bank Plc	√		√	
140.	Mr. Charles Kamungu	Zambia National Commercial Bank Plc	√		√	
141.	Mr. Cliff George Sakala	Zambia National Commercial Bank Plc	√		√	
142.	Mr. Fredrick Mulenga Kaputo	Zambia National Commercial Bank Plc	√		√	
143.	Ms. Kaluba Gloria Kaulugombe	Zambia National Commercial Bank Plc	√		√	
144.	Ms. Kunda Catherine Chikumbi	Zambia National Commercial Bank Plc	√		√	
145.	Ms. Virginia L. Mwalilino	Zambia National Commercial Bank Plc	√		√	
146.	Mr. Lishala Clarence Situmbeko	Zambia National Commercial Bank Plc	√		√	
147.	Mr. Tiyeze Chilembo	Zambia National Commercial Bank Plc	√		√	
148.	Ms. Nana Mukwiza	Zambia National Commercial Bank Plc	√		√	
149.	Mr. Mudenda Sikapoto	Zambia National Commercial Bank Plc	√		√	
150.	Ms. Ivor Chambwe	Zambia National Commercial Bank Plc	√		√	
151.	Mr. Roy Mbazima	Zambia National Commercial Bank Plc	√		√	
152.	Mr. Jibinga Kelly Jibinga	Zambia National Commercial Bank Plc	√		√	
153.	Mr. Kennedy Zeula	Zambia National Commercial Bank Plc	√		√	
154.	Mr. Bill Njamba	Zambia National Commercial Bank Plc	√		√	
155.	Ms. Cecilia Siabusu-	Providence Asset Management Limited	√		√	
156.	Mr. Siangazi Innocent Malcome	Zambia National Commercial Bank Plc	√		√	

Investment Adviser's License

The following corporate entities held an Investment Advisors license as at 31st December, 2023:

Item	Company	2022		2023	
		Yes	No	Yes	No
1.	Amano Capital Limited	√		√	
2.	Benefits Consulting	√		√	
3.	Caravel Partners Zambia Limited	√		√	
4.	Carrick Wealth Zambia Limited	√		√	
5.	deVere and Partners Investment Services (Zambia) Ltd	√		√	
6.	DM Investment Advisers and General Business Consultants Limited	√		√	
7.	Finluca International Limited	√		√	
8.	Frontier Markets Advisory Limited	√		√	
9.	Inside Capital Partners Zambia Limited	√		√	
10.	Money Acumen Advisory Limited	√		√	
11.	Riscura Zambia Limited	√		√	
12.	Vunani Asset Management Limited	√		√	

Investment Adviser's Representative License

The following persons held an Investment Advisors Representatives license as at 31st December, 2023:

Item	Company Name	Investment Advisor	2022		2023	
			Yes	No	Yes	No
1.	Mr. Malcom Kasuba Shirley	Amano Capital Limited	√		√	
2.	Ms. Kandiye T. Liweleya	Benefits Consulting	√		√	
3.	Ms. Mutinta Hope Hamafuwa	Caravel Partners Zambia Limited	√		√	
4.	Ms. Bubala Hamafuwa	Caravel Partners Zambia Limited	√		√	
5.	Mr. Benedict Charles John Carter	Caravel Partners Zambia Limited	√		√	
6.	Mr. Martin Manjolo	Caravel Partners Zambia Limited	√		√	
7.	Ms. Carmen Hachandi	Carrick Wealth Zambia Limited	√		√	
8.	Mr. Hamubbwatu Hanakooma	Carrick Wealth Zambia Limited	√		√	
9.	Ms. Chanda Claire NACHEMBE	deVere and Partners International Limited	√		√	
10.	Ms. Lynda Syamunyangwa	deVere and Partners International Limited	√		√	
11.	Ms. Maureen Nabulyato	deVere and Partners International Limited	√		√	
12.	Mr. Gift Kapande	deVere and Partners International Limited	√		√	
13.	Mr. Julian Visser	deVere and Partners International Limited	√		√	
14.	Mr. Arthur Kalumba	deVere and Partners International Limited	√		√	
15.	Ms. Lwiindi Muzongwe	deVere and Partners International Limited	√		√	
16.	Mr. Moss M Sibongo	deVere and Partners International Limited	√		√	
17.	Ms. Zamiwe Ndhlovu	deVere and Partners International Limited	√		√	
18.	Ms. Mubanga Nundwe	deVere and Partners International Limited	√		√	
19.	Mr. Darious Mumba	DM Investment Advisers and General Business Consultants Limited	√		√	
20.	Ms. Rosemary Edith Mercer	Finluca International Limited	√		√	

Item	Company Name	Investment Advisor	2022		2023	
			Yes	No	Yes	No
21.	Ms. Namukale Chintu	Frontier Markets Advisory Limited	√		√	
22.	Mr. Rushil Patel	Inside Capital Partners Zambia Limited	√		√	
23.	Ms. Theresa Gumbo	Money Acumen Advisory Limited	√		√	
24.	Ms. Lyapa Mbewe	Money Acumen Advisory Limited	√		√	
25.	Ms. Charity Siwela	Riscura Zambia Limited	√		√	
26.	Mr. Munyumba Mutwale	Vunani Asset Management Limited	√		√	

Appendix III

Contact Details of Capital Market Players

Securities Exchanges contact details

LuSE PLC	BaDEx PLC
<p>Acting Chief Executive Officer: Ms. Miria Mazyambe</p> <p>Address (physical): Lusaka Securities Exchange 2nd floor, Mamco House Plot 316B, Independence Avenue</p> <p>Address (postal): P.O. Box 34523 Lusaka</p> <p>Telephone: +260 (211) 228391/228537</p> <p>Facsimile: +260 (211) 225969</p> <p>E-mail: info@luse.co.zm</p>	<p>Chairperson: Mr. Michael Mundashi, S.C</p> <p>Address (physical): Bonds and Derivatives Exchange Zambia PLC C/O Mulenga Mundashi Legal Practitioners Zimbabwe House, Haile Selassie Avenue</p> <p>Address (postal): P.O. Box 34972 LUSAKA</p> <p>Telephone: +260 (211) 220537</p> <p>Facsimile: +260 (211) 220574</p> <p>E-mail: info@badex.co.zm</p>

Dealers' Contact Details

a) Members of the LuSE

Autus Securities Limited

34 Kholo Road
Woodlands
Lusaka
P. O. Box 320308
Tel: +260 (211) 840513, +260 761 002002, +260 761 003003
Email: mataka@autussecurities.com
www.autussecurities.com

Equity Capital Resources Plc

4th Floor Godfrey House, West Wing
Kabelenga Road
Lusaka
Tel: +260 (211) 840313, 227518

Email: info@ecrinvestments.com

Website: www.ecrzambia.com

Hobbiton Investment Management

Zener Office Park

Stand No. 2287/A

Corner Lagos & Lubuto Rds

Lusaka

P.O Box 32350

Tel: +260 (211) 232877, +260 956 529 966,

Email: mimi.lungu@hobbiton.co.zm

Madison Asset Management Company Ltd

Plot 316, Independence Avenue

P.O. Box 37013

Lusaka

Tel: +260 (211) 255121/257152

Fax: +260 (211) 253417

Email: mupanga@madisonassets.co.zm

www.madisonassets.co.zm

Pangaea Renaissance Securities Ltd

Pangaea Securities Limited

2nd Floor, Pangaea Office Park

Stand 2374

Great East Road

Lusaka

Tel: +260 (211) 220707

Fax: +260 (211) 220925

Email: mbuto@pangaea.co.zm

Stockbrokers Zambia Limited

32 Lubu Road

Longacres

P O Box 38956,

Lusaka

Tel: +260 (211) 227303/232456

Fax: +260 (211) 224055

Email: jkanyanga@sbz.com.zm

Website: www.sbz.com

Zambia National Commercial Bank Plc

Head Office Building

Cairo Road-South End

P O Box 33611

Lusaka

Tel: +260 211 425 650, Mobile: +260977 873262

Fax: + 260 (211) 223084

E-mail: Kaluba.kaulungombe@zanaco.co.zm

Website: www.zanaco.co.zm

b) Other Dealers

African Banking Corporation Investment Services Limited

Atlas Mara Head Office
Ground Floor, Pyramid Plaza
Corner Church and Nasser Roads
P.O. Box 39501

Lusaka

Tel: +260 (211) 257970-6
E-mail: nkabaso@bancabc.com
Website: www.atlasmarazambia.com

Aflife Capital Zambia Limited

Plot No. 74 Independence Avenue
4th Floor, Mpile House
P.O. Box 37501
Tel: +260 (211) 253772
Fax: +260 (211) 253112
E-mail: Faith@aflife.co.zm

Aflife Holdings Zambia Limited

Plot No. 74 Independence Avenue
4th Floor, Mpile House
P.O. Box 37501
Tel: +260 (211) 253772
Fax: +260 (211) 253112
E-mail: Faith@aflife.co.zm

African Banking Corporation Zambia Limited (Trading as Atlas Mara Bank Zambia Limited)

Atlas Mara House,
Corner Church and Nasser Roads,
P O Box 39501, Lusaka Ground Floor, Atlas Mara House

LUSAKA

Tel: +260 211 229733-40
E-mail: bcheembela@bancabc.co.zm;
website: www.atlasmarazambia.com

Aflife Private Wealth Limited

Plot No. 74 Independence Avenue
4th Floor, Mpile House
P.O. Box 37501

Lusaka

Tel: +260 (211) 253772
Fax: +260 (211) 253112
E-mail: fngatsha@aflife.co.zm

Altus Capital Limited

Plot 74 Independence Avenue
Mpile House
Lusaka

P.O. Box 35352
Tel: +260 (211) 253566
Fax: +260 (211) 253112
E-mail: capital@altus.co.zm

African Life Financial Services Limited

Independence Avenue
74 Independence Avenue,
P. O. Box 51331,
Lusaka
Tel: +260) 211 254841
Fax: (+260) 211 253112
E-mail: geoff@aflife.co.zm

ABSA Bank Zambia Plc

Elunda Office Park
Plot 4643 / 4644
Addis Ababa round about, Rhodes Park
Lusaka
Private Bag E308
Tel: + (260) (211) 366150 / 169
Fax: + (260) (211) 225553
Email: Thandiwe.BandaMbalashi@absa.africa
Website: www.absa.co.zm

Citibank Zambia Limited

Citibank House
Stand No. 4646
Addis Ababa Roundabout
Lusaka
P. O. Box 30037
Tel: +260 (211) 444400; 0971 025 133
Fax: +260 (211) 226064
Email: victor.zimba@citi.com
Website: www.citigroup.com

Finance Securities Limited

Plot No. 2110/2111 Sepele Road
Opp. Finance House Cairo Road
Lusaka.
Cell: +260 977 791124
E-mail: Msusa@financesecuritiesltd.com;

First National Bank Zambia Limited

Plot No. 22768, Corner Great East and Thabo Mbeki road,
P.O. BOX 36187,
Lusaka
Tel (Gen): +260 211 366800 | Direct: +260 211 36 9639 | Cell: +260 966 116 273 and +260 978 017 761
E-mail: haggai.chipungu@fnb.co.za

Web: www.fnb.co.za

Investrust Bank Plc

Ody's Park, Great East Road

P.O. Box 19028/29

Lusaka

Tel: (0211) 238733-5

E-mail: brianm@investrustbank.co.zm

Website: www.investrustbank.co.zm

Kukula Capital Limited

32A Foxdale Forest Club House

Off Zambezi Road,

Roma,

Lusaka

Tel: +260 211 295792

Email: info@kukulacapital.com

Laurence Paul Investment Services Limited

5th Floor, Design House

Dar es Salaam Place (off Cairo Road)

P O Box 35008

Lusaka

Tel: (0211) 220302/3

Fax: (0211) 220454

E-mail: info@laurencepaul.com

Website: www.laurencepaul.com

Longhorn Associates Limited

Office Park |Plot 1146/1,

Lagos Road Rhodes Park,

P. O. Box 50655

Lusaka

+260 211 252540 | +260 973 452635

Email: marlon@longhorn-associates.com

LinkedIn & Facebook: Longhorn Associates

Website: www.longhorn-associates.com

Prudential Life Assurance Zambia Limited

Prudential House

Plot 32256 Thabo Mbeki

Lusaka

P.O Box 31357

Tel: +260 211 222233/4

E-mail: tamala@prudential.co.zm

Website: www.prudential.co.zm

Prudential Pension Management Zambia Limited

Prudential House

Plot 32256 Thabo Mbeki

Lusaka

P.O Box 31357
Tel: +260 211 222233/4
Email: jimmy@prudential.co.zm
Website: www.prudentialpensions.co.zm

Stanbic Bank Zambia Limited

Stanbic House
Head Office
Plot 2375, Addis Ababa Drive
Lusaka
P. O. Box 31955
Tel: +260 (211) 370000 – 18
Fax: +260 (211) 258439
Email: luwabelwaw@stanbic.com
Website: www.stanbicbank.co.zm

Standard Chartered Bank Zambia Plc

Head Office
Stand No. 4642
Cnr of Mwaimwena Road and Addis Ababa Drive
P O Box 31934
Lusaka
Tel: (0211) 422198-99
Fax: (0211) 222092/225337
Standard Chartered Bank Zambia Plc
Phone: +260 211 422203
Mobile: + 260 977 767703
E-mail: KetaiBenjamin.Mvula@sc.com

Stockbrokers Zambia Limited

Mr. Jack Kanyanga
Managing Director
32 Lubu Road
LUSAKA
Tel: (+260 211) 232456
+26 0977/ 966 853315
E-mail: jkanyanga@sbz.com.zm
Website: www.sbz.com.zm

Zambia National Commercial Bank Plc

ZANACO Head Office
Plot 2118/2119 SapeleRoad/Cairo Road
P.O. Box 33611
LUSAKA
Email: kunda.chikumbi@zanaco.co.zm
<http://www.zanaco.co.zm/>

Investment Advisors' Contact Details

Charles Sichangwa

C/o Wits Limited
4th Floor, Godfrey House,
Kabelenga Road

Lusaka

Tel: +260 (211) 226441/5
Fax: +260 (211) 227116
Email: wits@zamnet.zm

deVere and Partners Investment Services Zambia Limited

Plot 284 Cnr Joseph Mwilwa Road and Great East Road
Rhodes Park

Lusaka

Tel: +260 211 295999
Fax: 260 211 257114
Email: deVere@devere-group.com
Website: www.devere-group.com

Enock Bwalya

Plot 22956
PHI Chainama

Lusaka

Mobile +260977807793 | +27605455934|+260950952753
Email: enock.bwalya@africanheights.com|enock.bwalya@yahoo.com
Skype:bwalya70 www.africanheights.com

Riscura Zambia Limited

Figtree house Plot No. 1
Warthog Road, Kabulonga

Lusaka

P.O. Box 320181, Lusaka
Tel: +260 (211) 262 773
Fax: +260 (211) 262 773
Email: Zambia@riscura.com
Website: www.riscura.com

Vunani Asset Management Limited

Plot 20 Mpulungu Road,
Olympia,

Lusaka

Tel: +260 977790575
Email: vsodala@gmail.com

Recognised Self-Regulatory Organisations

Capital Markets Association of Zambia

Plot 1130, Suite 4,

Securities and Exchange Commission_2023 Annual Report

Parirenyatwa Road
Rhodes Park
Lusaka
Email: marketing@cmaz.co.zm;

Listed Companies' contact details

African Explosives Limited (AEL) Zambia Plc

Plot 1168/M
Kitwe-Mufulira Road
P.O. Box 40092
Mufulira
Tel: +260 (966) 990945-9
Fax: +260 (212) 412749Z
Website: www.ael.co.za

Listed on 23rd October, 2006

Airtel (formerly Celtel and Zain) Zambia Plc

Stand 2375
Addis Ababa drive
Lusaka
Tel: +260 (977) 915000
Website: www.Africa.airtel.com/zambia

Listed on 11th June, 2008

British American Tobacco (BAT) Zambia Plc

Plot # PH1 IND 54 & 53
LS MFEZ, Chifwema Road
P.O. Box 30162
Lusaka
Tel: +260968 678 814/ 787 / 671
E-mail: batzam@bat.com
Website: www.bat.com

Listed on 15th December, 1996

Cavmont Capital Holdings Zambia Plc

Unit C, Counting House Square (behind Arcades Shopping Centre)
Thabo Mbeki Road
P O Box 32322
Lusaka
Tel: (0211) 257772/256055/256064
Fax: (0211) 256074
E-mail: contact@cavmont.com.zm
Website: www.cavmont.com.zm

Listed on 13th September, 2006

Copperbelt Energy Corporation Plc

23rd Avenue, Nkana East
P.O. Box 20819

Kitwe

Tel: +260 (212) 244000/244281
Fax: +260 (212) 223445/244040
E-mail: info@cec.com.zm
Website: www.copperbeltenergy.com
Listed on 21st January, 2008

First Quantum Minerals Limited

C/o Choice Corporate Services
Stand 3509/No. 7
Matandani Close, Rhodespark

Lusaka

Zambia Depository Receipts listed in July 2011

Investrust Bank Plc

Investrust House
Plot 4527/8 Freedom Way

Lusaka

P O Box 32344
Tel: (0211) 238733-5
E-mail: investrust@investrustbank.co.zm
Listed on 21st June, 2007

Chilanga Cement Plc

Farm No. 1880
Kafue Road

Chilanga

P.O. Box 30162
Tel: +260 (211) 367400/600
Fax: +260(211) 278134
E-mail: cement.enquiries@lafarge-zm.lafarge.com
Website: www.lafarge.com
Listed on 22nd May, 1995

Madison Financial Services Plc

Plot 316 Independence Avenue
P.O.Box 37013

Lusaka

Tel:378700-5
Email: info@madison.co.zm
Website: www.madisonshares.com
Listed on 1st September 2014

Metal Fabricators of Zambia (ZAMEFA) Plc

Plot 1400 Cha Cha Cha Road

Luanshya

P.O. Box 90295
Tel: +260(212) 510599
Fax: +260 (212) 229003/4
Website: www.pdic.com

Listed on 9th September, 2004

National Breweries Plc

Plot No. 1609/10, Sheki Sheki Road

P.O. Box 35135

Lusaka

Tel: +260 962 249 210

Fax: +260 (211) 246326

Website: www.ab-inbev.com

Listed on 16th March, 1998

Pamodzi Hotels Plc

Pamodzi Hotel Complex

Plot 463, Church Road

P.O. Box 35450

Lusaka

Tel: +260 (211) 254455/250995

Fax: +260 (211) 254005

E-mail: pamodzi.lusaka@tajhotels.com

Website: www.tajhotels.com

Listed on December 21st, 2001

Puma Energy Plc

(formerly BP Zambia)

Head Office

Stand No. 1710, Mungwi Road

Lusaka

P.O. Box 31999

Tel: +260 (211) 376100

Fax: +260 (211) 376149

E-mail: zambia@pumaenergy.com

Website: www.pumaenergy.com

Listed on 18th July, 2002

Real Estate Investments Zambia Plc

(formerly Farmers House)

Farmers House, Central Park

Cairo Road

Lusaka

P.O. Box 30012

Tel: +260 (211) 227684-89

Fax: +260 (211) 222906

E-mail: info@reiz.co.zm

Website: www.reiz.co.zm

Listed on 27th September, 1997

Shoprite Holdings Plc

Plot 19255 Cnr, Great East and Manchinchi Roads

Manda Hill Centre

Tel: +260 (211) 251155

Website: www.shopriteholdings.co.za

Listed on 19th February, 2003

Standard Chartered Bank Zambia Plc

Head Office

Stand No. 4642

Cnr of Mwaimwena Road and Addis Ababa Drive

P O Box 31934

Lusaka

Tel: (0211) 422198-99

Fax: (0211) 222092/225337

E-mail: KetaiBenjamin.Mvula@sc.com

Website: www.standardchartered.com/zm

Listed on 30th November, 1998

Zambeef Products Plc

Plot 4970 Manda Road

Industrial Area

P/Bag 17, Woodlands

Lusaka

Tel: +260 (211) 369000

Fax: +260 (211) 369050

E-mail: info@zambeef.co.zm

Website: www.zambeefplc.com

Listed on 5th April 2005

Zambia Bata Shoe Company Plc

Stand 6437, Mukwa Road

Heavy Industrial Area

P.O. Box 30479

Lusaka

Tel: +260 (211) 244397/242328

Fax: +260 (211) 244254

E-mail: batashoe@zamnet.zm

Website: www.bata.co.zm

Listed on 31st March, 2009

Zambia Forestry and Forest Industries Corporation Plc

HEAD OFFICE

P.O Box 71566, Dola Hill

Ndola

Tel: +260 212 671482

Fax: +260 212 616030

Email: info@zaffico.co.zm

Listed on 12th February 2020

Zambian Breweries Plc

Mungwi Road, Plot 6438

Heavy Industrial Area

P.O. Box 30237 **Lusaka**

Tel: +260 (211) 246555, +260 962 249200
Fax: +260 (211) 242124
E-mail: zambrew@zambrew.com.zm
Website: www.ab-inbev.com
Listed on 9th June, 1997

Zambia Reinsurance Plc

Plot 187C Namambozi Road
Fairview, **Lusaka**
Postnet Box 658
P/Bab E891
Tel: +260 (211) 221159, +260 971 695149
Email: primare@prima-re.co.zm
Website: www.prima-re.com
Listed on 21st December, 2004

Zambia National Commercial Bank Plc

Head Office Building
Cairo Road-South End
P O Box 33611
Lusaka
Tel: + 260 (211) 228979/ 221355/ 221380/ 221404
Fax: + 260 (211) 223084
E-mail: customerservice@zanaco.co.zm
Website: www.zanaco.co.zm
Listed on 27th November, 2008

Zambia Sugar Plc

Nakambala Sugar Estate
Livingstone Road
P O Box 670240
Mazabuka
Tel: +260 (213) 231103/231106
Fax: +260(213) 230385
E-mail: administrator@zamsugar.zm
Website: www.illovosugar.co.za
Listed on 28th August, 1996

ZCCM Investment Holdings Plc

ZCCM-IH Office Park
Stand No. 16806, Alick Nkhata Road
Mass Media Complex Area
Lusaka
P O Box 30048
Tel: +260(211) 220654/221023
Fax: +260 (211) 220449/221057
E-mail: corporate@zccm-ih.com.zm
Website: www.zccm-ih.com.zm
Listed on 24th January, 1996

Quoted Companies' Contact Details

Absa Bank Zambia Plc

Absa House
Stand No. 2374
Kelvin Siwale Road, Showgrounds

Lusaka

Private Bag E308
Tel: + (260) (211) 366150 / 169
Fax: + (260) (211) 225553
Email: Thandiwe.BandaMbalashi@absa.africa

Quoted on 9th March, 2005

Chambishi Metals Plc

Sub-division L and M of Lot No. 10/M
Kitwe-Chingola Road
P.O. Box 21151

Chambishi

Tel: +260 (212) 744006/7
Fax: +260 (212) 744035
E-mail: info@chambishi.com.zm

Quoted on 25th January, 2000

Chibuluma Mines Plc
Off South Downs Airport Road
Lufwanyama
P.O. Box 260499
Tel: +260 (212) 749 – 333/777/110
Fax: +260 (212) 749799/749299
E-mail: bsinkala@chib.com.zm
Website: www.metorexgroup.com

Quoted on 22nd December, 1999

Copperbelt Energy Corporation Africa Plc

2nd floor Green City
Plot 2374, Kelvin Siwale Road,
P.O Box 320125

Lusaka

Quoted in 2017

EIZ Properties Plc

CL/7 Brentwood drive
Longacres
Lusaka
P.O. Box 51084 (Lusaka)
Tel: +260 (211)255161/256205
E-mail: eiz@coppernet.zm

Quoted on 9th April 2015

Ikulileni Investments Plc

Building 3, Acacia Park
Stand 22768. Thabo Mbeki Road
P.O. Box 35464 (Lusaka)
Tel: +260 (211)370140-5
Fax: +260 (211) 370018-20
Website: www.stanbic.co.zm

Quoted on 18th April, 2015

Kansanshi Mining Plc

Mine Site

Solwezi

P.O. Box 110835
Tel: +260 (212) 658000
Fax: +260 (212) 658300
E-mail: sean.whittome@fqml.com
Website: www.first-quantum.com/our-business/operating-mines/kansanshi

Quoted on 29th June, 1999 (as Cyprus Amax Kansanshi Plc)

Konkola Copper Mines Plc

Stand M/1408

Fern Avenue

Chingola

P/Bag KCM (c) 2000
Tel: +260 (211) 350604
E-mail: corporate.communications@kcm.co.zm
Website: www.kcm.co.zm

Lusaka Securities Exchange Plc

See address information under Securities Exchanges above

Mopani Copper Mines Plc

Corporate Office

Central Street Nkhana West

Kitwe

P.O. Box 22000
Tel: +260 (212) 247012/247847
Fax: +260 (212) 247445
E-mail: mopani@mopani.com.zm
Website: www.mopani-copper-mines

Professional Insurance Corporation Zambia Plc

Finsbury Park, Kabwe Roundabout

P.O. Box 34264 Lusaka

Tel: +260 (211) 366703

E-mail: customerservice@picz.co.zm

Website: www.picz.co.zm

Quoted on 24th September 2014

Veritas General Insurance Plc

Securities and Exchange Commission_2023 Annual Report

Plot 6/60 Kapingila House
Kabulonga Road, Kabulonga
Lusaka

P. O. Box 31965, Lusaka
Tel: + (260) (955) 359 873
Fax: + (260) (211)266366
Email: veritas@veritasgeneral.com
Website: www.veritasgeneral.com
Quoted on 19th February, 2015

Details of Companies with Listed Debt Securities

African Banking Corporation Limited (Trading as Atlas Mara Bank Zambia Ltd)
See information on Dealers above.

Bayport Financial Services - Debt securities listed on 24th April 2014

Plot 68 Independence Avenue
Lusaka
P.O. Box 33819
Tel: +260 (211) 257243
Fax: +260 (211) 257432
E-mail: jchola@bayportfinance.com
Website: www.bayportfinance.com

Focus Financial Services Limited - Debt securities listed on 24th April 2014

1st floor, Building 3
Acacia Park
Thabo Mbeki Road
Lusaka
P. O. Box 345536
Tel: +260 (211) 291310-14
Fax: +260 (211) 291311
Website: www.focus.co.zm

Izwe Loans Zambia Limited - Debt securities listed on 15th July 2013 and 1st August 2013

Plot 873, Cnr Addis Ababa and Katemo Road
Rhodes Park
P. O. Box 35087
Lusaka
Tel: +260 (211) 235273
Email: info@izwezambia.com
Website: www.izwezambia.com

Madison Finance Company Limited - Debt securities listed on 1st September, 2014

Madison House
Plot 318, Independence Avenue
Lusaka
P. O. Box 34366
Tel: +260 (211)252248/49
Email: customerservice@mfinance.co.zm

Website: www.mfinance.co.zm

Real Estate Investments Zambia Plc - Debt securities listed on 12th November 2010

(formerly Farmers House)
Farmers House, Central Park
Cairo Road

Lusaka

P.O. Box 30012
Tel: +260 (211) 227684-89
Fax: +260 (211) 222906
E-mail: robin.miller@zamsaf.co.zm
Website: www.reiz.co.zm

Stanbic Bank Zambia Limited Limited - Debt securities listed on 31st October, 2014

See information on Dealers above.

Ulendo Road Infrastructure Road Programme (RINP) - Debt securities listed on 11th December, 2015

2nd Floor, Pangaea Office Park
Stand No. 2374 Great East Road, Lusaka
P.O. Box 34536 (Lusaka)
Tel:+260 (211)291310-14
Fax:+260 (211) 291312
Website: www.focus.co.zm

Zambian Home Loans Limited

Head Office
Saturnia House
Stand No. 6392, Dundunza Chisidza Cresesent
Longacres

Lusaka

Post Net Box 301
Tel: +260 211 254325
Email: info@zambiahomeloans.co.zm



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