



SECURITIES AND EXCHANGE COMMISSION
Protecting Investors in the Capital Markets



2024
ANNUAL
REPORT

SECURITIES AND EXCHANGE COMMISSION



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2024 Highlights



790,807
Investors in the
Capital Markets
(2023: 475,000+)



**K224.4
billion**
total savings
(2023: K92 bn)



40.3 %
Savings to GDP
ratio
(2023: 18%)



K69.7 million
operating
surplus (2023:
89+ million)



260
No. of
Licenses
(2023: 233)



**US\$120
million**
Debut REIT
Listed on LuSE
(CMMP Target: \$20m)



**K323.4
million** in
reserves (2023:
253 million)



RBS project in
effect



1,866%
above target-
expense cover
ratio
(2023: 1700%)



93% income
internally
generated



50% staff
costs (2023: 58%)



35 staff
complement
(2023: 34)

About SEC



Vision

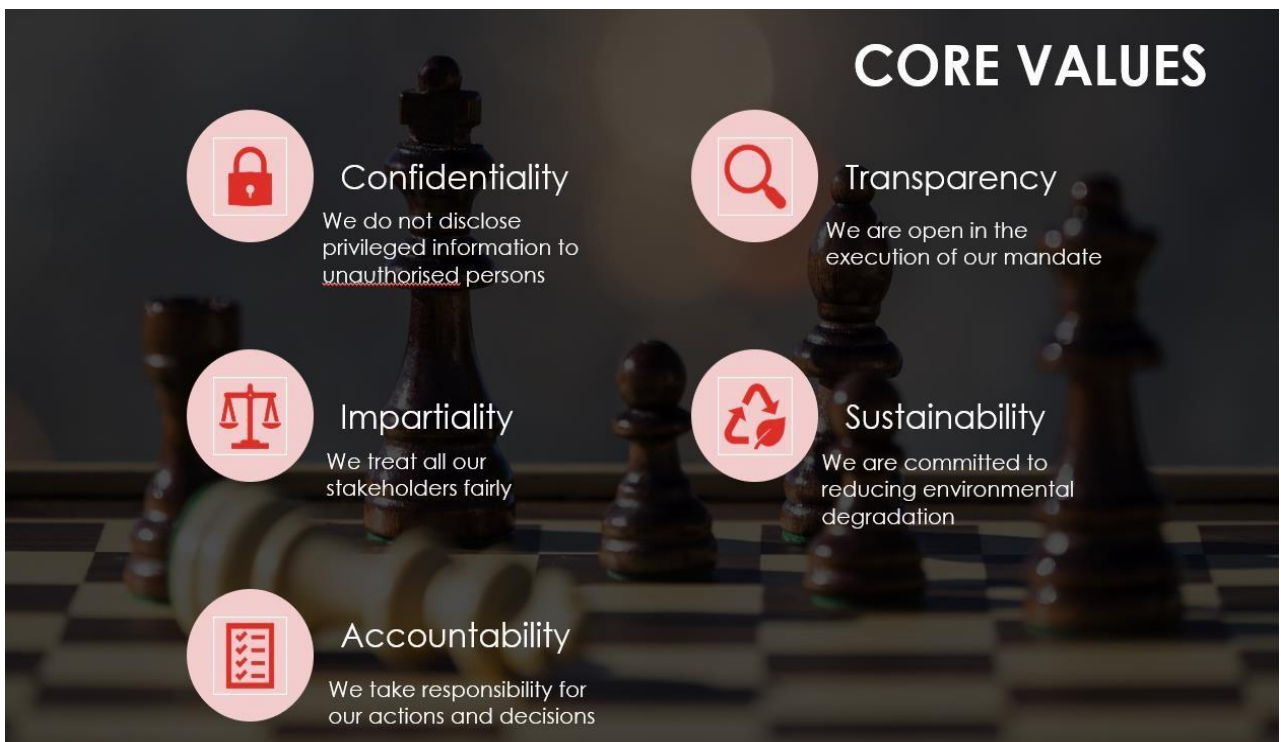
A dynamic regulator of a capital market that is the preferred destination for investments

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 dawn administration'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



I am proud to present the Commission's 2024 Annual Report that indicates the strongest financial position ever achieved by the Commission with reserves of over K323 million and an expenses cover ratio of 56 months.

With reducing operating costs and increased allocation of resources to the Commission's core mandate, the Commission is poised to enhance its investor protection and market development role.

In 2024, the Commission continued implementing risk based supervision to supervise the market whose participants (investor base) have increased to 790,000+ reflecting the Commission's strong performance and strategic activities including education and awareness campaigns implemented during the year.

This Report also highlights the milestones so far reached in implementing the Capital Markets Master Plan with the \$200 million registered debut green bond having raised \$150 million by the end of the year in two tranches whose proceeds were used in the development of a 200 MegaWatts solar plant. Further, the year saw the listing of the first ever Real Estate Investment Trust on the Lusaka Securities Exchange Plc (LuSE) with a value of \$120 million by far surpassing

the CMMP target of \$20 million by end of 2024. All these strides highlight the Commission's role in facilitating capital formation and capital raising by entities that need to deploy funding to the productive sectors of the economy.

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 relationship 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 revolves around protecting investors in the capital market. With an increase investor base, the Commission continuously undertakes activities aimed at protecting these investors and others that are constantly joining on a daily basis. To this end, the Commission continued to hold the monthly townhall meetings in which a number of topics centering around knowledge and skills building among 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.

In order to effectively protect investors and develop the market as highlighted above, the Commission requires adequate financial resources. As earlier highlighted the Commission recorded yet another surplus in 2024 as a result of the prudent management of public resources by ensuring only approved activities were undertaken and that these were within approved budgets.

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. The Commission's relocation to bigger and more spacious modern premises and the approval of the new organizational structure has only boosted the Commission's ability to deliver on its regulatory mandate. It further highlights the Commission's resolve to enhance employee health and well-being.

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.

With the foregoing, the Commission's prospects for the future look bright with the support of 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 in the continued implementation of this plan.

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 for their dedication and hard work.

I thank you.

Ruth Simwanza Mugala (Mrs.)
BOARD CHAIRPERSON

Chief Executive's Statement



The year 2024 has been marked by significant growth and continued dedication to the Commission's core mandate of fostering investor protection and development of Zambia's capital markets. The Board-approved 2022-2026 strategic plan and the 10-year Capital Markets Master Plan (CMMP) have guided our efforts. We continued to execute this mandate with a commitment to operational efficiency and regulatory excellence, while remaining mindful of resource limitations.

This statement will focus on the Commission's operational performance for the year ended 31st December 2024, highlighting our progress in implementing the 2022-2026 strategic plan and the CMMP, which serve as our roadmap for the coming years.

A cornerstone of our operational effectiveness and regulatory excellence is robust systems, a skilled workforce, and a supportive regulatory framework. In 2024, the

Commission maintained its prudent resource utilization while diligently pursuing our dual mandate. This commitment has resulted in a further strengthening of our financial position, with the expenses cover ratio reaching an encouraging 56 months as at 31st December 2024. Throughout the year, the expenses cover ratio was consistently maintained above 50 months, underscoring our capacity for sustained operations and our responsibility to maximizing the impact of every resource entrusted to us.

This financial strength, including a cash position of K284.7million at the end of 2024, has enabled tangible progress on key strategic objectives, including advancing plans for our permanent offices in Kabulonga, the ongoing operationalization of the proposed organization structure, and

strategic investments in crucial IT infrastructure such as SupTech. These remain pivotal for enhancing the Commission's effectiveness in achieving its mandates.

Despite these advancements, we continued to face staffing challenges in 2024, as the effective implementation of our strategic plan necessitates an adequate human resource complement. While the implementation of the new organizational structure experienced further delays due to necessary approval processes, our engagement with the Emoluments Commission to finalize the rationalization and harmonization exercise continued, with anticipated implementation in 2025. Addressing the need for increased human capital remains critical to alleviate pressure on our dedicated existing staff and ensure the full execution of our strategic objectives. We remain resolute in our efforts to secure the necessary approvals in the coming financial year.

Notwithstanding these resource constraints, 2024 witnessed significant milestones in the Commission's delivery on key strategic initiatives aligned with our mandate. In investor protection, the successful ongoing implementation of the Client Service Charter reinforces our dedication to transparent service delivery and bolstering investor confidence. Furthermore, the in-house Complaints Management System (CMS) was adopted, promising enhanced efficiency in tracking and resolving investor complaints, a fundamental aspect of our investor protection mandate.

In the area of market development, the Commission achieved noteworthy successes in 2024. Recognizing the importance of local expertise and capacity building, our partnership with the Chartered Institute of Securities and Investments (CISI) and ZCAS University continued to yield positive results, with 41 candidates successfully trained in December 2024 through the Capital Markets Ambassador Program. This initiative represents a significant step towards building widespread capacity within the Zambian capital markets. The ongoing implementation of the CMMP also yielded positive results, with notable successes in areas such as green bonds where \$150 million green bond issuances surpassed the \$100 million target, and Real Estate Investment Trusts (REITs) where a \$120 million Real Estate Investment Trust (REIT) was listed on the Lusaka Securities Exchange, far exceeding the \$20 million goal. The CMMP secretariat's study visit to Indonesia further highlights our commitment to learning and adopting best practices in capital market development.

Looking ahead to 2025, we will continue to build upon the momentum gained in 2024 with a continued efforts in the implementation of the CMMP. The administrative arrangements for its implementation are now in place, and we are actively engaging with stakeholders to ensure achievements of the plan's objectives. Our commitment to risk-based supervision will remain paramount in 2025, enabling us to strategically allocate resources to areas of greatest potential market risk. The procurement and implementation of SupTech solutions will continue to be a priority, recognizing the transformative potential of technology to enhance our supervisory effectiveness. Furthermore, investor education will remain a cornerstone of our efforts, empowering investors with the knowledge and skills necessary for confident participation in the market.

Underpinning all our efforts is the Commission's prudent management of its financial resources, which continued throughout the year ended 31st December 2024. This report, prepared in accordance with the Securities Act Number 41 of 2016 as amended, provides a comprehensive update on our performance. Our primary mandate to protect investors and develop the capital

markets is intrinsically linked to the efficient and effective utilization of our limited resources. To this end, we present the financial statements for the year ended 31st December 2024, aligning with the Public Finance Management Act, the Securities Act, and principles of good corporate governance.

The significant growth in savings managed within the capital markets, now representing 40.3% of GDP, an increase from 18.7% at the end of 2024, underscores the Commission’s crucial role in investor protection and market development. This growth, driven by positive performance across various asset classes including the LuSE, corporate bonds, and Collective Investment Schemes, reflects increasing investor confidence and participation. The total number of investors also saw a significant increase, reaching 790,807 by the end of 2024, up from 4.85% in the previous year. While encouraged by this progress in increasing investor numbers, we recognize the need for continued vigilance and strengthened oversight to safeguard these growing investments.

In conclusion, 2024 was a year of significant progress in advancing our strategic objectives and fulfilling our dual mandate. Our commitment to efficiency and excellence has enabled us to achieve notable milestones in both investor protection and capital market development, even amidst ongoing resource considerations. We look forward to building on this momentum in 2025 and continuing to contribute to the growth and stability of Zambia’s financial sector.

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 2024, the Commission recorded an operating surplus of K69,712,987 (2023 – K89,837,465) from a combined income of K146,464,467 (2023- K144,885,279) against total operating costs of K76,751,479 (2023 K55,047,814). 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 Grants, which were fully funded.

Reserves

The Commission’s accumulated fund (reserves) position at 31st December 2024 stood at K323,443,120 compared to K253,730,133 recorded at 31st December 2023. This increase, as explained above, was due to the trade commission received from both the sell and buy side of the trade 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 reserve position declined as depicted below. However, the position has since changed post 2021 where there has been an upward trend.

Income Earned

During the year ended 31st December 2024, the Commission internally generated 93% of its income while GRZ grant support accounted for 7%. This is on the backdrop of subdued market activities as explained above and due to the Covid 19 pandemic.

Commission Expenses

The Commission being in the services sector, human capital is its main asset. Therefore, the Commission's major expense continues to be employee costs, a significant and key component of our regulatory activities and therefore the key cost driver. On a comparative basis, for the period to 31st December 2024, the Commission's total staff costs were 50% (2023 – 58%) of its total expenditure. Being a service-oriented organization that also champions investor awareness and investor protection, labor, awareness, and governance costs continues to be the Commission's major cost elements.

The Commission also strives to uphold good corporate governance by ensuring that the SEC had a well-functioning Board supported by effective Board committees. In order to assist the Board, make informed licensing, authorization, and registration decisions among others, the Board, as provided for in the Securities Act, has constituted a number of committees of the Board, which have a good representation of various required professions.

Capital Expenditure

The Commission's capital expenditure was as follows during the period under review:

Type	2024 (k)	2023(K)
Computer hardware	924,946	311,747
Office equipment	3,367,357	30,585
Office furniture	990,317	120,797
Motor vehicles	-	6,076,973
Land and Buildings	23,501,739	-
Total	28,784,359	6,540,102

Staff Complement and staff matters

During the reporting period, the Commission's approved staff establishment comprised forty-four (44) positions. As of 2024, thirty-seven (37) of these positions were filled. In February 2024, one employee separated from the Commission through resignation. Subsequently, another resignation occurred in December 2024. As a result, the Commission concluded the year with a total headcount of thirty-five (35) employees, leaving nine (9) positions vacant.

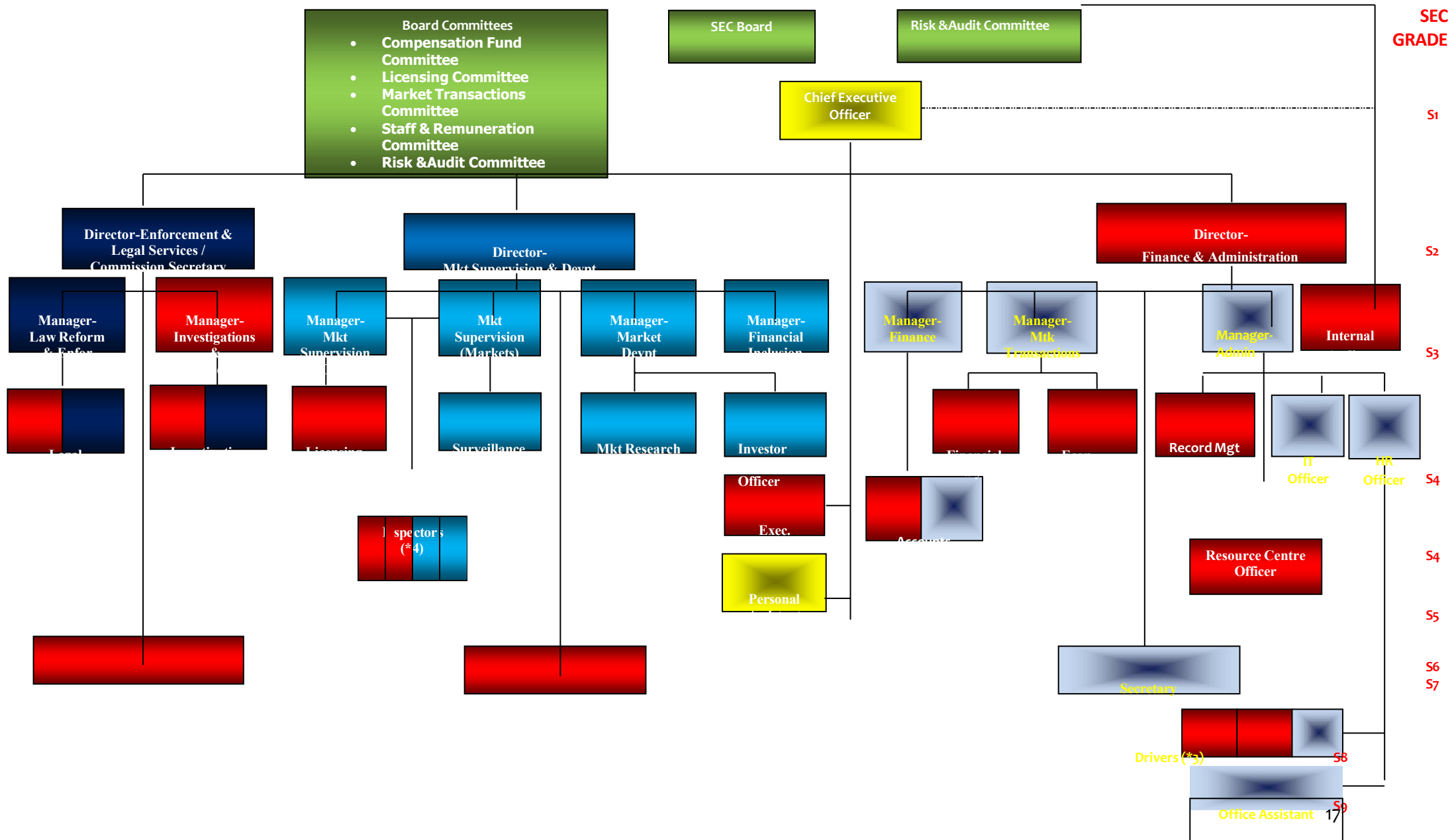
In line with the 2022 -2026 Strategic Plan, the Board approved a new structure which, once approved by the Emoluments Commission, will increase staff approved positions to 84 from the 44 in the existing structure. The increased staff compliment will assist the Commission to effectively meet its mandate 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 with the assistance of instructors from Sweat Health and Fitness.

The approved structure is highlighted below:

SEC ORGANIZATIONAL STRUCTURE



Training and Workshops

The Commission continues 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 physical and virtual trainings staff attended which were deemed critical to the Commission's operations during the period under review.

Course & Location	Dates
Anti-money laundering training-Tanzania	24 - 28 June 2024
IFC-Milken Institute Capital Markets Program-USA	2 September 2024 -6 May 2025
ESG capital Markets & bonds loans training-South Africa	4 - 7 March 2024
Annual Capacity building for Board members CISNA-Mauritius	31st August - 5th September 2024
Risk Management capacity building training-Lusaka	14th - 18th October 2024
CISSP TRAINING -South Africa	27th October -02 November 2024
Certified Experts in sustainable Finance Training	Online
Balanced scorecard -Lusaka	September
Peer to peer learning on greening of MSMEs -Egypt	18th October - 23rd October 2024
IOSCO ISDA Training on derivatives-Livingstone	1st -5th October 2024
International institute for Securities Market growth development training-USA	8th - 19th June 2024
Mergers and acquisition training-Livingstone	1st -3rd September 2024
Acceptance to Toronto Centres regional Crime supervision Training -Canada	9th - 17th November 2024
Managing Financial Investigations programs-Italy	09th 25th March 2024
Risk based supervision training-Lusaka	15th -19th April 2024
Minutes taking For board meetings	Online
International Arbitration-online	21 November 2024
Cyber security in financial sector	26th -30th August2024

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

The Act also designated the Commission's Chief Executive Officer as an ex-officio Member of the Board.

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 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 no changes to the Board's composition in 2024 except for the end of tenure of office for the Board Chairperson on 16th December 2024. However, in line with section 2(2) of the First Schedule to the Securities Act which enables a Board member to continue in office for another three months after the end of the tenure of office, the Chairperson was, pending the appointment of her successor, able to continue in office post the reporting period for the duration of the three months as allowed by

law.

2024 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	12.08.2024	2 nd
Mr. Mulele M. Mulele	Ministry responsible for Finance	Member	29.05.2023	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	03.01.2022	1 st
Phillip K. Chitalu	SEC Chief Executive Officer	ex-officio Member	-	-

Board Meetings

The Board held four scheduled meetings in March, June, September and December 2024. In addition, the Board held three Special Meetings in February, April and June, respectively, in order to deal with urgent regulatory matters. The following table highlights the Board attendance at the scheduled and special meetings:

NAME	DESIGNATION	08.02.24 (1 st Special Meeting)	14.03.24 (116 th Scheduled Meeting)	09.04.24 (2 nd Special Meeting)	05.06.24 (3 rd Special Meeting)	13.06.24 (117 th Scheduled Meeting)	12.09.24 (118 th Scheduled Meeting)	11.12.24 (119 th Scheduled 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	✓	✓	✓	✓	✓	✓	✓
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	✓

KEY:

✓ Meeting attended

✗ Meeting not attended and apology given

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

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 2024 was as follows:

COMMITTEE	MEMBERSHIP REPRESENTATION	MEMBER
LICENSING COMMITTEE	Board Member representing BOZ and Committee Chairperson	Ms. Brenda Mwanza
	LAZ Representative	Dr. Loenard Kalinde
	BoZ Representative	Ms. Chanda Punabantu
	ERB Representative	Mr. Alfred Mwila
	PIA Representative	Mr. Chishiba Kabungo
	Ex-officio Board Member	Mr. Phillip K. Chitalu
MARKET TRANSACTIONS COMMITTEE	Board Member representing ZACCI and Committee Chairperson	Mr. Paul Nkhoma
	Board Member representing MoF	Mr. Mulele M. Mulele
	Board Member representing MoJ	Ms. Diana M. Shamabobo
	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 LAZ and Committee Chairperson	Dr. Leonard Kalinde
	Board Member representing ZACCI	Mr. Pual Nkhoma
	Representative of Labour Commissioner	Mr. Givens Muntengwa
	LAZ Representative	Mr. Arnold Kaluba
	ZIHRM Representative	Ms. Adrine Muchimba
RISK AND AUDIT COMMITTEE	Board Member representing MoF and Committee Chairperson	Mr. Mulele M. Mulele
	Board Member representing PIA	Mrs. Sibajene Zulu

	ZICA Risk Expert	Mr. Kapembwa Sindano
	MoF Representative	Mrs. Sandra Nakula Kawana
	LAZ Representative	Ms. Matilda C. Kaoma and Mr. Anthony Bwembya
COMPENSATION FUND COMMITTEE	Board Member representing PIA and Committee Chairperson	Ms. Sibajene Zulu
	BAZ Representative and Committee Vice-Chairperson	Mr. Fanwell Phiri and Mr. Ignatius Kashoka
	CMAZ Representative	Mr. Nicholas Kabaso and Ms. Tamara Bhuku
	ZACCI Representative	Mr. Phil Daka
	LAZ Representative	Ms. Abigail Chimuka and Mr. Yosa G. Yosa
	MoF Representative	Ms. Mercy Munoni
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	Mr. Nonde Sichilima
	SEC Member	Mr. Mateyo Lungu
PROPERTY ACQUISITION AND DEVELOPMENT COMMITTEE	Board Member representing MoJ and Committee Chairperson	Ms. Diana M. Shamabobo
	Board Member representing BOZ	Ms. Brenda Mwanza
	LAZ Representative	Mr. Kevin Mweemba
	Ministry of Works and Supply Representative	Mr. Robin K. Musumba
	Zambia Institute of Architects representative	Mr. Griven Sikalumbi
	Show Society of Zambia Representative	Mr. Mukamba Mwiya

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's Risk and Audit Committee has oversight on the internal audit function 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. The Commission appointed Mark Daniels Chartered Accountants as the new external auditors to audit the 2024 to 2026 financial years.

The audited financial statements will be presented to the Minister of Finance as part of the Commission's Annual Report.

Commission Secretary

Appointment of Commission Secretary

The Commission's Board Secretary is appointed pursuant to Section 17 of the Securities Act and is in charge of the corporate secretarial affairs of the Commission, under the general supervision of the Chief Executive Officer. The law further allows the Secretary to perform other functions directed by the Board under the general supervision of the Chief Executive Officer. The Director – Enforcement and Legal Services is the Board-appointed Secretary to the Commission Board and performs the secretarial functions as required under section 17 of the Securities Act.

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

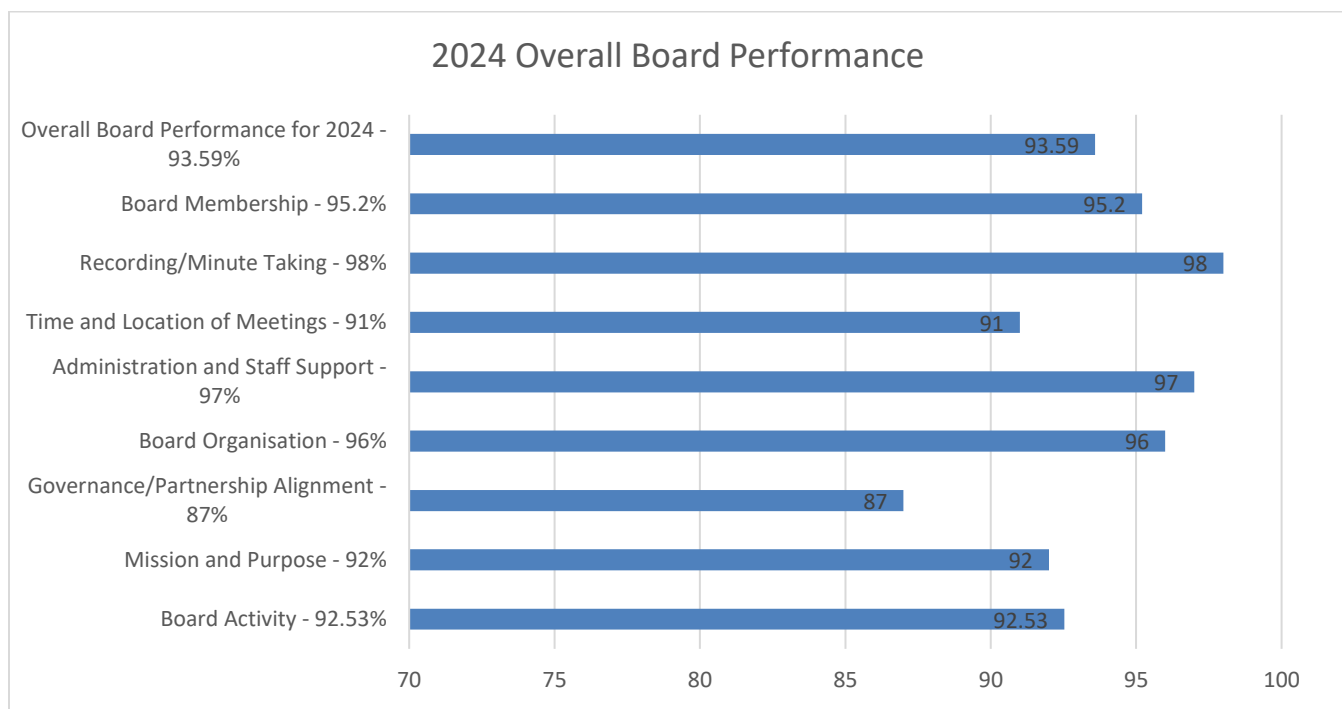
positive ideas and opinions. The Board has developed an appropriate methodology to conduct the Performance Evaluations through a questionnaire that has been developed and which is required to be filled in by each Board Member. The responses are then collated and the results of the evaluation presented 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.

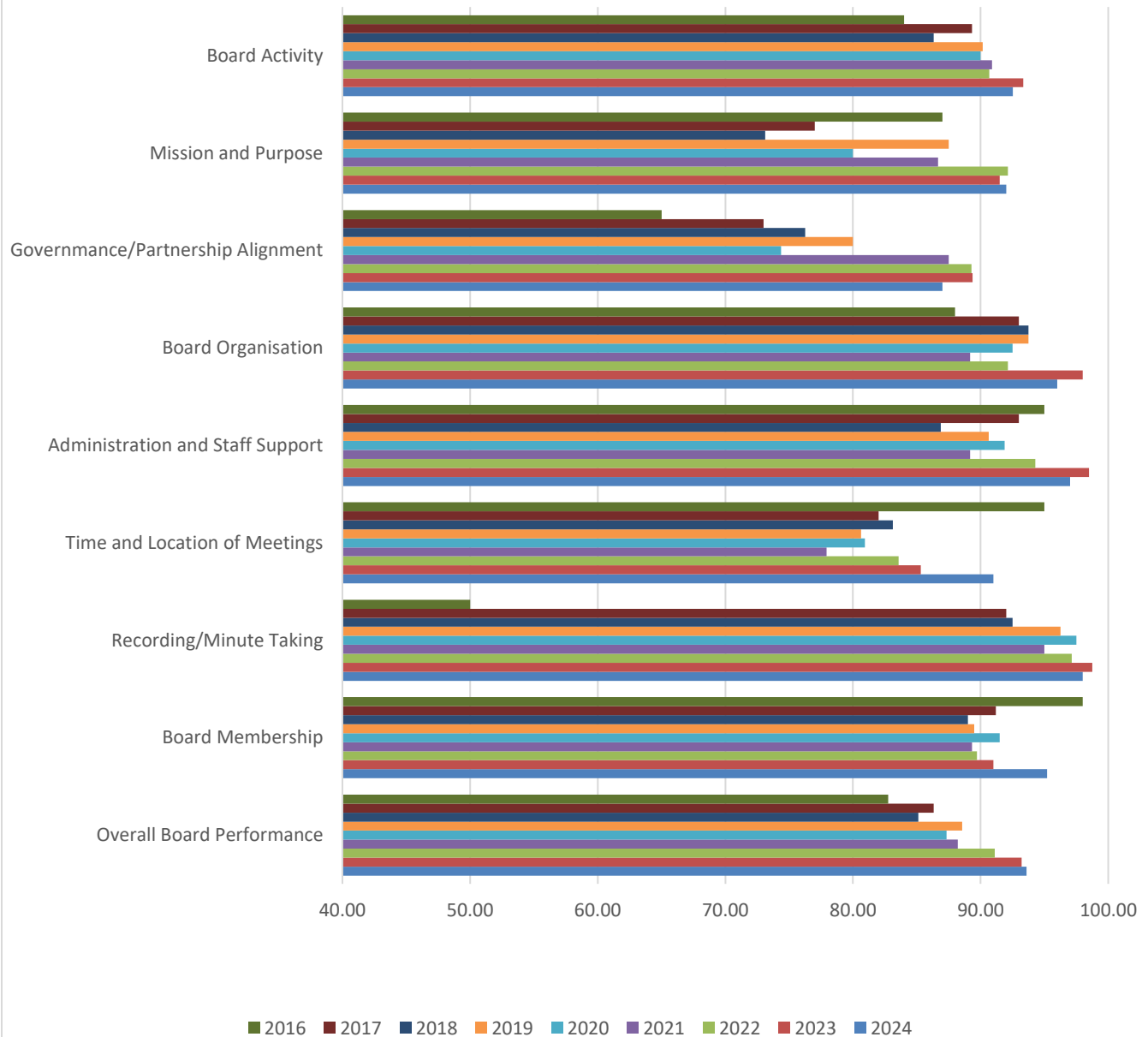
Results of the self-evaluation

The self-evaluation of the Board’s performance during the period under review revealed an overall Board’s performance for 2024 of was 93.59% which was a marginal increase to the 2023 assessment rate of 93.22%. Comparatively, the assessment rates for 2022 to 2016 were 91.12%, 88.21%, 87.34%, 88.55%, 86.12%, 86.32% and 82.75% respectively. Governance/Partnership Alignment was the lowest rated area at 87% whilst the highest rated area was the assessment of Recording/Minute Taking at 98%.

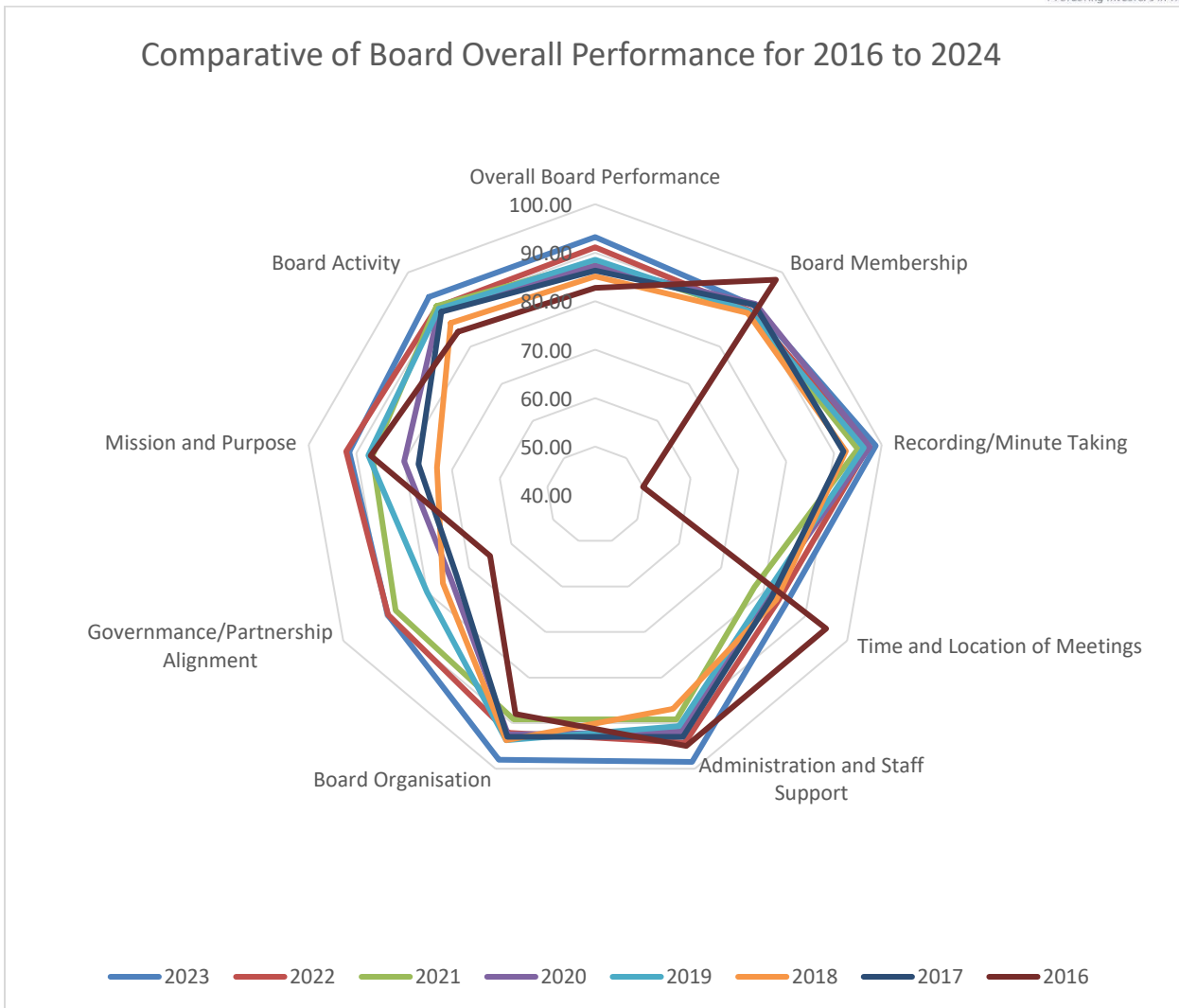


A comparative analysis of the Board’s performance over the last nine years for which the Board Performance Self-Evaluation has been conducted indicates the following results:

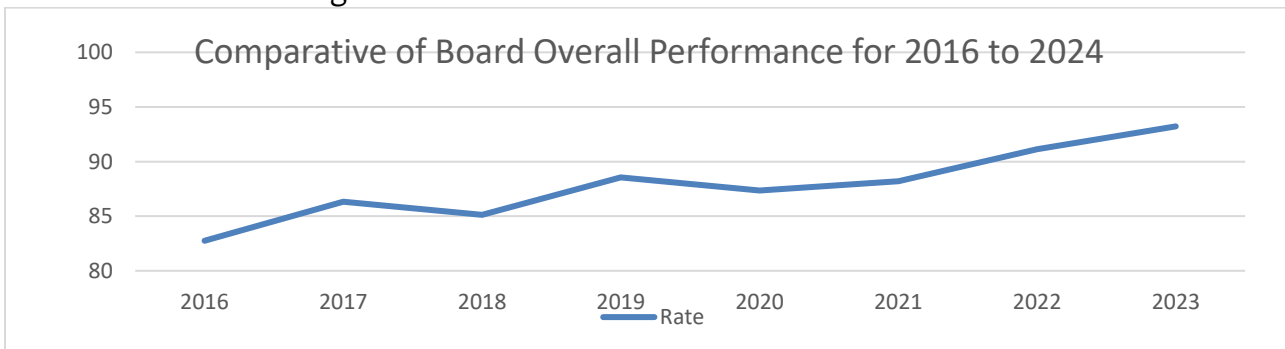
Comparative of Board Overall Performance for 2016 to 2024



Five of the eight areas assessed indicated a reduction in performance in performance rates on a comparative basis with the assessment done for 2023 with the overall Board performance recording a marginal **increase in performance of 0.37%** from 93.22% in 2023 to 93.59% in 2024.



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 2024 PERIOD

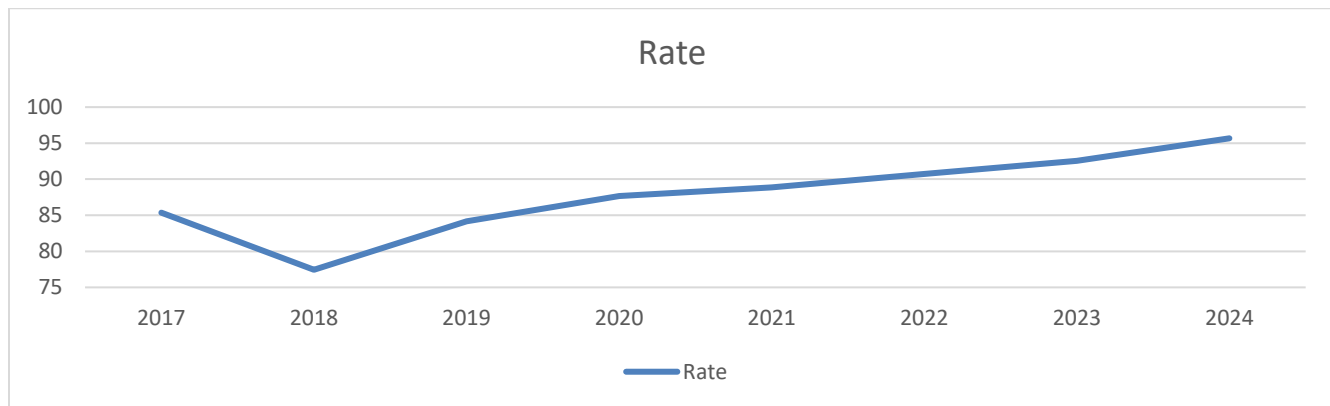
The Commission Board has five standing and one *ad hoc* Committee. The five standing Committees' performance was assessed using the same methodology adopted for the Board and which was aimed at identifying strengths and weaknesses, flagging areas for improvement and planning for further action as appropriate.

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

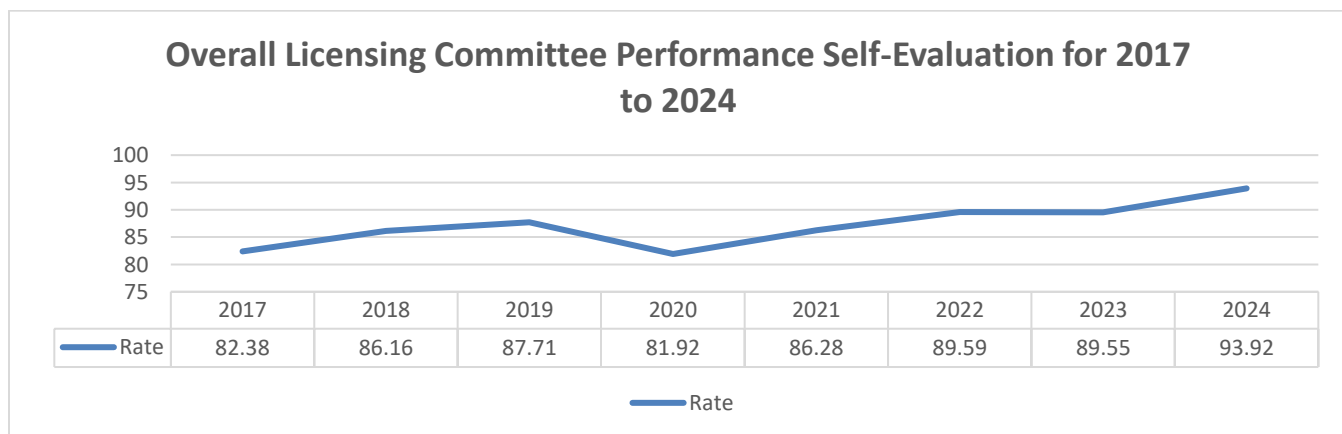
The assessment of the Compensation Fund Committee’s overall performance for 2024 was found to be at 95.67%, which was an increase from the 2023 assessment rate of 92.56%. Comparatively, the assessment rates for the Committee’s overall performance for 2022 to 2017 were 90.71%, 88.87%, 87.67%, 84.18%, 77.44% and 85.36%, respectively. In this assessment, the highest rated area is Recording/Minute Taking at 100% while the lowest rated area is Purpose of Committee at 92.73%.

The following table highlights the Committee’s overall performance over the last eight years:



Licensing Committee Self-assessment

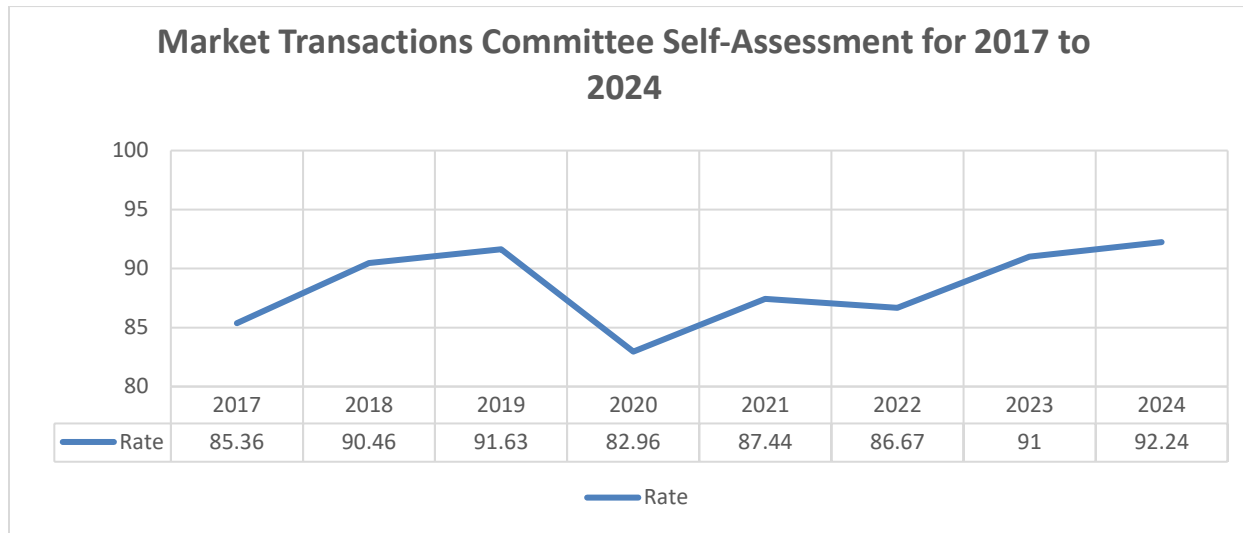
The self-assessment of the Licensing Committee revealed that the Licensing Committee’s overall performance for 2024 was assessed to be 89.55% which has marginally reduced from the assessment rate for 2022 which was 89.59%. Comparatively, the overall Committee performance as assessed in 2021, 2020, 2019, 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%.



Market Transactions Committee Self-assessment

The self-assessment of the Market Transactions Committee revealed that the Market Transactions Committee’s overall performance for 2024 was found to be at 92.24% which represented a very marginal improvement from the 91% recorded during the 2023 assessment. **Comparatively, the Committee’s overall performance for 2022, 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 Time and Location of meetings which was rated at 98.58% while the lowest rated area was Committee Member Attendance which was rated at 78.33%.

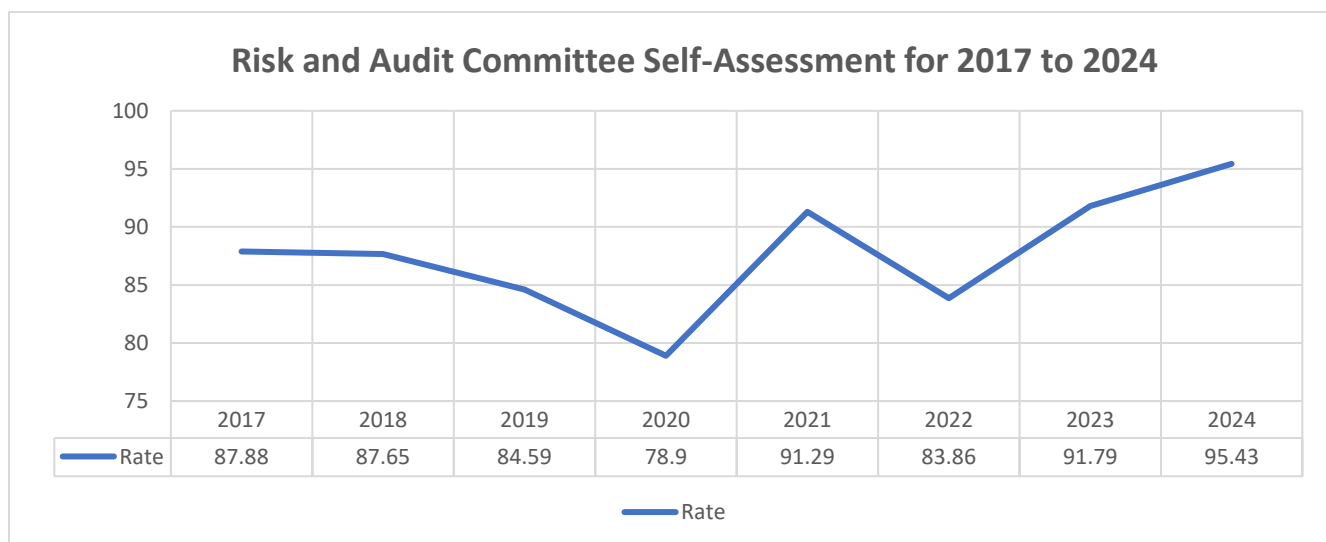


Risk and Audit Committee Self-assessment

The self-assessment of the Risk and Audit Committee revealed that the Risk and Audit Committee’s **overall performance for 2024 was found to be at 95.43%**, an increase from the 2023 assessment rate of **91.79%**. The highest ratings were made for Recording/Minute Taking, Committee Membership and Support for the Committee at 100%, respectively, while the lowest rating was for Purpose of Committee at 82.33%.

The Table also indicates the comparative performance rates for the 2022, 2021, 2020, 2019, 2018 and 2017 periods at 83.86%, 91.29%, 78.90%, 84.58%, 87.65% and 87.88%, respectively.

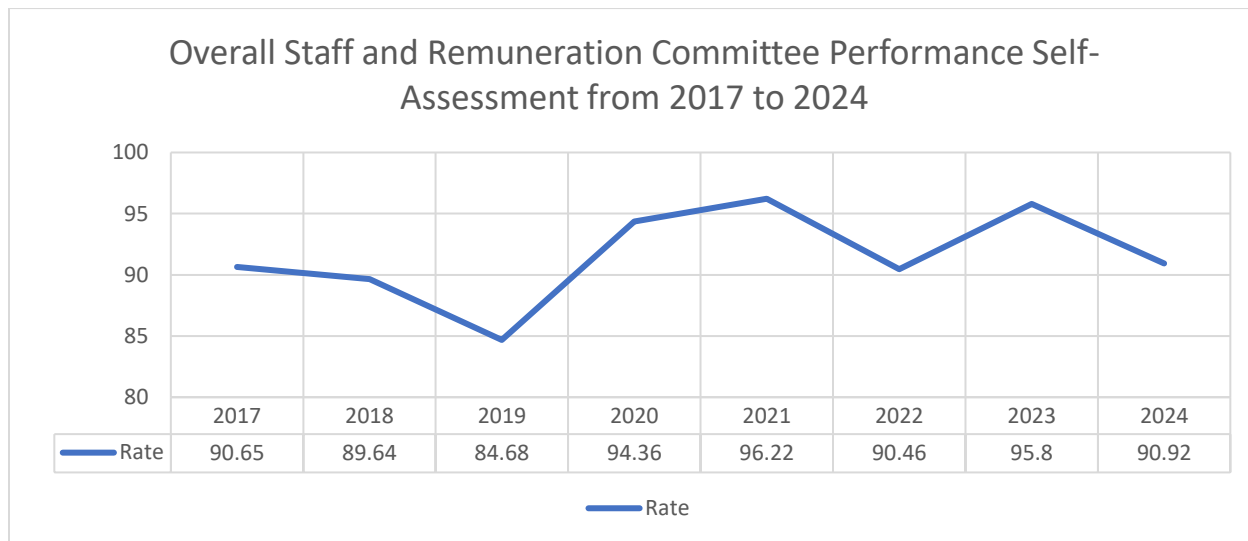
The next table highlights the Committee’s overall performance for the 2017 to 2024 review periods:



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 2024 was 90.92% which was a reduction from the 95.80% overall performance recorded in 2023. Comparatively, the Committee’s overall performance for 2022, 2021, 2020, 2019, 2018 and 2017 were 90.46%, 96.22%, 94.36%, 94.68%, 89.64% and 90.65%, respectively. The highest rated category

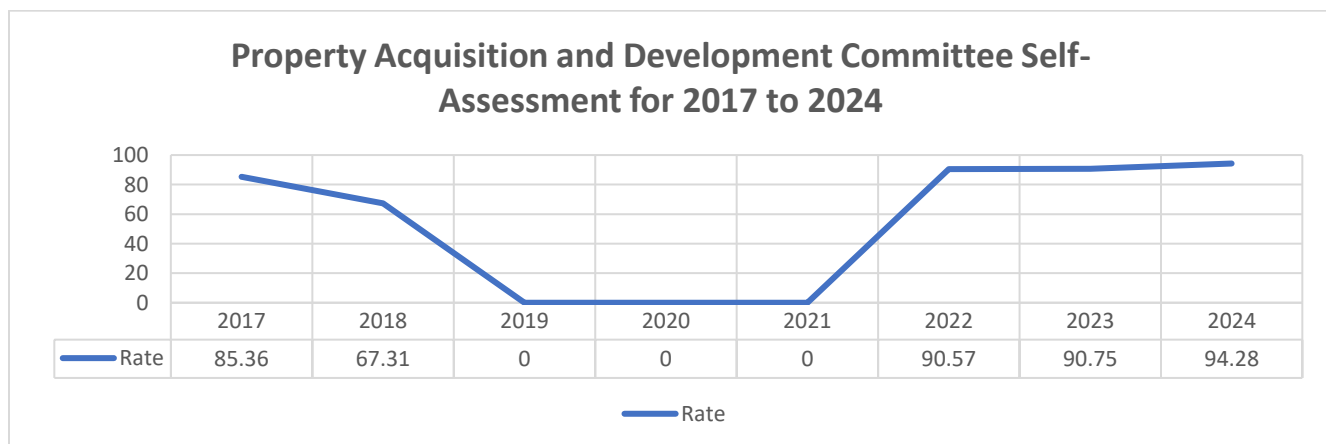
was Recording/Minuting which scored 98% while the lowest rated category was Attendance which was rated at 84%.



Property Acquisition and Development Committee Self-assessment

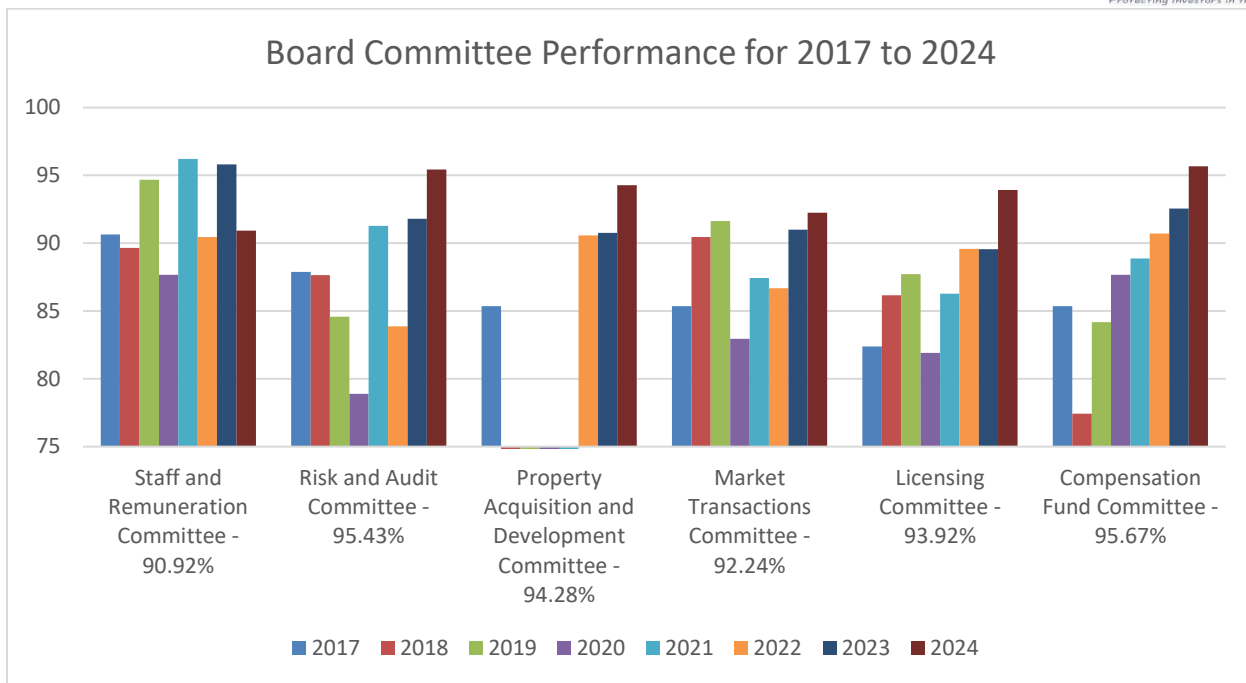
The self-assessment of the Property Acquisition and Development Committee revealed that the Committee's overall performance for 2024 **was found to be at 94.28%**, a marginal increase from the 90.57%, that was assessed in 2023. Comparatively, the overall assessments for the 2022, 2018 and 2018 periods was 90.57%, 67.31% and 85.36%, respectively. The highest rating was for Administration and Staff Support at 97.33% while the lowest rating was for Attendance which was rated at 83.33%.

The next table highlights the Committee's overall performance for the 2017 to 2024 review periods:



OVERALL BOARD COMMITTEE PERFORMANCE FOR 2017 TO 2024 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

Report on regulatory and operational efficiency

(Pursuant to section 11(3) of the First Schedule to the Securities Act, No. 41 of 2016)

The Securities Act requires the Commission to report on its regulatory and operational efficiency as part of the reporting requirements under the Annual Report. This mandatory requirement introduced by section 11(3) of the First Schedule to the Securities Act, No. 41 of 2016 highlights how the Commission is accountable as a public institution vested with the regulatory powers to protect investors in the capital markets.

Specifically, the law requires the Commission to 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 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 nominated from different nominating 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 ZMW224.3 billion worth of investments as at 31st December 2024 increasing by 143% from the last review period at the end of 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 790,000 investors representing 7.25% of the Zambian adult population participating in the capital markets. 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 790,000+ investors from having their savings or investments lost through fraudulent and other illegal activities. This is effected by the Commission 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 investment 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 focus area from compliance to risk. 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 2024 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. One new product introduced in 2024;

3. 50 % of Capital Market Operators aware of regulatory framework supporting new products;
4. 40% of listed entities implementing ICOFR framework by 2024.
5. 100% enforcement for all identified unlicensed/ unauthorised players.
6. 100% of services provided in line with the standard in the service Charter annually
7. Enhance business processes and procedures by ensuring 60% of institutional targets achieved by 31 December 2024
8. 75% staff satisfaction levels attained in 2024
9. 80% of staff scoring 3.5 or above in 2024
10. One (1) office purchased in 2024
11. 80% positive feedback on work environment annually
12. 100% of strategies fully funded annually.
13. 100% adherence to the budget annually

Of the thirteen KPIs, 35% were fully implemented, 40% were partially implemented and 25% were planned to be implemented in 2025 and 2026. It is expected that with the number of proposed staff in the 2025 budget, most the KPIs that are partially implemented and not implemented would be fully implemented by the end of the planning period in 2026.

Overall, the Commission has demonstrated a strong commitment to its strategic objectives and made substantial progress in Q4 2024. The primary areas of achievement are especially under the objectives of funding model, enhanced investor protection, increasing stakeholder participation and enhancing business procedures. However, there are still opportunities for improvement, particularly in relation to ICOFR adoption and office infrastructure development.

Nature of the working relations with Capital Market Operators



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 monthly townhall meetings at which topical issues affecting capital markets are presented and discussed. These meetings were 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 able to undertake the following projects, which have continued into 2025:

- 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 market development;
- 3) UNCDF – Revenue Bond Project aimed at piloting issuance of a green revenue bond by a local authority in Zambia; and
- 4) Financial Sector Deepening Africa - Development of Nature Regulatory Map for Nature related risks (FSDA, SEC and BoZ).

The Commission also continued capacitating its staff in various critical training to enhance the Commission’s capacity in regulating the market. The training and capacity building that Commission staff underwent in 2024 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

The Commission’s dual mandate of investor protection and capital market development was implemented through the activities of the three Directorates in 2024. These activities were also aimed at ensuring that capital markets contributed to the economic development of the country through the capital market’s capital formation role.

Thus, 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”); and
- Directorate of Finance and Administration (“DFA”) through the Market Transactions Unit.

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.

Figure 1: Capital Markets regulatory universe



The above market players have continued to provide traditional products such as shares, bonds and collective investment schemes. In 2024, we saw the development of new product offerings such as

the Real Estate Investment Trusts (“REITs”) and Private Equity Funds, whilst there was an increase in the use of digital platforms by some players notably among collective investment scheme fund managers. The Commission continued with its drive to promote fintech innovations via the sandbox with new applications being considered. However, no new sandbox participants were admitted in 2024.

SEC core supervisory process & supervisory Tools

The Commission uses Risk-Based Supervision (“RBS”) to oversee the operations of the Zambian capital markets. This approach focuses on areas of risk identified at the level of a Capital Market Operator, sector or group of capital market operators and the capital markets as a whole. To this end the Commission undertakes judgement based risk assessments which based on informed judgement and designs supervisory responses to assessed risks. To address identified risks the Commission typically undertakes targeted supervisory engagements with high-risk clusters of CMOs, thematic inspections, and on-site reviews and inspections.

To facilitate a culture of risk management in capital markets, the Commission’s RBS Communications and capacity building is aimed at providing technical assistance to CMOs through ongoing capacity-building initiatives such as master classes, workshops, and stakeholder engagement sessions.

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. There are three broad steps:

(1) Planning & Risk Profiling:

annually. The supervisory strategy identifies the supervisory work necessary to keep the CMO’s risk profile current. The intensity of supervisory work depends on the nature, size, complexity and risk profile of the CMO. The Commission’s planning also includes a process to compare the work effort across CMOs, e.g., thematic reviews. This is done to ensure that assessments of risk for individual CMOs are subject to a broader standard, and that supervisory resources are allocated effectively to higher-risk CMOs and significant activities.

A supervisory strategy for each CMO is prepared



(2) Executing supervisory work and updating the risk profile

There is a continuum of supervisory work that ranges from monitoring (CMO-specific and external) to off-site reviews, to on-site reviews, including testing or sampling where necessary. When there are changes in the risk assessment of the CMO, the Commission responds by adjusting work priorities set out in the supervisory strategy and annual plan, as necessary, to ensure that important matters emerging take precedence over items of lesser risk. Such flexibility is vital to the Commission’s ability to meet its mandate.

(3) Reporting and intervention:

For each CMO, the Commission will designate a staff member as the relationship manager (RM). The RM will be responsible for the supervisory process in 4.2 and 4.3 for the CMOs under his or her responsibility. RM will be the main point of contact for the CMO with respect to all supervisory matters.

Among other communications, the Commission communicates its supervisory assessment and supervisory concerns to CMOs through Supervisory letters. Supervisory Letters are addressed to the CMO's Board of Directors with a copy to the Chief Executive Officer (CEO). The CMO is required to respond to the Commission and address all issues raised within the timelines set by the Commission.

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

Figure 2: List of SEC supervisory tools



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

- a) Any person dealing or advising on securities must be licensed by the Commission;
- b) Any securities market or financial market infrastructures must be authorized and licensed as securities exchanges or clearing and settlement agencies by the Commission;
- c) All securities of a public company which are publicly traded must be registered by the Commission; and
- d) 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: **Figure 3: 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. For example:

- All capital markets operators are required to submit audited financial statements;
- Self-Assessment Questionnaires.
- Issuers are required submit a various reports to evidence that they have established Internal Controls Over Financial Reporting Framework.
- Dealers and Investment advisers are required to submit a separate auditors report addressed to the Commission and management confirmation of compliance;
- All dealers are required to submit Monthly Capital Adequacy Reports;
- Fund managers are required to submit monthly and quarterly returns; and

These reports 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 2024, the number of issuers stood at 45, with 46 instruments having been registered.

TABLE 1: NUMBER OF ISSUERS

Class of securities	Number of issuers
Listed equities*	21
Quoted equities	12
Corporate Bonds*	12
Number of issuers/ Securities*	45

Internal control over financial reporting (“ICOFR”)

The implementation of the framework for Internal Controls over Financial Reporting (ICOFR) is a major milestone aimed at enhancing financial reporting and disclosures to investors in the capital markets. The framework was implemented and refined over a five (5) year period which culminated in the issuance of the Securities (Internal Controls over Financial Reporting) Guidelines 2024. At least 85% of listed companies have established and are reporting on ICOFRs. The ICOFRs were developed in collaboration with the Zambia Institute of Chartered Accountants and enhances the value of partnerships in the advancement of the Commission’s investor protection mandate.

The Commission is also working with other financial sector regulators and the Zambia Institute of Chartered Accountants to enhance other disclosures by encouraging capital markets operators to adopt other reporting standards such as the Integrated Reporting Frameworks, and sustainability reporting standards issued by the International Sustainability Standards Board.

Collective Investment Schemes

Collective Investment Schemes (CISs) remain a prime area of focus for market supervision as this is a product that is best suited to promote financial inclusion among Zambians. Over the last 5 years, the CIS sector has shown tremendous growth with Assets Under Management (“AUM”) increasing year on year and thus, has been identified as a key growth area for capital markets. Below is a snapshot of the CIS industry at December 2024.

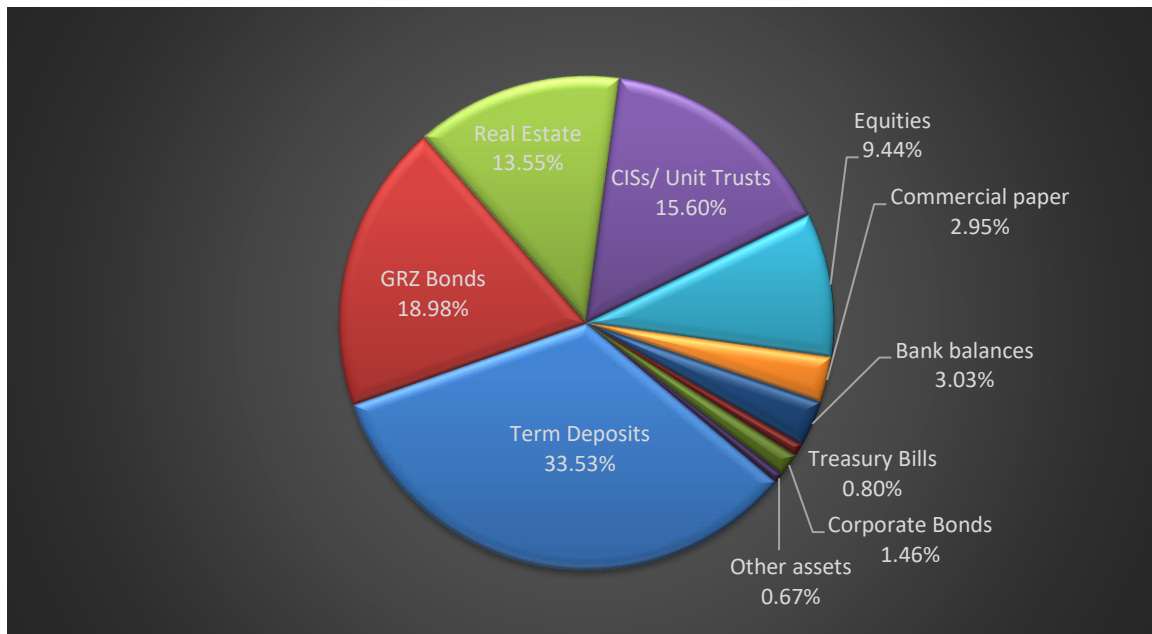
Figure 5: Snapshot of the Collective Investment Schemes



This growth in assets under management for local CISs was largely driven by growth in contributions by new (as noted from the 53% 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 K25.74/\$ at December 2023 to K27.91/\$ as at December 2024).

The number of local authorised CISs remained at nine (9). In terms of deployment of AUM, 81.66% of the local CIS AUM were invested in Real Estate, Term Deposits, Other CISs and GRZ Bonds (Refer to Figure below).

Figure 6: Distribution of AUMs by Assets at Dec 2024



Private Equity: 2024 also recorded an update in private equity funds which closed at K35m. Most of the investments were in an off-shore fund which has invested locally in two investee companies in Zambia. Private Equity continues to be a focus area as highlighted in the Capital Markets Master Plan which aims to develop new and innovative products.

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

Licensing

The Commission issued 38 licenses in the year to December 2024, while ten (10) were surrendered and one (1) cancelled bringing the total number of licensees to 260. This represents a net increase of 12% during the year. This also shows increased interest to participate in the capital markets by the various businesses.

Table 31: Movement in number licensees

License type	At January 2024	Issued	Cancelled/ Revoked/ Surrendered	At December 2024
Credit Rating Agencies	1	1	-	2
Dealers	31	3	-	34
Dealer's Representatives	156	19	(5)	170
Investment Advisors	18	6	(1)	23

Investment Advisors representatives	23	4	(4)	23
Share Transfer Agencies	1	2	-	3
Share Transfer Agent Representative	-	3	-	3
Clearing and Settlement Agencies	1	-	-	1
Securities exchanges	2	-	(1)	1
Total	233	38	(11)	260

Surveillance and complaints handling

Market Surveillance

As part of its regulatory mandate, the Commission undertakes a broad range of market surveillance activities aimed at promoting integrity, transparency, and investor protection within the capital markets. These activities encompass the daily monitoring and analysis of trading activity and the investigation of any detected anomalies or irregularities.

The Commission also attends Annual General Meetings (AGMs) of listed entities and local CISs in an observer capacity. This provides an additional layer of oversight, ensuring that issuers uphold corporate governance standards and maintain full disclosure with investors.

Key Observations from 2024 AGMs

During the period from December 2023 to December 2024, the Commission made the following observations regarding AGMs:

- **Mode of Meeting:** The majority of AGMs were conducted using a hybrid format of combining both physical and virtual participation. This flexible approach facilitated broader accessibility and compliance with best practices.
- **Investor Participation:** The hybrid model enabled increased participation from shareholders based outside Lusaka and abroad, including foreign investors. The Commission observed a high level of engagement during these meetings, with investors demonstrating a strong interest in monitoring the performance and governance of their investments.

Surveillance of Unlicensed Investment Schemes

Beyond formal market structures, the Commission's surveillance also identified and investigated purported investment schemes operating during the year. These schemes were primarily promoted through social media platforms such as Facebook and WhatsApp. They posed as legitimate investment opportunities and employed multi-level marketing tactics, incentivizing participants to recruit others in exchange for monetary rewards and other benefits etc.

To safeguard the investing public, the Commission promptly issued public warnings via its website and official social media channels. These notices clarified that the entities in question, as well as their promoters and representatives, were not licensed, authorized, or registered to offer investment services or solicit funds from the Zambian public. Furthermore, their investment products were not approved for distribution within Zambia's capital markets.

Complaints

For the year 2024, Market Supervision received a total of 32 complaints with 4 additional complaints that had been carried forward from the previous year. Eighteen (18) complaints were closed within DMSD while one (1) was referred to DELS. 2024 had a closure rate of complaints of 51%, this was an increase from the closure rate in 2023 of 45%.

The table below shows a summary of the number of complaints that were handled by DMSD during the year 2024.

Table 11: movement in complaints for the year 2024

COMPUTATION OF COMPLAINT CLOSURE RATE		
Breakdown of 2024 complaints		
Complaints brought forward	a	4
New complaints received	b	32
Total Complaints	a+b=c	36
Complaints referred to DELS (for further investigations)	d	(1)
Total Complaints not referred to DELS	c-d=e	35
Complaints closed in DMSD	f	(18)
Number of active complaints as of close of 2024	e-f=g	17
DMSD closure rate of complaints not referred to DELS for further investigations	f/e	51%

Risk-Based Supervision

In 2024, 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.

Capacity Building and Stakeholder relationship management

The Capacity Building Plan outlines the Commission’s strategic focus on strengthening capacity across the capital markets. In 2024, the Commission undertook capacity-building initiatives targeting both internal staff and external participants, including Capital Markets Operators (CMOs)

Further, during the period under review, the Commission entered into a second long-term country engagement with the Toronto Centre through which the following capacity building engagements were undertaken:

Toronto Centre Engagement on Risk Based Supervision (RBS): The first engagement was held from

15th April 2024 to 19th April 2024 at Neelkanth Sarovar Premier, Lusaka. During the five days of training, SEC internal members of staff that attended were guided on the application of RBS to the securities sector in Zambia, including on capital market operators that are small to address issues regarding proportionality. Additionally, SEC supervisors presented Risk Assessment Documents (RAD) for the fund managers and investment advisors to the Toronto Centre facilitators and worked through the assessments which allowed the facilitators to give feedback which was adopted by the SEC staff.



Toronto Centre Engagement on AML/CT Risk Based Approach and Financial Inclusion– the second engagement was held from 4th November 2024 to 8th November 2024 virtually. This session represented a continuation of the Toronto Centre (TC) long-term engagement with the Commission, building on the foundation established during the first training held in April 2024 in Zambia.

The training primarily focused on providing a comprehensive understanding of Money Laundering (ML) and Combating the Financing of Terrorism (CFT) risks. It also included an in-depth review and input into the SEC risk-based AML framework, ensuring that participants are equipped to identify and mitigate these risks effectively.

On the topic of Financial Inclusion, the presentation addressed the regulation and supervision of FINTECHs with a focus on the entities operating within the regulatory sandbox as well as the developments in financial inclusion.

This segment emphasized the unique requirements and oversight measures for sandbox entities, highlighting how tailored regulatory approaches can promote innovation while safeguarding against potential financial crime risks. These sessions were vital in aligning our frameworks with international best practices and promoting inclusive financial growth under a secure and compliant environment.



Toronto center team with SEC during a virtual review of the RBA Framework

The commission also facilitated for a capacity building workshop for the capital market operators whose details are below:

AML/CFT Workshop - On 5th December 2024, the Commission hosted a one-day workshop on Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) at Taj Pamodzi Hotel. This workshop was conducted in collaboration with the Financial Intelligence Centre (FIC), which delivered a presentation on the proper reporting of Suspicious Transaction Reports (STRs) and Currency Transaction Reports (CTRs). The session was particularly significant, as the Securities Sector has yet to report any such transactions, highlighting the need for strengthened reporting mechanisms.

During the workshop, the Commission also provided guidance on the development and implementation of effective AML/CFT compliance programs for all Capital Markets Operators (CMOs). The presentation emphasized the importance of robust internal controls, risk assessment frameworks, and reporting procedures to mitigate money laundering and terrorism financing risks within the securities sector.



AML/CFT Supervisory Relations Masterclass held at Pamodzi Hotel, Lusaka

Investment Advisors Engagement- The Commission on 23rd July 2024 held an engagement with both Corporate Investment Advisors and individual Investment Advisors at the Commission’s premises. This engagement was primarily necessitated by the transition from compliance-based to risk-based supervision.

Further, through the preliminary findings of the risk assessment conducted on the investment advisors cluster in the Zambian capital markets landscape, the Commission earmarked this engagement. The Risk-Based Supervision (RBS) model emphasizes and necessitates the need for a rapport with the entities and individuals that the Commission regulates. This approach aims to ensure more effective and efficient oversight by focusing on areas of higher risk.

The engagement proved fruitful as advisors were equipped with knowledge on Risk-Based Supervision, which includes understanding its components, expectations, and the necessary preparations. Additionally, an overview of the Investment Advisors’ industry was provided, covering key roles, responsibilities, regulatory obligations, and current industry trends.

The investment advisors expressed a strong desire for such engagements to occur more frequently. They highlighted the importance of staying updated with market trends and regulatory changes to ensure continued compliance and to better serve their clients.



MARKET DEVELOPMENT

Under its market development mandate, the Commission oversees various market development initiatives and investor awareness and education activities. The Capital Markets Master Plan (“CMMP”) approved by Cabinet and launched in 2022 was developed to provide the Country a road map for capital markets development. The CMMP guides the Commission’s activities and has been cascaded into the

corporate strategy. In addition the Commission participates in other national projects such as the National Financial Inclusion Strategy and the National Strategy for Financial Education. Market Development also oversees the Commission awareness and education programs focusing on various stakeholders primarily investors. We discuss below the market development initiatives and awareness program

MARKET DEVELOPMENT INITIATIVES AND PROJECTS

(i) Capital Markets Master Plan

In 2024, the Commission recorded significant progress in establishing the CMMP governance structures and steps towards attaining the aspirations of the CMMP. Following the successful appointment of members to sit on the CMMP Working Groups and Action Teams, the Commission's efforts were mainly centered on undertaking inaugural meetings for the Working Groups and Action Teams as well as advancing the creation of the CMMP Secretariat. 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:

The Joint Secretariat and the Public Private Dialogue Forum (PPDF) successfully held the inaugural meetings on 3rd and 4th June 2024 at Mulungushi International Conference Centre. The meeting aimed to familiarize Working Group and Action Team members with the CMMP documents, roles, and responsibilities, with a focus on the five CMMP development areas and strategic initiatives. The inaugural meetings for the working groups were Officiated by the Secretary to the Treasury, represented by the Permanent Secretary for Economic Management and Finance Mr. Danies Chisenda. Whilst the inaugural meeting was officiated by officiated by the Secretary to the Treasury (CMMP Steering Committee Chairperson), Mr. Felix Nkulukusa, who was represented by the Vice Chairperson for the CMMP Secretariat, Ms. Mutumboi Mundia respectively. These familiarization meetings marked the beginning of CMMP implementation by lead institutions and the private sector, with quarterly meetings planned to ensure progress, which will be tracked and reported in line with an Action Matrix.

Establishment of the CMMP Secretariat – Following the Commission's efforts aimed at creating a fully resourced and operational CMMP Secretariat, the Ministry formally requested the SEC, Bank of Zambia (BoZ) and Pensions and Insurance Authority (PIA) to nominate resources to be part of the CMMP Secretariat. Considering the above, the Commission received nominations from the MoFNP and the Pensions and Insurance Authority to be part of the secretariat and hasn't yet received a nomination stemming from the Bank of Zambia. Further In view of the ongoing organizational restructuring process, the Commission in the interim nominated the Manager, Financial Inclusion, to be part of the CMMP Secretariat. The Commission will continuously review the requirements of the CMMP Secretariat to ensure that we have adequate resources to support the CMMP structures in their mandates.

Establishment of the PPDF – Capital Markets Technical Sub-Committee - The Commission, in collaboration with the Public-Private Dialogue Forum (PPDF), successfully facilitated the appointment of members to the PPDF Capital Markets Sub-committee. The sub-committee, composed of the elected Chairpersons and Vice Chairpersons from the CMMP Action Teams, was officially appointed by Cabinet. With the appointments finalized, the PPDF Capital Markets Sub-committee convenes quarterly to carry out its mandate.

The Commission has continued to pursue the implementation of CMMP objectives by collaborating with cooperating partners to the extent possible and ensure that some progress is made towards achievement of some of the KPIs highlighted above. Key initiatives in this regard include:

The Commission will continue engagements with other partners such as the World Bank, FSDA, the UN system and other private organizations with a view to on-boarding them onto various CMMP activities.

(ii) National Financial Inclusion Strategy (“NFIS”)

The Ministry of Finance and National Planning, in collaboration with financial sector regulators, officially launched the National Financial Inclusion Strategy (NFIS) 2024–2028 on 13th March 2024 at the Mulungushi International Conference Centre. The event was officiated by the Honorable Minister of Finance and National Development, Dr. Situmbeko Musokotwane, who presented Certificates of Appointment to the Secretariats of the five NFIS Working Groups. These included:

- (i) the Pensions and Insurance Working Group, led by the Pensions and Insurance Authority.
- (ii) the Capital Markets, Environmental, Social, and Governance Working Group, overseen by the Securities and Exchange Commission.
- (iii) the Digital Financial Services and Financial Infrastructure Working Group, under the Bank of Zambia.
- (iv) the Financial Consumer Protection and Capability Working Group, led by the Competition and Consumer Protection Commission; and
- (v) the Monitoring, Evaluation, Data, and Research Working Group, coordinated by the Zambia Statistics Agency.

As part of the initial implementation efforts, the Commission, in partnership with the Ministry, drafted the Terms of Reference for the Capital Markets, Environmental, Social, and Governance Working Group.

Additionally, the Ministry is collaborating with the U.S. Department of Treasury’s Office of Technical Assistance (OTA), which is providing technical support for the Strategy’s rollout. In this regard, the OTA conducted its first mission on 9th May 2024, focusing on strengthening governance structures and engaging with the Commission to discuss governance frameworks, key activities, and potential areas of support within the Capital Markets, Environmental, Social, and



Mrs. Diana Sichone receiving the certificate of appointment for the NFIS II (2024 -2028) Secretariat from Dr. Situmbeko Musokotwane.

Governance Working Group.

The Commission, in collaboration with the Ministry of Finance and National Planning, participated in a nationwide dissemination exercise for the National Financial Inclusion Strategy (NFIS) II in preparation for its implementation. As part of this initiative, the Commission co-facilitated a town hall meeting in Chipata, Eastern Province, engaging various public and private sector stakeholders. Additionally, the dissemination efforts extended to other districts in Eastern Province, including Chipangali, Kasenengwa, Petauke, Katete, Nyimba, and Sinda, as well as Luangwa District in Lusaka Province.

(iii) National Strategy for Financial Education for Zambia (“NFSE”)

The National Financial Inclusion Strategy (NFIS) 2024–2028 aims to strengthen stakeholder engagement and foster collaborative actions across key thematic areas through strategic public, private, and inter-governmental partnerships. This framework outlines targeted initiatives to address emerging issues such as inclusive green finance while also focusing on enhancing financial inclusion for underserved segments of the population. By promoting effective interventions, the NFIS 2024–2028 seeks to drive meaningful progress in expanding financial access and participation across Zambia.

In the period under review, the NSFE II sub-working group for Youth on September 27th, 2024, the SEC hosted the National Strategy on Financial Education (NSFE II) Youth Sub-Committee Meeting. This gathering featured representation from various organizations, including BUSTAZ, UNZABECA, MUEA, and UNILEBA, among others, who shared the significant strides they are making in advancing financial literacy and education within their respective institutions.

The meeting served as a platform for exchanging ideas and discussing impactful strategies to shape the future of financial education in Zambia. This engagement reaffirmed the SEC’s dedication to equipping the next generation with essential financial skills and fostering meaningful collaborations to promote financial literacy nationwide.



Riding on the objectives of the NSFE II, The commission in 2024 did carry out industrial tours for the following institutions and student body associations: the University of Lusaka Banking and Finance second year students, The University of Zambia Actuarial Science Association (UNZA-ASA) and the University of Zambia Business and Economics Association

(UNZABECA). In this regard, such tours align with the strategy’s objectives of improving financial literacy and enhancing the understanding of the financial systems and markets in the country. This experience complements the broader goals of financial education, supporting the development of a financially informed and capable workforce that can contribute to Zambia’s economic growth and financial stability.



Second year banking and finance students from the university of Lusaka pose for a photo with the SEC CEO and Staff, after their industrial tour

(iv) Developing Zambia’s Subnational Revenue Bonds Project

As part of its ongoing efforts to broaden financing options for local development, the Securities and Exchange Commission (SEC) actively participated in the Taskforce Meeting on Subnational Revenue Bonds, held in collaboration with key stakeholders, including the Ministry of Finance and National Planning (MoFNP), the United Nations Capital Development Fund (UNCDF), the Lusaka Securities Exchange (LuSE), and the Bank of Zambia (BoZ). The meeting focused on fast-tracking the development of revenue bonds as an innovative funding mechanism for subnational projects.

A taskforce, co-chaired by the Ministry of Finance and National Planning (MoFNP) and the Ministry of Local Government and National Planning (MLGNP), was established to guide the process. The Decentralization Secretariat expressed interest in joining the initiative, recognizing the potential of revenue bonds to enhance funding for local government projects. A technical handbook has been developed to lay the groundwork for a regulatory framework, with capacity-building programs identified as a key enabler for the successful adoption of revenue bonds.

Drawing from lessons learned from Tanzania’s Tanga Water Bond, UNCDF provided insights into structuring revenue bonds to attract investors, emphasizing the need for policy adjustments, independent external reviews, and cost management strategies. The meeting underscored the importance of government support, investor engagement through

roadshows, and collaboration with academia to strengthen market readiness for revenue bond issuance.

(v) Regulatory Sandboxes

The Commission progressed the closure of the Testing phase for the four (4) Sandbox Participants which were admitted as part of the first Cohort to test their capital markets innovations as follows:

- (i) Kukula Capital Plc (“Kukula”): Kukula tested a platform for Global securities and crypto assets offering.
- (ii) Lupiya Circle Plc (“Lupiya”): Lupiya tested a Peer-Peer lending platform.
- (iii) Lusaka Securities Exchange Plc (LuSE”): LuSE tested a digital platform for the identification, evaluation, capital raising and possible securities exchange listing.
- (iv) Premier Credit Zambia Ltd (“Premier”): Lupiya tested a Peer-Peer lending platform.

During the Testing phase, the Participants were permitted to test trial the above-mentioned innovations in a controlled live environment, under a set of specified conditions and limitations. As part of the closure, the Commission embarked on a review and evaluation of the four innovations to necessitate their smooth exit and possibly, their commercial deployment. One (1) failed as the Innovator chose to focus on other priorities, whilst one (1) innovation is ready to exit and the remaining two are still undergoing exit modalities.

In the mean time the Commission is reviewing at least five (5) applications for admission into the second cohort of the sandbox. This has been delayed due to resource constraints.

INVESTOR AWARENESS AND EDUCATION ACTIVITIES

Investor awareness and education is the first line of defence in Investor protection. Therefore, in a bid to increase investor education and awareness around the country, in 2024 the Commission undertook the following activities:

- Monthly Town Hall Meetings – held throughout the year.
- Financial Literacy Week (March 2024) in collaboration with the Bank of Zambia and Bankers Association of Zambia.
- Quarterly Media Briefs (hosted by the Chief Executive Officer)
- SEC Zimbabwe Webinar
- World Consumer Rights Day Commemoration (with the CCPC)
- World Investor week. The Capital Markets National Debate was flagship events which enabled SEC to reach all ten (10) provinces in Zambia. Other key events included the Essay writing competition and the launch of the Money Mysteries social media series.
- Capital Markets Ambassadors Program
- Participation in the Zambia International Trade Fair. SEC exhibited at the fair and participated in Business Forum as panelists on two key topics.
- Agricultural and Commercial Show. The Commission participated by exhibiting at its Stand and the Green Pavillion and hosted Panel discussions with key stakeholders.
- Provincial Conference of the Business Studies Association of Zambia
- Media Institute of Southern Africa (MISA) media awards

We summarise below our activities for the year 2024.

(i) 2024 Financial Literacy Week

As part of its efforts to co-implement the NSFE with the Ministry, BoZ, and PIA, the Commission took part in the commemoration of the 2024 FLW which ran under the theme **“Protect your money, secure your future”**, from 18th – 24th March 2024. Key FLW activities undertaken by the Commission:

- (i) **Official launch** – The Commission participated in a high-level official launch and kick-off of the 2024 FLW. Activities included a Ministerial launch, remarks by Heads of the three financial sector regulators’ (BoZ, SEC and PIA), a children’s engagement (art competition) and a financial sector exhibition.



- (ii) **Adoption of Eastern Province** – The Commission spearheaded 2024 FLW activities in Eastern Province where flagship engagements included.

- an official kick-off event at Anoya Zulu Boys Secondary School.
- a Coinathon awarding ceremony.
- a children’s engagement at Chalumbe Primary School.
- a youth engagement at Chipata College of Education; and
- adults’ engagement during a public exhibition at Chipata Mall and via a Radio programme on Breeze FM.

The Commission also carried out awareness and sensitization programs through print and electronic media, in addition to hosting seminars and webinars via both digital and physical channels.

(ii) Commemoration of World Investor Week 2024

The Securities and Exchange Commission (SEC) successfully led Zambia's participation in World Investor Week (WIW), a global initiative focused on promoting investor education and protection. Held from October 5 to November 8, 2024, the campaign embraced the theme **“Be a Smart Investor: Learn More About Digital Finance, Sustainable Finance, and Fraud and Scams.”**

Aligned with the National Strategy on Financial Education, WIW activities targeted diverse audiences across all age groups. In partnership with the Capital Markets Association of Zambia (CMAZ) and key stakeholders—including the Lusaka Securities Exchange (LuSE), Stockbrokers, Fund Managers, Investment Advisors, Government Agencies, Financial Educators, and Academic Institutions, a range of engaging events including Webinars, Exhibitions and Community Engagements were undertaken.

The week concluded with the grand finale of the WIW Capital Markets National Debate Competition, held from November 5 to 8, marking a successful end to the campaign. **Below are the key WIW events:**

- **KICK OFF COCKTAIL:** The Securities and Exchange Commission (SEC) hosted the highly anticipated Kick-Off event for the 2024 World Investor Week (WIW) at Fresh View Cinema, located in Levy Mall, Lusaka. This event marked the official launch of the global campaign in Zambia. The launch spotlighted three flagship events that set the tone for the campaign: the 2024 National Capital Markets Debate Launch, which engaged young minds and fostered critical discussions about the capital markets; the launch of 5 educative videos dubbed as the Money Mysteries WhatsApp Series delivering financial literacy content directly to audiences through their mobile devices; and the launch of the Capital Markets Ambassador Programme, which once implemented, is envisioned to create a network of informed advocates to promote capital market knowledge across the country.
- **PUBLIC ENGAGEMENTS:** The Securities and Exchange Commission (SEC), in collaboration with Capital Market Operators, conducted 2 day physical exhibition on October 26 and 27 at Lewanika Mall, Woodlands, Lusaka. The event brought together stockbrokers, fund managers, Investment Advisers and the Bank of Zambia to engage with the public and raise awareness about the importance of capital markets. The public had the opportunity to interact with various market experts, learn about the opportunities within Zambia's capital markets, and receive valuable information on financial literacy.



Group of the Girls Brigade pass through the SEC stand to learn about capital markets at Lewanika Mall.

Gr

Further, The SEC organized public engagement webinars with key stakeholders, including the Lusaka Securities Exchange (LuSE), which focused on the theme of "Investor Resilience," a key topic of the World Investor Week and Caravel Partners led a session on "Investment Advisory," offering expert advice on what to expect from your Investment Advisor.

- **COMMUNITY ENGAGEMENTS:** The SEC, in partnership with Ensemble Arts Acres (EAA),

successfully conducted edutainment through community engagement events aimed at promoting financial literacy. The first engagement targeted citizens outside white color jobs, including filmmakers, actors, and footballers by conducting talking and drama sessions at Olympafrica in Chipata Compound Market and Lilanda Market respectively.

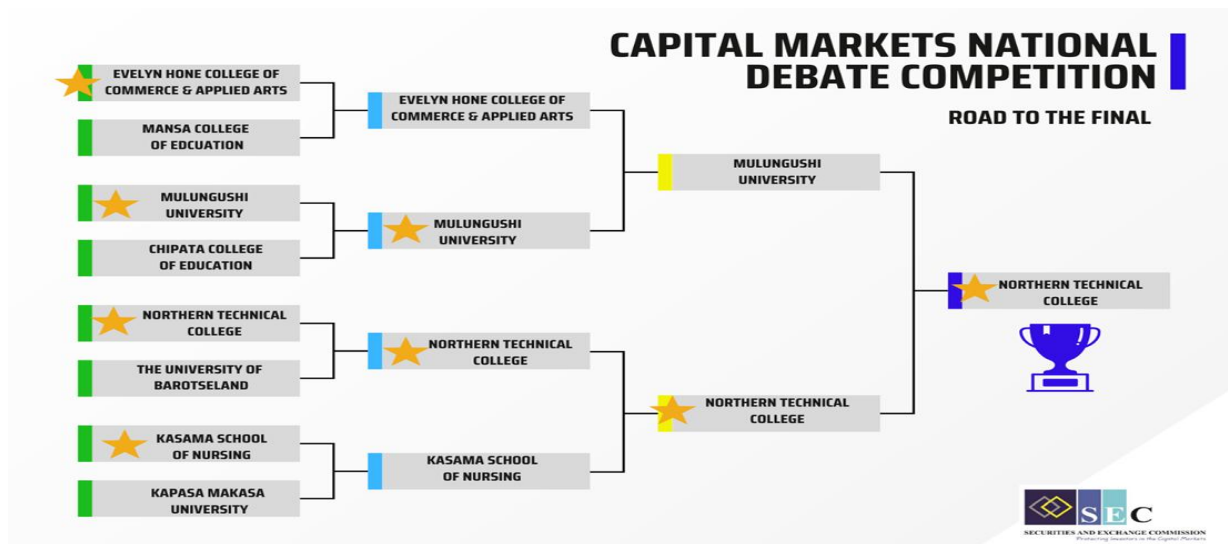
The National Arts Council (NAC) commended the SEC for its efforts in advancing financial education within the community. The second engagement focused on the youth and marketeers, facilitated through the Lilanda Market Cooperative and the City Council, with support from the Youth Alliance of Zambia (YAZ). These events emphasized the importance of planning, budgeting, saving, and investing in capital market products.

- THE NATIONAL CAPITAL MARKETS DEBATE:** The SEC, in partnership with the Zambia Universities and Colleges Debate Association (ZUCODA), focused on engaging youth through debate clubs at tertiary institutions across the country. The competition commenced at the provincial level, inviting all debate clubs or societies from all duly registered tertiary institutions. The winners from each province progressed to the national finals, which were held in Samfya.

The Capital Market National Debate Competition generated a reach of **86,300** which entails a significant generation of interest to distinct people on Facebook and an indicator of the event’s visibility as well as the extent to which the information about the Capital Markets Debate spread across the platform. This number reflects the level of online exposure and as earlier stated is an important metric for understanding the impact of social media efforts. It shows that the event was able to inform or influence the audience (86,300) about the debate, its participants, and the overall themes being debated regarding the capital markets.

The WIW Capital Markets National Debate Competition took place over a span of three (3) days Seeing Northern Technical College from Copperbelt Province emerge as the national champions.

Below are the participating institutions and their progression during the competition from the knockout stages to the finals.



Prizes Awarded

- ❖ The 1st Prize of K10,000 was sponsored by ABC Asset Management and SEC, won by Nortec
- ❖ The 2nd Prize of K7,500,000 was sponsored by SEC, won by Mulungushi University
- ❖ The 3rd Prize of K5,00,000 was sponsored by Altus Capital and SEC, won by Evelyn Hone
- ❖ The 4th Prize of K3,500,000 was sponsored by Money Acumen and SEC, won by Kasama School of Nursing

The Commission doubled the prizes to K20,000, K15,000, K10,000 and K7,000 respectively.

Other Debate Prizes

- ❖ Best Speaker of the tournament: sponsored by Bangweulu Beachfront Village was awarded to Timothy Banda from Mulungushi University with 3 nights at Bangweulu beachfront village, all meals provided and transportation to and from the village.
- ❖ Second Best Speaker: was awarded to Tracy Jalabani from Evelyn Hone College.

- **ESSAY WRITING COMPETITION:** During the National Capital Markets Debate, the SEC also awarded the winners of the 2023 Capital Markets Tertiary Institutions Essay Writing Competition as part of the lined-up activities at the grand finale. The winners were;
 - **1st Position:** Isaac Hajaanika from Copperbelt Province - K10,000.
 - **2nd Position:** Muyaka Muyamba from The University of Zambia - K7,000.
 - **3rd Position:** Jacob Likonge from Copperbelt Province - K5,000.



Winners of the 2023 Capital Markets Tertiary Essay Competition pose for a photo

(iii) Chartered Institute of Securities and Investments (“CISI”) Partnership Milestones

The partnership between the Securities and Exchange Commission (SEC) and the Chartered Institute for Securities & Investment (CISI) was formalized in August 2016 through a Memorandum of Understanding (MoU), establishing a collaborative framework aimed at enhancing professional standards within Zambia’s capital markets. This strategic alliance seeks to develop a formal certification program for capital markets practitioners, ensuring a globally recognized competency

framework that aligns with international best practices.

During the period under review, ZCAS University successfully met the accreditation requirements, becoming the second local training institution to receive this recognition. Previously, the Zambia College of Pensions and Insurance Trust (ZCPIT) was the first to attain accreditation; however, it did not maintain its status beyond the initial one-year period from 2017 to 2018.

To mark this milestone, the Commission attended the official launch of ZCAS University's accreditation on June 7, 2024. The event received high-level recognition and support, graced by the Minister of Finance and National Planning, Dr. Situmbeko Musokotwane, MP, alongside the British High Commissioner to Zambia.



Launch of ZCAS University as a CISI accredited training partner

(iv) Capital Markets Ambassador Programme

In December 2024, the Securities and Exchange Commission (SEC) commenced training for the Capital Market Ambassador Programme, an initiative designed to enhance financial education and promote investor protection across Zambia. The programme aims to equip ambassadors with the necessary knowledge and skills to raise awareness about investment opportunities in their communities, in line with SEC's broader efforts to foster capital market development.

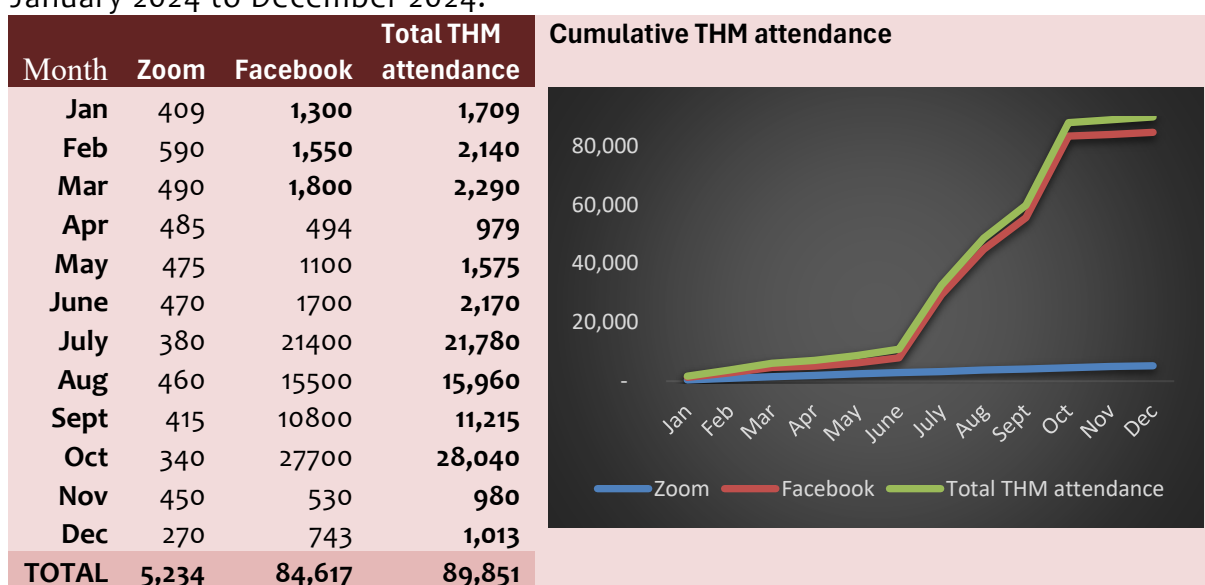
The training was conducted in partnership with ZCAS University, leveraging its collaboration with the Chartered Institute for Securities and Investments (CISI), a globally recognized professional training institution in the securities industry. This partnership reinforced SEC's commitment to delivering high-quality capacity-building initiatives through expert trainers and modern learning resources.

The training was officially launched on 16th December 2024 and was officiated by SEC Acting Chief Executive Officer, Mrs. Diana Sichone, alongside ZCAS University Deputy Vice-Chancellor (Academic), Dr. Kelvin Kayombo, representing Acting Vice-Chancellor, Professor Emeritus Edwin Bbenkele.

The Capital Market Ambassador Programme aligns with Zambia’s National Strategy on Financial Education (NSFE) and SEC’s mandate to protect investors while promoting confidence in the capital markets. Through this initiative, SEC continues to strengthen financial literacy and drive broader participation in Zambia’s capital markets.

(v) Monthly Townhall Meetings

In its bid to reach member of the public for capital markets awareness and education, the Commission leveraged Facebook, YouTube and Zoom video conference as media channels. This was especially true for Townhall meetings which are held every last Thursday of the month. In 2024, total attendance and social media reach for the Townhall meetings reached **89,851**. Below are statistics showcasing stakeholders’ participation in the town halls from January 2024 to December 2024.



Townhall meetings are designed to be an interactive platform for members of the public to interact with the Commission and discuss investments and capital markets basics. The topics discussed during the year are summarized below.

January	February	March
<p>Topic: Financial Planning and Setting Financial Goals</p> <p>Presenter: Dingase Makumba</p>	<p>○ Topic: Saving and Investing</p> <p>○ Presenter: Mubanga Kondolo</p>	<p>○ Topic: Youths, Arise and Realize the Power of Investing</p> <p>○ Presenter: Sitali Mugala</p>

SECURITIES AND EXCHANGE COMMISSION
THE
SECURITIES AND EXCHANGE COMMISSION
TOWNHALL MEETING

TOPIC
FINANCIAL PLANNING:
*Setting Specific Measurable Attainable Realistic Timebound
Financial goals for the year*

THURSDAY, 25TH JANUARY 2024
15:00 HRS - 16:00 HRS

ID: 833 5340 4042
PASSCODE: 435802

Presenter:
Dingase Makumba
Manager - Market Development

SECURITIES AND EXCHANGE COMMISSION
THE
SECURITIES AND EXCHANGE COMMISSION
TOWNHALL MEETING

TOPIC
BUDGETING:
Saving and Investing for the Future

THURSDAY, 29TH FEBRUARY 2024
15:00 HRS - 16:00 HRS

ID: 833 5340 4042
PASSCODE: 435802

Presenter:
Mubanga Kondolo
Manager - Financial Inclusion

SECURITIES AND EXCHANGE COMMISSION
THE
SECURITIES AND EXCHANGE COMMISSION
TOWNHALL MEETING

TOPIC
YOUTH BIAS SPECIAL:
Attract and realize the power of investing

THURSDAY, 28TH MARCH 2024
15:00 HRS - 16:00 HRS

ID: 833 5340 4042
PASSCODE: 435802

Presenter:
Ms. Sitali Mngala
Investor Education Officer
Market Development

April

- **Topic:** Protecting Yourself from Online Threats
- Presenter:** Clarence Simukanze

May

- **Topic:** Collective Investment Schemes as Your Investment Option
- **Presenter:** Lucy Namuchimba

June

- Topic:** Bonds as Your Investment Option – Part 1
- Presenter:** Elsa Volk

SECURITIES AND EXCHANGE COMMISSION
THE
SECURITIES AND EXCHANGE COMMISSION
TOWNHALL MEETING

TOPIC
PROTECTING YOURSELF FROM ONLINE THREATS

THURSDAY, 25TH APRIL 2024
15:00 HRS - 16:00 HRS

ID: 833 5340 4042
PASSCODE: 435802

Presenter:
Mr. Clarence Simukanze
Information Technology Officer

SECURITIES AND EXCHANGE COMMISSION
THE
SECURITIES AND EXCHANGE COMMISSION
TOWNHALL MEETING

TOPIC
COLLECTIVE INVESTMENT SCHEMES (CIS)
AS YOUR INVESTMENT OPTION

THURSDAY, 30TH MAY 2024
15:00 HRS - 16:00 HRS

ID: 833 5340 4042
PASSCODE: 435802

Presenter:
Ms. Lucy N. Milanzi
Inspector / Analyst,
Market Supervision Department.

SECURITIES AND EXCHANGE COMMISSION
THE
SECURITIES AND EXCHANGE COMMISSION
TOWNHALL MEETING

TOPIC
BONDS... your investment option in the capital markets.

THURSDAY, 27TH JUNE 2024
15:00 HRS - 16:00 HRS

ID: 833 5340 4042
PASSCODE: 435802

Presenter:
Elsa Volk,
Economic Research Officer,
Market Transactions.

July

- **Topic:** Bonds as Your Investment Option – Part 2
- **Presenter:** Chikatu Chiputa

August

- **Topic:** Shares as Your Investment Option
- **Presenter:** Dingase Makumba

September

- **Topic:** Sustainable Finance
- **Presenter:** Kalima Chaloka

SECURITIES AND EXCHANGE COMMISSION
THE
SECURITIES AND EXCHANGE COMMISSION
IN COLLABORATION WITH BANK OF ZAMBIA
TOWNHALL MEETING

TOPIC
BONDS:
Your investment option in the capital markets (Part 2)

THURSDAY, 28TH JULY 2024
15:00 HRS - 16:00 HRS

ID: 833 5340 4042
PASSCODE: 435802

Guest Presenter:
Mr. Chikatu Chiputa,
Assistant Manager,
Government Securities Marketing and Sales
Bank of Zambia (BOZ)


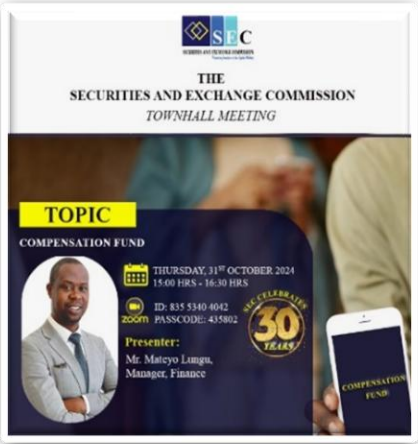


SECURITIES AND EXCHANGE COMMISSION
THE
SECURITIES AND EXCHANGE COMMISSION
TOWNHALL MEETING

TOPIC
Our role in... SUSTAINABLE FINANCE

THURSDAY, 26TH SEPTEMBER 2024
15:00 HRS - 16:00 HRS

ID: 833 5340 4042
PASSCODE: 435802

Presenter:
Kalima K. Chaloka,
Inspector Analyst

		
<p>October</p> <ul style="list-style-type: none"> ○ Topic: Compensation Fund ○ Presenter: Mateyo Lungu 	<p>November</p> <ul style="list-style-type: none"> ○ Topic: Managing Finances During the Festive Season ○ Presenter: Dingase Makumba 	<p>December</p> <ul style="list-style-type: none"> ○ Topic: Refresh, Recharge and Plan for the Coming Year Presenter: Mubanga Kondolo 

(vi) 96th Agricultural and Commercial Show

The SEC participated in the 2024 Agricultural and Commercial Show, achieving its objectives of raising awareness, promoting the Capital Markets Master Plan (CMMP), and engaging with stakeholders. The SEC's efforts were recognized through awards in the **Best Climate Action Enterprise** and **Best Environmental Awareness** categories.

To maximize the impact of its participation, the SEC introduced several innovative initiatives, including Business Forum Panel Discussions in collaboration with the Zambia Institute of Policy Analysis and Research (ZIPAR) and a Digital Awareness and Perception Survey. The panel discussions featured experts from both public and private institutions and explored how capital markets can be leveraged to create a competitive future in alignment with the Show's theme. The audience comprised industry professionals, academics, and members of the public.

The SEC effectively raised awareness about the role of capital markets in fostering economic competitiveness, engaging with potential investors, students, and the public. The Commission also experienced significant social media engagement, attracting 2,725 new followers during

the ACSZ. Additionally, 564 visitors were registered at the SEC stand. A Feedback survey was conducted and provided the following insights:

- ✓ **83.87%** of respondents rated the overall organization and presentation as "Excellent."
- ✓ **62.5%** rated the SEC's interpretation of the theme as "Excellent."
- ✓ **69.35%** found the SEC stand "Very effective."
- ✓ **82.26%** highlighted "Explore your investment options in the capital markets" as the most engaging content.
- ✓ **91.94%** expressed strong willingness to invest after visiting the stand, despite 81.25% not having previously invested.
- ✓ **77.42%** stated they were "Very likely" to visit the SEC booth again next year.

(vii) Zambia International Trade Fair (ZITF)

The Securities and Exchange Commission (SEC), through its Market Development team, participated in the 58th Zambia International Trade Fair in Ndola, held from 26th June to 2nd July 2024, under the theme: **“Unlocking Economic Potential Through Collaboration and Partnerships.”** The event generated significant interest in capital markets among various groups, including schools, youth, and the public.

The Trade Fair served as a valuable platform for engaging with a diverse range of stakeholders, including potential investors, prospective issuers, and the general public. The SEC booth attracted over 500 physical visitors and recorded over 40,000 engagements on social media, enabling the Commission to effectively communicate its role in the financial markets. To enhance awareness and understanding, educational materials and promotional items were distributed to attendees.

In addition to public engagement, SEC Management conducted high-level corporate meetings with potential issuers, including Zambezi River Authority and Kafubu Water and Sewerage. Discussions centered around raising green finance for projects aimed at mitigating Zambia’s energy crisis, underscoring the growing role of capital markets in financing sustainable development.

ENFORCEMENT AND LEGAL SERVICES

The Directorate of Enforcement and Legal Services (“DELS”) assists the Commission in implementing its investor protection mandate by enforcing the securities regulatory framework as prescribed by the Securities Act, No. 41 of 2016 (the “Act”), as amended by Act No. 21 of 2022, and the Rules and Regulations made thereunder.

To achieve this function, the Directorate is responsible, inter alia, for ensuring legal and regulatory compliance among capital market players, providing corporate advisory and board secretarial services to the Commission, conducting litigation on behalf of the Commission before the courts of law and the Capital Markets Tribunal (“CMT”), enforcement and legislative development by identifying and recommending law reform and development in the securities sector. Below is a table highlighting DELS’ core operational functions:

DELS CORE OPERATIONAL FUNCTIONS

INVESTIGATIONS AND ENFORCEMENT

- Investigates suspected breaches of the securities regulatory framework
- Enforcement against erring CMOs
- Litigation before the CMT & other courts to protect SEC's legal interests

BOARD/CORPORATE SERVICES

- Provides Board secretarial services including for Board & Committee meetings
- Consolidates and finalizes the Annual report
- Drafts MOUs and other cooperation mechanisms
- Ensures compliance with international regulatory requirements including to IOSCO and ESAAMLG

LEGAL ADVISORY

- Undertake legal risk assessments
- Issue legal opinions to both the Board and Management
- Provide legal advice to the Commission whenever requested by the Board and Management

REGULATORY DEVELOPMENT

- Review of regulatory frameworks to identify areas for development
- Drafting of regulatory statements & statutory instruments
- Undertaking Regulatory Impact Assessments
- Engagements with Ministry of Justice and Parliament in law review



Enforcement

In 2024, the Commission conducted investigations into 15 allegations relating to securities law violations. A majority of the reports bordered on market misconduct by the capital market operators (CMOs) while the rest dealt with incidents of offering of illegal products and money laundering allegations.

Further, the Commission undertook or sustained enforcement actions against persons found to have breached the capital markets framework. For the year under review, 7 enforcement actions were undertaken or sustained out of which 4 were concluded and 3 are ongoing. The investigations and enforcement cases are summarised below:

Investigations and Enforcement

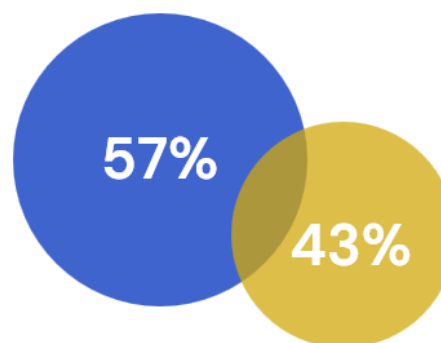
Total cases investigated:

15



Market misconduct by CMOs	10 cases	67%
Offering of unlicensed products	2 cases	13%
Money laundering	1 case	7%
Market manipulation	1 case	7%
Noncompliance with Takeovers code	1 case	7%

7 Enforcement actions



4 Completed 3 Ongoing

The enforcement actions resulted in the imposition of fines amounting to K250,000.00. In addition, the Commission issued 1 public censure and also issued a directive for the compensation of K145,500 in dividends that were misappropriated. Further, an amount of K2 million was recovered in misappropriated investment funds for a collective investment scheme. Finally, 1 securities exchange license was cancelled and a supervisory possession on 1 CMO was lifted.

Further, the Commission issued public notices on identified promotions of illegal offerings of securities products and conducted public awareness programs on investment scams, including Ponzi schemes that were increasing in number.

The Commission and Anti-Money Laundering

EASTERN AND SOUTHERN AFRICAN ANTI-MONEY LAUNDERING GROUP (“ESAAMLG”)

Bi-annually, the Commission participates in the Eastern and Southern African Anti-Money Laundering Group (“ESAAMLG”) Task Force of Senior Officials meetings. ESAAMLG is a FATF-styled regional body in which its members peer review each other on compliance with international regulatory standards on anti-money laundering.

The first bi-annual meeting took place in April in Lubango, Angola while the second bi-annual meeting took place in Diani, Kenya. The meetings discussed, among other items, risk, compliance and financial inclusion, money laundering/terrorist financing risks, trends and methods in the ESAAMLG region, FIU developments in the ESAAMLG region as well as the ESAAMLG mutual evaluation and post evaluation monitoring process to promote implementation of the FATF standards and the progress on preparations for the ESAAMLG 3rd Round of Mutual Evaluations.

NATIONAL ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING (AML/CFT) RISK ASSESSMENT (“NRA”)

Zambia has been preparing for its second National Risk Assessment (NRA) of money laundering and terrorist financing risks, following the first which was done in 2016. Money laundering (ML) and the Financing of Terrorism (TF) are of global concern and left unchecked can impact negatively on security, economic development and social cohesion. Therefore, identifying, assessing and understanding (ML/TF) risks is an important part of the development and implementation of national anti-money laundering and countering the financing of terrorism (AML/CFT) regime. The NRA of ML/TF will inform the development of effective AML/CFT policies and strategies as well as the prioritisation and allocation of resources.

The exercise was approved by Cabinet in 2023 and is expected to be undertaken within 12 months. The Financial Intelligence Centre is coordinating the exercise and various other institutions, including the Commission, are involved. The Commission is chairing the Securities Sector Working Group and has collected information from the market in order to inform the assessment.

TORONTO CENTER TRAINING ON ANTI-MONEY LAUNDERING AND COUNTER-TERRORISM FINANCING (AML/CFT) AND FINANCIAL INCLUSION

From 4th November 2024 to 8th November 2024 the Commission held a virtual training through the help of the Toronto Centre which training was focused on enhancing the Commission’s supervisory capabilities in the areas of Anti-Money Laundering and Counter-Terrorism Financing (AML/CFT) and Financial Inclusion, particularly digital finance. The training emphasized the importance of a risk-based approach to AML/CFT supervision, aligning with international standards and best practices.

The training also explored the challenges and opportunities of supervising digital financial services, particularly peer-to-peer lending. The importance of a risk-based approach was highlighted, considering factors such as the significance of the institution, the nature of its products, and the potential impact on consumers. Key recommendations emerging from the training include strengthening the integration of the RBS framework across all supervisory activities, enhancing sandbox guidelines, taking proactive measures to mitigate risks, building internal capacity, and fostering collaboration with other regulatory authorities. By implementing these recommendations, the Commission will to improve its supervisory effectiveness, promote financial inclusion, and mitigate risks in the evolving financial landscape.

Further, a critical insight from the workshop was that the rapid rise of fintech in Zambia has raised important questions for regulators. These include whether the current regulatory and supervisory frameworks need to be expanded to accommodate the growing variety of fintech products, and how to effectively mitigate any potential risks associated with the increasing reliance on digital financial services.

Co-operation, Coordination and the Exchange of Information

The Commission places great importance on enabling co-operation, coordination and the exchange of information with local and foreign counterparts. Thus, the Commission has been taking a number of measures to ensure that it complies with international best practice and international securities

market standards relating to co-operation, coordination and exchange of information including by becoming signatory to the Multilateral Memorandum of Understanding (MMoU) of the International Organisation of Securities Commissions (IOSCO).

APPLICATION FOR SIGNATORY TO THE EUROPEAN UNION ADMINISTRATIVE ARRANGEMENT (FACILITATES COOPERATION AND INFORMATION SHARING WITH EU MEMBER STATES)

In 2024, the Commission reached another milestone in its quest to better cooperate and share information with other securities regulatory specifically with those from the European Economic Area (EEA) by becoming a signatory to the Administrative Arrangement (“AA”) for the transfer of personal data between European Economic Area (EEA) Authorities and Non-EEA Authorities. In the context of this agreement, personal data is defined as –

“any information relating to an identified or identifiable natural person (“Data Subject”) within the scope of this Arrangement; an identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person.”

The AA is a document of a technical and/or operational nature issued by IOSCO which aims at facilitating the transfer of personal data between European Economic Area (EEA) Financial Supervisory Authorities and non-EEA Financial Supervisory Authorities. The arrangement took effect in 2019 and has so far received over 60 signatures from both EEA and non-EEA supervisory authorities who have since become member agencies of the arrangement.

The AA is the second document signed by the Commission, as a member of the IOSCO, following its admission to signatory of the IOSCO Multilateral Memorandum of Understanding MMoU which provides a common understanding among its signatories of how they should consult, cooperate, and exchange information for the purpose of regulatory enforcement regarding securities markets. Unlike the MMoU which is broader in scope in terms of information that could be shared, the AA is restricted to the transfer of personal data among the EEA and non- EEA supervisory authorities. Thus, it is intended to supplement the already existing memoranda of understanding.

The EEA has strict regulations on protection of personal information of the data subjects, and thus sharing of information with non-EEA countries presents a challenge, unless the data processor (non-EEA) has provided appropriate safeguards and on condition that effective legal remedies for data subjects are made available. Thus, the administrative arrangement aims at ensuring that non EEA members have appropriate safeguards for data protection.

By signing the AA, the Commission as a non-EEA member, can now directly access personal data from a member of the EEA as it has taken measures to adhere to the strict restriction regarding processing of personal data outside the EEA. Other advantages of the Administrative Arrangement include the following:

- a) It serves as a safeguard aimed at ensuring that before personal data could be shared between the non – EEA members and EEA member, appropriate safeguards, such as enforceable data subject rights and legal remedies for data subjects are available. Thus, enabling non-EEA members to effortlessly obtain personal data from EEA members;
- b) It serves as a supplement to already existing memoranda of understanding but restricted to sharing of only person data relating to natural persons; and

- c) The arrangement is non-binding and thus only applicable within the allowable provisions of the domestic laws of the parties. The AA is thus compatible with the requirements of the Data Protection Act, No. 3 of 2021 and the Securities Act on personal data protection and confidentiality, respectively.

REPORT ON 49TH ANNUAL IOSCO MEETING (ATHENS, GREECE)

The Commission undertook a successful trip to Athens Greece to attend IOSCO's 49th Annual Meeting. The delegation was led by the Mrs. Ruth Mugala, the Board Chairperson and was also attended by Mrs Diana Sichone, the Commission Secretary and Mrs. Leah Simasiku, the Manager – Supervision. The meeting was a gathering of securities regulators from around the globe to share thoughts and ideas on matters that affect all securities regulators globally ranging from sustainable finance, climate related risks, new technologies, crypto and digital assets, financial stability, investor protection issues and strategies to support financial inclusion, gender equality and diversity.

The Annual meeting commenced with the meetings of the regional committees of which the Zambian delegation attended the Africa/Middle-East Regional Committee (AMERC), the Growth and Emerging Markets Committee (GEMC) as well as the Multilateral Memorandum of Understanding Monitoring Group (MMoUG). The Commission also witnessed the Financial Sector Conduct Authority of South Africa as the first African jurisdiction to become a signatory of the Enhanced Multilateral Memorandum of Understanding (“EMMoU”). The meeting also included a panel discussion where Mrs. Simasiku shared Zambia's experience in mainstreaming green finance in the financial markets and showcased the Zambian experience which a number of jurisdictions were interested in knowing more of.



The annual meeting was followed by a public conference at which the public were invited to attend where panel discussions and key note addresses in various topical issues took place. The Commission was able to obtain a lot of insights on new developments most of which the Commission has been pursuing as trailblazers especially in the region. This is evident from the launch of the Green Finance Mainstreaming Working Group in Botswana within 2024 with the assistance of Biofin, a step the Zambian markets took a number of years ago and whose fruits are evident.

Law Review

BENCHMARKING VISIT TO THE FINANCIAL SERVICES COMMISSION (“FSC”) AND THE FINANCIAL SECTOR CONDUCT AUTHORITY (“FSCA”)

In October 2024, the Commission sponsored a delegation from the Ministry of Justice (“MoJ”) and the Ministry of Finance (“MoF”) on a benchmarking visit to the Mauritian Financial Services Commission (“FSC”) and the South African Financial Sector Conduct Authority (“FSCA”) in order to build capacity and demonstrate the importance of adopting a principles-based model of drafting laws as opposed to a rules-based model for the securities markets in particular.

The purpose of the benchmarking visit was to provide an in-depth understanding of the legislative framework of FSC and the FSCA particularly in relation to the promulgation of subsidiary legislation under a principles-based drafting model and thereby enhance mutual understanding on the drafting of laws. The benchmarking visit would help the delegation to learn from other jurisdictions on the successes and challenges to capital market regulation and then attempt to implement these lessons in the Zambian context.

Both jurisdictions were required to publish proposals for rules to the general public and stakeholders and ensure that representation on proposals are taken into account, before Rules are promulgated. The process of consultation is mandatory unless the consultations would unreasonably prejudice the interests of the investing public and/or clients of licensees. In line with principles-based drafting, the laws contain general enabling provisions while the rules and regulations provide the specifics. The visit also highlighted the importance of tabling the legislative instruments before Parliament for scrutiny. It was further highlighted that there was need to strike a balance between being too prescriptive and providing adequate guidance for the market. The process of drafting rules in Zambia was thus very similar to that adopted in Mauritius and South Africa in that Zambian rules must be submitted to the Parliamentary delegated legislation Committee for scrutiny.

The benchmarking visit noted that the capital markets sector appeared to be a very complex sector which would necessitate numerous amendments to the regulatory framework to not only align with the regulatory mandate but also be in line with international best practice. Therefore, it was apparent that the 2016 Act would need to be amended if broad enabling provisions were not presently available

and ensure that the framework was not too prescriptive but was sensitive and was responsive to emerging trends such as the evolving risks brought on by money laundering, among other things.



Capacity Building and Stakeholder Engagement



DRUG ENFORCEMENT COMMISSION STAKEHOLDER ENGAGEMENT WORKSHOP- ENHANCING REGULATORY COLLABORATION FOR INVESTOR PROTECTION

On 31st May 2024, The DELS department hosted a workshop with 15 nominated officers from the Drug Enforcement Commission. The engagement focused on the following key items:

- a) *Overview of the SEC and the Zambian Capital Markets:* Members of Staff from the Commission gave a brief presentation to the attendees on the Commissions mandate, its values and objectives.
- b) *Enforcement Program of the Commission:* The Commission also highlighted the enforcement process, from the time a matter is referred for investigations up to the time it is sent to the Board for decision making. The team also placed emphasis on how at times the enforcement process may necessitate engagement of other Law enforcement agencies thus the need to enhance collaboration.

- c) *Cooperation with other institutions:* The DELS re-echoed the need for collaboration with the DEC and highlighted some of the challenges it has been facing such as inordinate delays in concluding cases that have been referred to DEC.

The engagement was a resounding success and achieved its objectives. In addition, it was suggested that to make the collaboration even more effective, the two entities should hold more regular engagements and focal point persons should be designated so as to enable both institutions to leverage on each other's expertise.

ZAMBIA POLICE SERVICE CAPACITY BUILDING AND STAKEHOLDER ENGAGEMENT WORKSHOP- ENHANCING REGULATORY COLLABORATION FOR INVESTOR PROTECTION

The Commission has an existing framework for cooperation and collaboration with the Zambia Police with an officer attached at the Commission to not only capacitate the Zambia Police with capital markets regulatory matters but also assist the Commission with matters referred to criminal investigations to the Zambia Police as well as vetting of persons intending to operate in the capital markets.

On 9th August 2024, DELS hosted a stakeholder engagement with the Zambia Police. The primary objective of this meeting was to explore avenues for enhanced collaboration between the two institutions. During the engagement, various proposals were put forth by both parties to strengthen their partnership. Key recommendations included:

- a) *Joint Training Programs:* Implementing joint training initiatives to foster mutual understanding and improve operational efficiency;
- b) *Staff Orientation:* Conducting orientation programs to familiarize Zambia Police personnel with the SEC's operations, public interactions, and case investigation processes;
- c) *Regular Meetings:* Establishing a mechanism for regular meetings to onboard new staff and maintain a continuous training cycle;
- d) *Public Sensitization Collaboration:* Collaborating with DMSD to involve Zambia Police in public sensitization activities; and
- e) *Communication Channels:* Incorporating Zambia Police representatives into the SEC's mailing list for town hall meetings.

By implementing these recommendations, the Commission and the Zambia Police agreed that it would strengthen their partnership, enhance operational efficiency, and better serve the public whose interests both institutions had a mandate to protect.

ANTI CORRUPTION COMMISSION (ACC) STAKEHOLDER ENGAGEMENT WORKSHOP – ENHANCING REGULATORY COLLABORATION FOR INVESTOR PROTECTION

On 17th October 2024, DELS hosted a stakeholder engagement with the Anti-Corruption Commission (ACC). The primary objective of this meeting was to explore avenues for enhanced collaboration between the two institutions. During the engagement, various proposals were put forth by both parties to strengthen their partnership. Key recommendations included:

- a) *Joint Training Programs:* Implementing joint training initiatives to foster mutual understanding and improve operational efficiency;
- b) *Staff Orientation:* Conducting orientation programs to familiarize the ACC personnel with the SEC's operations, public interactions, and case investigation processes;

- c) *Regular Meetings*: Establishing a mechanism for regular meetings to onboard new staff and maintain a continuous training cycle;
- d) *Public Sensitization Collaboration*: Collaborating with DMSD to conduct collaborative public education campaigns on the importance of integrity in financial transactions and the consequences of corruption ;
- e) *Communication Channels*: Incorporating the ACC representatives into the SEC's mailing list for town hall meetings;
- f) Execution of a Memorandum of Understanding (MOU) between the Commission and the ACC;
- g) Strengthening whistleblower protections- this collaboration will encourage individuals to report corruption or unethical behaviour in the securities market without fear of retaliation; and
- h) Conduct joint investigations into cases where securities and fraud intersect, leveraging on each organisations expertise to build more robust cases.

By implementing these recommendations, the Commission and ACC can strengthen their partnership, enhance operational efficiency, and better serve the public.

MARKET TRANSACTIONS

The Securities Act requires securities including private funds and collective investments schemes 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 CIS 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.

The Market Transactions section within the Directorate Finance and Administration during the year ending December 2024 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 RECEIVED	COMPANY	TYPE AND NUMBER OF SECURITIES/OR TRANSACTIONS	DATE APPROVED/ DEFERRED	PURPOSE OF MEETING
25/01/2024	Mopani Copper Mines Plc	Authorization	14/02/2024	To consider application for approval of takeover by IHC via Delta Mining Limited of 51% shareholding in Mopani Copper Mines Limited
31/01/2024	Engineering Institution of Zambia (EIZ)	Registration of Securities	14/02/2024	To consider the application for the registration of 11,136,329 EIZ ordinary shares
05/02/2024	Real Estate Investment Zambia Plc (REIZ)	Waiver	14/02/2024	To consider the application for a waiver from complying with the requirement to appoint a trustee for the proposed REIZ Real Estate Investment Trust

DATE RECEIVED	COMPANY	TYPE AND NUMBER OF SECURITIES/OR TRANSACTIONS	DATE APPROVED/ DEFERRED	PURPOSE OF MEETING
17/02/2024	Pamodzi Hotel Plc	Authorization	14/02/2024	To consider the application for approval of takeover by ASB of 90% shareholding in Pamodzi Hotel Plc
22/02/2024	Real Estate Investment Zambia Plc	Authorization	14/02/2024	To consider the application for the authorization of REIZ Real Estate Investment Trust
06/03/2024	Eden Villas Properties Limited	Registration of Securities	02/05/2024	To consider application for the registration of US\$ 3 million Sukuk bond
03/04/2024	United Chemicals Fertilizer	Registration of Securities	02/05/2024	To consider the application for the registration of USD 500 million Medium Term Note Programme
08/04/2024	Izwe Loans Plc	Registration of Securities	02/05/2024	To consider the registration of K 485 million Izwe Medium Term Note Programme
03/05/2024	Ancona Properties Limited and Foril Limited	Waiver	22/05/2024	To consider the application for a waiver from making a mandatory offer to REIZ minority shareholders
06/09/2024	Professional Insurance Plc	De-registration of Securities	22/10/2024	To consider the de-registration of 10,000,000 professional insurance ordinary shares
19/09/2024	Pamodzi Hotel Plc	De-registration of Securities	22/10/2024	To consider the de-registration of 100,000,000 million Pamodzi ordinary shares
28/08/2024	Growth Investment Partners	Authorization	22/10/2024	To consider the application for authorization of a private equity fund
11/09/2024	Xtenda Finance Zambia	Registration Of Securities	22/10/2024	Consideration of the application for the registration of ZMW400,000,000 medium-term note programme
16/09/2024	REIZ	Waiver	22/10/2024	To consider the application for a waiver complying with clause 7.1.3 of the REITS guidelines
28/10/2024	ZFI Holdings	Waiver	20/11/2024	To consider the application for a waiver from making a mandatory offer to Madison Financial Services Plc shareholders

PHILLIP K. CHITALU
CHIEF EXECUTIVE OFFICER

2024 Financial Statements



Audit · Advisory · Tax

**Securities and Exchange
Commission**

**Financial Statements
31 December 2024**

SECURITIES AND EXCHANGE COMMISSION (SEC)
Financial Statements For the year ended 31 December 2024

CORPORATE INFORMATION

Country of incorporation and domicile	Zambia
Nature of business and principal activities	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.
Commissioners who held office in 2024	
Mrs. Ruth S. Mugala	Board Chairperson
Mr. Paul Nkhoma	Vice Chairperson
Dr. Leonard N. Kalinde	Commissioner
Mr. Mulele Mulele	Commissioner
Mrs. Diana Majokwe Shamabobo	Commissioner
Ms. Brenda Mwanza	Commissioner
Mrs. Sibajane Zulu	Commissioner
Mr. Phillip K. Chitalu	Chief Executive Officer
Registered Office and Principal Place of Business	Securities and Exchange Commission Stand No. 5475 Corner of Great East Road and Libala Road
Bankers	Absa Bank Zambia Plc Absa House Stand No. 2374 Kelvin Siwale Road Lusaka
Auditors	Mark Daniels CHAZ Complex Plot No.2882/B/5/10 Third Floor, Suite F3-10/F3-11 Off Great East Road Mission Drive, Waters Lusaka
Board secretaries who held office.	Diana S. Sichone-(Commission's Board Secretary and Director Enforcement and Legal Services)

SECURITIES AND EXCHANGE COMMISSION (SEC)
Report and Financial Statements
For the year ended 31st December 2024

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The Securities and Exchange Commission's Board of Commissioners present their report, with the audited accounts for the year ended 31 December 2024.

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 Commission is located only in Lusaka (Zambia) at stand No. 5493, corner of Libala and Great East Roads, Kalundu. The Securities Act was further amended in 2022. 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 safeguard interests of investors and promote the growth of capital markets for individual and national prosperity". Further the Commission aims 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 dynamic regulator of a capital market that is the preferred destination for investments". The Commission strives 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 this Act and regulations or rules made in accordance with this.
 - (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;

2. Functions (continued)

- (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;
- (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 this 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 venture capital funds;
- (xv) Consider and suggest proposals for the reform of this Act and rules and regulations made in accordance with this 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;
- (xxi) Exercise and perform such other functions as may be conferred or imposed upon it by or in accordance with this Act or any other written law; and "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"

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. The Board consists of representatives 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.

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	Board Chairperson - 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 Shamabobo	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	n/a	n/a
Mr. Phillip K. Chitalu Ex-officio	Chief Executive Officer - Securities and Exchange Commission	n/a	n/a

The 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: K1.367 million (2023: K1.185 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 through the Commission's Chief Executive Officer who is appointed by the Board of Commissioners. Other directorates of the Commission are the Directorate of Market Supervision and Development (DMSD), the Directorate of Enforcement and Legal Services (DELS) and the Directorate of Finance and Administration (DFA).

4. Management (continued)

Mr. Phillip K. Chitalu	Chief Executive Officer
Mrs. Diana S. Sichone	Director-Enforcement & Legal Services/Commission Secretary
Mr Nonde Sichilima	Director - Market Supervision & Development
Mr. Bruce Mulenga	Manager - Market Transactions & Investments
Mr. Mateyo Lungu	Manager- Finance
Ms. Florence Mbwili	Acting Manager -Procurement and Administration
Mrs. Leah Simasiku	Manager- Market Supervision
Ms. Getrude Buyungwe	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

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 K 65,976 million (2023: Surplus K89.837 million).

(c) *Income*

(i) Total grants received from GRZ amounted to K10.199 million (2023: K10.199 million).

(ii) Fees, levies, and commissions amounted to K89,763 million (2023: K108.517 million)

(iii) Investment and sundry income amounted to K31.659 million (2023: K21.313 million).

(d) *Expenditure*

Expenditure was K80.244 million (2023: K55.047 million). The main items were staff costs of : K38.640 million (2023: K31.694 million) and recurrent expenditures of K 31.970 million (2023 K22.318 million). Impairment losses were K 0.100 million (2023: K0.080 million).

(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 29 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 a long time aimed to lay the foundation for an efficient, orderly, and fair capital market in Zambia which is as sustainable as it is globally competitive. 2024 under review was a year of change for the capital market of Zambia, resulting in changes which were at times incremental and at others transformational;

(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 has embarked 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 2023, 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 spearhead 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.

6. Challenges and Risk Factors

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

- (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.
- (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 new 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 judgment 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:

6. Challenges and Risk Factors

(a) *Challenges of Capital Market Regulation (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. SEC's 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:

6. Challenges and Risk Factors

(a) *Challenges of Capital Market Regulation (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 2024, 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 the 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.

As we embark on this new phase of capital market reform, much remains to be said of the most valuable hands on deck: the Chairperson 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 and National Planning, 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.

6. Challenges and Risk Factors

(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.
- (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.

6. Challenges and Risk Factors

(c) *Legal Risk*

The Commission is subject to a comprehensive range of legal obligations, covered by the Securities Act No. 41 of 2016. 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.

6. Challenges and Risk Factors

(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.

6. Challenges and Risk Factors

(d) *Reporting Risk (continued)*

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.

- **Fair Value of Financial Instruments:** IFRS 9 generally requires all entities to disclose the fair value of financial instruments for which it is practicable to estimate fair value. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Disclosures are not required for trade receivables and payables when their carrying amount approximates fair value. A registrant must have documented evidence to support an assertion that the fair value of trade accounts receivable approximates carrying amount in order to avoid making the disclosure of fair value. In instances where it is not practicable to estimate the fair value of a financial instrument, IFRS 9 requires disclosure of:

- Information pertinent to estimating the fair value of that financial instrument or class of financial instruments, such as the carrying amount, effective interest rate, and maturity; and

- The reasons why it is not practicable to estimate fair value.

- As part of the audit of the financial statements, auditors have a responsibility to audit the assertions made in the footnotes to the financial statements. As part of that process, auditors are required to review and adequately test objective verifiable evidence supporting assertions about the fair value of financial instruments to the financial statements. For example, auditors should review and adequately test a registrant's documentation supporting the assertion that the carrying amount of certain receivables approximates fair value.
- **Restructuring Charges:** Restructuring charges and other loss accruals must be supported under IFRS at the time established. Such liabilities should be analysed at each balance sheet date and adjusted as required by IFRS. Any need to adjust the accrued liabilities should be completed on a timely basis and should be adjusted against only the financial statement line item through which the accrued liabilities were originally recorded. Amortising immaterial amounts of the accrued liabilities into income after concluding that no basis exists for ongoing accrual, rather than reversing the entire accrual, would be indicative of inappropriate earnings management. Similarly, maintaining an unsupported restructuring liability or other loss accrual and offsetting or reducing it in a later period for a change in an unrelated item would be inappropriate and not in conformity with IFRS.

6. Challenges and Risk Factors

(d) *Reporting Risk (continued)*

- A review of enforcement cases, as well as required restatements of financial statements in filings with the Commission, indicate that corrections in the financial statements related to liabilities such as contingent liabilities, restructuring accruals, and other types of loss accruals, are often not the result of system-based errors. Rather the corrections are due to adjustments originally made by or under the supervision of senior financial reporting personnel. In these situations, the following ineffective audit techniques used:
 - The loss of accrual balance in the current period is the same, or nearly the same, as in the prior period, and, due to this fact, no further audit work was required to be performed.
 - Not clearly understanding the activity in the loss accrual account and the impact on the audit client.
 - 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.

6. Challenges and Risk Factors

(d) *Reporting Risk (continued)*

- 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.
- 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.

6. Challenges and Risk Factors

(d) *Reporting Risk (continued)*

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 regulators 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.
 - 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.

6. Challenges and Risk Factors

(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.
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7. Risk Management and Control

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

8. Compliance

The Commission's Board of Commissioners are responsible for establishing and maintaining adequate internal controls over financial reporting. 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. Pension Scheme

The Commission has a self-managed Contract Gratuity Scheme (CGS) 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

18/12/2025

DATE:

Securities and Exchange Commission
Statement of Commissioner' Responsibilities
For the year ended 31 December 2024

The Securities Act, 2016 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. 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 2024, 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 falls due; and
- (c) the financial statements are drawn up in accordance with IFRS Accounting Standards.

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

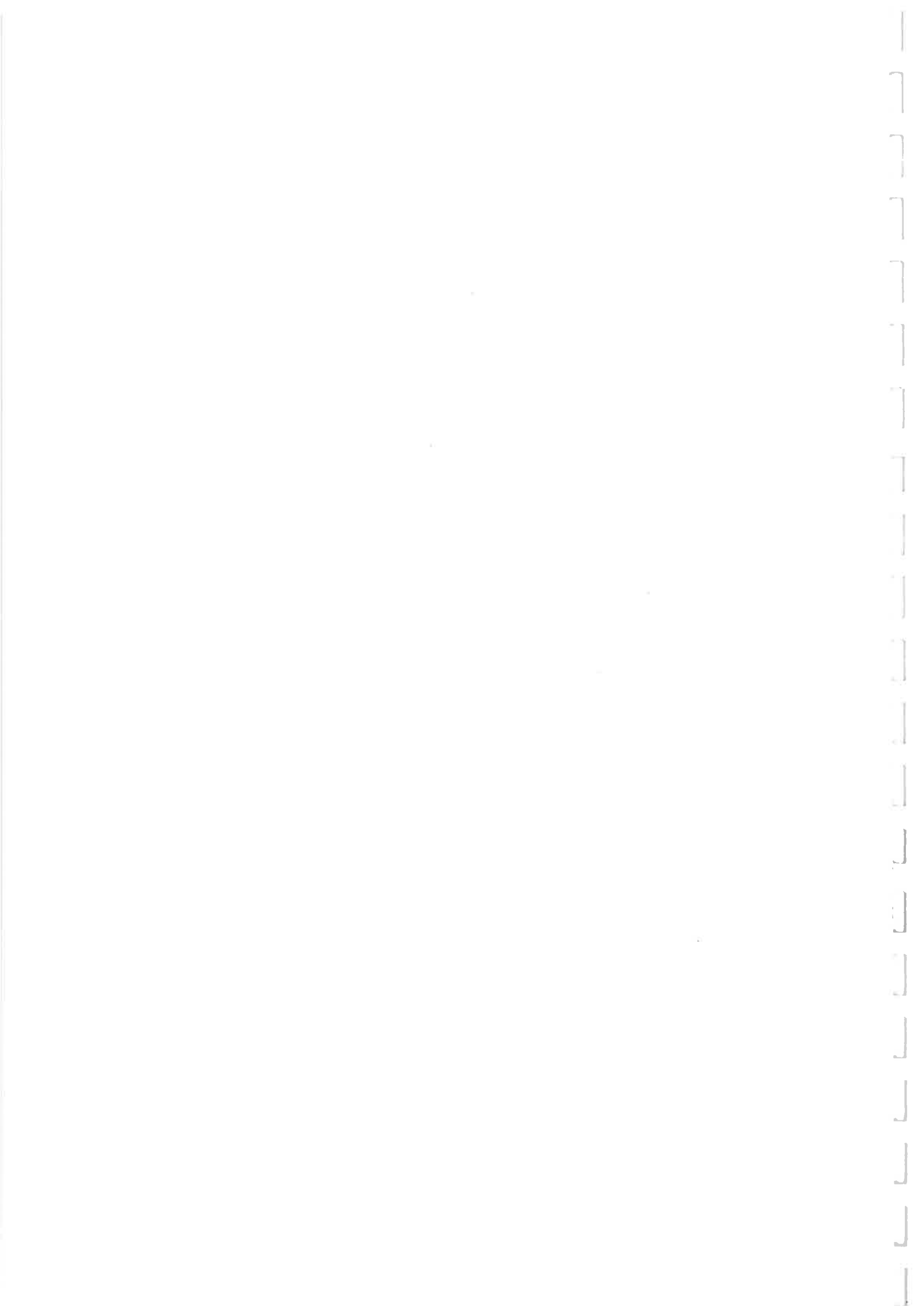
Signed at Lusaka on



Chairperson



Commissioner



**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 report of the Commissioners and the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material 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 2024, and of its financial performance and its cash flows for the period then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

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.

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

Key Audit Matter (continued)

Key Audit Matter	How our audit addressed the key matters
<p>Valuation of land and buildings in Kabulonga and Burma ZMW 32.4 million</p> <p>The valuation of land and buildings is important to our audit as it represents a significant judgment area and an important part of the total assets of the Commission. The valuation of land and buildings is highly dependent on estimates. These valuations are amongst others based on assumptions, such as historical transactions, and market transactions, and market knowledge. This was considered a key audit matter.</p>	<p>Our audit procedures included:</p> <p>Considered the objectivity, independence and expertise of the external valuers.</p> <p>Assessed the accuracy of the property related data used as input for the valuations.</p> <p>Assessed the adequacy of the disclosures on the Valuation of land and buildings as included in note 12 of the financial statements.</p>

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 auditors' 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 Commissioners for the Financial Statements

Commissioners are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting 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.

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

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.
- 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.

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

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements of Securities and Exchange Commission as at 31 December 2024 have been properly prepared in accordance with the Securities Act, 2016 (as amended) and the Laws of Zambia and the accounting and other records and registers have been properly kept in accordance with the Act.

Mark Daniels
Chartered Accountants

WKKK Kasongo
Winston Kasongo AUD/F003127
Partner signing on behalf of the firm

Lusaka

Date: *26/11/25*

Statement of comprehensive income

	Notes	2024 ZMW	2023 ZMW
Operating Income			
Fee Income	6	14,599,486	4,854,728
Commissions and Levies	7	89,762,765	108,517,825
Non-Operating Income			
Interest Income	8	31,638,614	21,111,520
Other Income	9	10,219,383	10,401,206
		<u>146,220,248</u>	<u>144,885,279</u>
Costs			
Impairment of Financial Assets	10	100,000	80,000
Depreciation of property and equipment	12	2,941,737	955,417
Depreciation of right of use assets	13	6,593,144	-
Employee Costs	Appendix	38,639,797	31,694,837
Non-Operating Costs	Appendix	31,969,781	22,317,560
		<u>80,244,459</u>	<u>55,047,814</u>
Surplus for the Year		65,975,789	89,837,465
Items that will not be reclassified subsequently to profit or loss			
Gain on revaluation of property and equipment		7,832,596	-
Other comprehensive income for the year		7,832,596	-
Total comprehensive income for the year		<u>73,808,385</u>	<u>89,837,465</u>

SECURITIES AND EXCHANGE COMMISSION (SEC)
 Financial statements
 For the year ended 31st December 2024

Statement of financial position

		2024 ZMW	2023 ZMW
ASSETS			
Non-Current Assets			
Property and Equipment	12	42,415,745	8,740,527
Right of use asset	13	<u>19,779,431</u>	<u>-</u>
		<u>62,195,176</u>	<u>8,740,527</u>
Current Assets			
Receivables at Amortised Cost	14	782,870	9,236,762
Other Financial Assets	15	4,633,385	1,579,267
Cash and Cash Equivalents	16	<u>301,353,469</u>	<u>245,996,252</u>
Total Current Assets		<u>306,769,724</u>	<u>256,812,281</u>
Total Assets		<u>368,964,900</u>	<u>265,552,808</u>
FUNDS AND LIABILITIES			
Funds			
Revaluation reserves		7,832,596	-
Accumulated Funds		<u>319,705,922</u>	<u>253,730,133</u>
Total Funds		<u>327,538,518</u>	<u>253,730,133</u>
Non-Current Liabilities			
Statutory Funds	17	564,665	534,120
Deferred Income	18	433,335	593,334
Investor Protection Funds	19	1,484,951	1,315,724
Lease liabilities	20	17,465,536	-
Employee Benefits Provisions	21	<u>5,224,755</u>	<u>2,797,263</u>
		<u>25,173,242</u>	<u>5,240,441</u>
Current Liabilities			
Employee Benefits Provisions	21	7,639,797	4,362,103
Payables, Accruals and Provisions	22	2,806,308	2,220,131
Lease liabilities	20	<u>5,807,035</u>	<u>-</u>
Total Current Liabilities		<u>16,253,140</u>	<u>6,582,234</u>
Total Equity and Liabilities		<u>368,964,900</u>	<u>265,552,808</u>

The financial statements on pages 23 to 54 were approved by the Board Commissioners on _____ 2025 and signed on its behalf by:



Chairperson



Commissioner

Statement of changes in funds

	Revaluation Reserves ZMW	Accumulated Funds ZMW	Total
Balance as at 1 January 2023	-	163,892,668	163,892,668
Total Comprehensive income	-	89,837,465	89,837,465
At 31 December 2023	-	<u>253,730,133</u>	<u>253,730,133</u>
Balance as at 1 January 2024	-	253,730,133	253,730,133
Total Comprehensive income	-	65,975,789	65,975,789
Revaluation Surplus	7,832,596	-	7,832,596
At 31 December 2024	<u>7,832,596</u>	<u>319,705,922</u>	<u>327,538,518</u>

SECURITIES AND EXCHANGE COMMISSION (SEC)

Financial statements

For the year ended 31st December 2024**Statement of cash flows**

		2024	2023
		ZMW	ZMW
Cash Inflow from Operating Activities			
Surplus for the Year		65,975,789	89,837,465
Depreciation on property and equipment	12	2,941,737	955,417
Depreciation on right of use asset	13	6,593,144	-
Interest Received	8	(31,638,614)	(21,111,520)
Finance costs of obligation under lease		2,226,137	-
Exchange difference		3,530,833	-
Decrease/(increase) in Accounts Receivables		8,453,892	(8,968,371)
(Increase)/decrease in Other Receivables		(3,054,118)	74,948
Increase/(decrease) in Statutory Funds		30,545	60,013
Increase in Accruals and Provisions		586,177	343,535
Increase in Employee Benefits Provisions		5,705,186	875,718
Increase in Investor Protection Funds		169,227	124,138
(Decrease)/increase in deferred income		(159,999)	160,000
Net Cash Inflow from Operating Activities		<u>61,359,936</u>	<u>62,351,343</u>
Investing Activities			
Actual Payments to Acquire Tangible Fixed Assets	12	(28,784,359)	(6,540,102)
Interest Received	8	31,638,614	21,111,520
Net Cash inflow on Investing Activities		<u>2,854,255</u>	<u>14,571,418</u>
Financing Activities			
Interest paid		(2,226,137)	-
Payment of lease liability		(6,630,837)	-
Net Cash Outflow on Financing		<u>(8,856,974)</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents		55,357,217	76,922,761
Cash and Cash Equivalents at the start of the year		<u>245,996,252</u>	<u>169,073,491</u>
Cash and Cash Equivalents at the end of the year		<u>301,353,469</u>	<u>245,996,252</u>
Represented By:			
Cash at Bank and in Hand	16	5,928,044	5,330,619
Short-Term Bank Deposits	16	295,425,425	240,665,633
		<u>301,353,469</u>	<u>245,996,252</u>

Notes to the financial statements

1. The Commission

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 and whose existence is continued under the Securities Act, No. 41 of 2016 and which is headquartered in Lusaka (Zambia) at Stand No. 5493, CNR of Libala and Great East Road, Kalundu. 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 safeguard interests of investors and promote the growth of capital markets for individual and national prosperity” and stimulate the expansion and grow the capital market in order to make a sustainable contribution to the economic development in Zambia. Its vision is to be “A dynamic regulator of a capital market that is the preferred destination for investments”. Further the Commission aims 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 preparing financial statements

The financial statements are prepared in accordance with IFRS Accounting Standards. 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.

Notes to the financial statements**3. Application of new and revised International Financial Reporting Standards (IFRSs)****(a) New standards and amendments-applicable 1 January 2024**

Title	Key requirements	Effective date*
Amendments to IFRS 16	These amendments address lease liability in a sale and leaseback transaction. For entities that engage in sale and lease back transaction, these amendments will affect how lease liabilities are measured and accounted for. There will be need to reassess and possibly update accounting policies to comply with these changes.	1 January 2024
IAS 1 Presentation of financial statements	Amendments related to the classification of liabilities as current or non-current and non-current liabilities with covenants. The amendments related to the classification of liabilities as current or non-current could influence financial ratios and potentially affect loan covenants.	1 January 2024
IAS 7 Statement of cash flows and IFRS 7 Financial Instruments disclosures	Amendments concerning supplier finance arrangements require new disclosures about the nature and extent of supplier finance arrangements. With the amendments on supplier finance arrangements, there will be new disclosure requirements. There would be need to provide more detailed information about these arrangements, which could affect financial statements and transparency with stakeholders.	1 January 2024
IFRS S1 General requirements for disclosure of sustainability-related financial information	This new standard sets out the general requirements for disclosing sustainability-related financial information, focusing on consistency and comparability. For entities that are required or choose to disclose sustainability-related financial information, this new standard will guide how to present such data. It emphasizes consistency and comparability, so aligning reporting with these requirements will be essential.	1 January 2024
IFRS S2 Climate-related disclosures	This standard provides guidance on climate-related financial disclosures, requiring detailed information on how climate-related risks and opportunities affect financial performance and position. Entities in industries significantly impacted by climate change will need to adhere to these new disclosure guidelines. This involves providing detailed information on how climate-related risks and opportunities affect their financial position and performance.	1 January 2024

Notes to the financial statements

3. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

(b) **Forthcoming requirements**

There are a number of standards, amendments to standards, interpretations which have been issued by the IASB that are effective in future periods and the company has decided not to adopt early.

Title	Key requirements	Effective date*
Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates	This amendment addresses how to account for situations where exchangeability between two currencies is lacking.	1 January 2025
Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures	These amendments will address financial assets with ESG-linked features and the settlement of financial liabilities by electronic payments.	1 January 2026
Annual Improvements to IFRS Accounting Standards	These improvements will address various aspects of IFRS 1 First-time Adoption of International Financial Reporting Standards; IFRS 7 Financial Instruments: Disclosures; IFRS 9 Financial Instruments; IFRS 10 Consolidated Financial Statements; and IAS 7 Statement of Cash Flows.	1 January 2026
IFRS 18 Presentation and Disclosure in Financial Statements	This new standard will provide guidance on presentation and disclosure requirements in financial statements.	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	This standard will focus on disclosure requirements for subsidiaries without public accountability.	1 January 2027

Notes to the financial statements**4. Other Material 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) 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.

(b) Interest

Interest income is recognised on an accrual basis.

(c) Motor vehicles, furniture 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.

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.

Notes to the financial statements

4. Other Material Accounting Policies (continued)

(c) Motor vehicles, furniture and equipment (continued)

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.

(d) 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 balance sheet. 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).

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.

Notes to the financial statements

4. Other Material Accounting Policies (continued)

(d) The Commission as a lessee (continued)

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.

(e) 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.

(f) 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.

Notes to the financial statements

4. Other Material Accounting Policies (continued)

(f) Financial instruments (continued)

Classification and initial measurement of financial assets (continued)

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.

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.

Notes to the financial statements

4. Other Material Accounting Policies (continued)

(f) Financial instruments (continued)

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.

‘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.

Notes to the financial statements

4. Other Material Accounting Policies (continued)

(f) Financial instruments (continued)

Impairment of financial assets (continued)

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.

(g) 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.

(h) 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.

Notes to the financial statements

4 Other Material Accounting Policies (continued)

(h) Foreign currencies (continued)

(ii) *Functional and presentation currency*

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.

(i) 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.

(j) Trade and other payables

Trade and other payables are stated at cost.

(k) 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.

Notes to the financial statements**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.

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

	2024	2023
	ZMW	ZMW
<i>Revenue comprises Income arising on:</i>		
Annual Issuer's Fees	1,240,000	1,240,000
Authorisation fees	6,671,130	316,667
Scrutiny Fees	338,893	300,668
Licensing Fees	1,621,284	1,710,384
Registration Fees	4,647,401	1,261,620
Other Fees	80,778	25,389
	<u>14,599,486</u>	<u>4,854,728</u>

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	2024 ZMW	2023 ZMW
7. Commissions and Levies		
Administration Fines	40,300	498,500
Commissions on LuSE Trades	85,287,893	104,665,558
Levies on Collective Investment Schemes	4,434,243	3,353,767
Exchange gain/loss	329	-
	<u>89,762,765</u>	<u>108,517,825</u>

8. Interest income

Interest Income-Bank Balances	6,979	838
Interest Income-Investments	31,500,646	21,053,308
Interest Income-Staff Loans	130,989	57,374
	<u>31,638,614</u>	<u>21,111,520</u>

9. Other income

Grant Income	10,198,944	10,198,953
Sundry Income	20,440	202,253
	<u>10,219,384</u>	<u>10,401,206</u>

10. Impairment loss on financial assets

	Trade Receivables ZMW	Other Assets ZMW	Total ZMW
Balance at 1 January 2023	140,000		140,000
Impairment Loss	80,000		80,000
Written Off	(140,000)		(140,000)
Balance at 31 December 2023	80,000		80,000
Impairment Loss	100,000		100,000
Written Off	(80,000)		(80,000)
Balance at 31 December 2024	<u>100,000</u>		<u>100,000</u>

11. Taxation

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

SECURITIES AND EXCHANGE COMMISSION (SEC)

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12. Property, plant and equipment

	Land & Buildings	Motor Vehicles	Office Equipment	Office Furniture	Computer Equipment	CWIP	Total
	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW
Cost							
At 1 January 2023	-	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
Additions	-	-	3,367,357	990,317	924,946	23,501,739	28,784,359
Transfer	24,567,404	-	-	-	-	(24,567,404)	-
Net valuation gain	7,832,596	-	-	-	-	-	7,832,596
At 31 December 2024	32,400,000	6,431,151	4,640,708	1,965,195	3,262,538	-	48,699,592
Depreciation							
At 1 January 2023	-	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
Charge for the year	-	1,519,243	620,402	266,483	535,609	-	2,941,737
At 31 December 2024	-	2,045,024	1,246,806	932,534	2,059,483	-	6,283,847
Carrying Amounts							
At 31 December 2024	32,400,000	4,386,127	3,393,902	1,032,661	1,203,055	-	42,415,745
At 31 December 2023	-	5,905,370	646,947	308,827	813,718	1,065,665	8,740,527

(a)

Land and buildings

The Commission owns a property on stand No. LUSAKA/LN 8426/3, Burma Road, Woodlands Lusaka and another property in Kabulonga on stand No. 53 Kabulonga Road Area-Lusaka City and were both revalued at ZMW 10,700,000 AND ZMW 21,700,000 respectively.

Notes to the financial statements

14. Receivables at Amortised Cost (Continued)

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.

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.

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14. Receivables at Amortised Cost

	2024	
	ZMW	ECL
Ageing		
< 30 Days	782,870	0%
31 - 60 Days	-	5%
61-90 Days	-	10%
91-120 Days	-	25%
121 - 180 Days	-	50%
Over 180 Days	<u>100,000</u>	100%
Lifetime ECL	<u>882,870</u>	

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

15. Other financial assets

Deposits and prepayments	1,516,942	673,945
Staff receivables	<u>3,116,443</u>	<u>905,322</u>
	4,633,385	1,579,267
Less: impairments provisions	<u>-</u>	<u>-</u>
	<u>4,633,385</u>	<u>1,579,267</u>

16. Cash and cash equivalents

	2024	2023
	ZMW	ZMW
(a) Cash at bank and in hand		
ABSA Bank	5,742,577	5,259,272
Standard Chartered Bank	19,899	19,979
First National Bank	155,568	51,368
Petty cash	<u>10,000</u>	<u>-</u>
	<u>5,928,044</u>	<u>5,330,619</u>

Notes to the financial statements

16. Cash and cash equivalents (continued)

	2024 ZMW	2023 ZMW
(b) Short-Term Bank Deposits		
Standard Chartered Bank	52,272,581	-
ABSA Bank	91,663,484	186,788,727
First National Bank	151,489,360	53,876,906
	<u>295,425,425</u>	<u>240,665,633</u>
	<u>301,353,469</u>	<u>245,996,252</u>

In the statement of cash flows, cash and cash equivalents include 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.

17. Statutory Funds

Compensation Fund	68,760	170,018
Green Finance Working Group	131,803	-
Market Development Fund	364,102	364,102
	<u>564,665</u>	<u>534,120</u>

18. Deferred Income

Balance at the start of the year	593,334	433,334
Received during the year	433,335	593,334
Amortised during the year	(593,334)	(433,334)
Balance as at the year end	<u>433,335</u>	<u>593,334</u>

This represents income received in the year for the following financial period.

19. Investor Protection Funds

Uncollected Dividends-Stanbic	66,098	58,495
Caymont Guarantee Fund -ECR	1,018,270	902,312
Mukuyu Growth Funds	400,582	354,915
	<u>1,484,951</u>	<u>1,315,724</u>

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20. Lease liabilities

	2024 ZMW	2023 ZMW
At 01 January 2024	-	-
Additions	26,372,575	-
Payments made during the year	(8,856,974)	-
Accretion of interest	2,226,137	-
Translation difference	3,530,833	-
At 31 December 2024	<u>23,272,571</u>	<u>-</u>
Current	5,807,035	-
Non-current	<u>17,465,536</u>	<u>-</u>
	<u>23,272,571</u>	<u>-</u>

Lease liabilities were initially recognised at the present value of future lease payments, discounted using the effective interest rate of 11.66%, which reflects the Commission's estimated cost of borrowing over a comparable term and with similar collateral.

As at 1 April 2024, the carrying amount of the lease liability was ZMW 26,372,575 (equivalent to US\$1,052,881), representing the outstanding obligation under lease contracts for office building.

Lease payments are contractually due on a quarterly basis and are made in advance at the beginning of each quarter. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the liability and reducing it by lease payments made. Adjustments are also made for any lease modifications or reassessments.

The corresponding Right-of-Use assets are disclosed separately under Note 13 and are depreciated over the shorter of the lease term or the useful life of the underlying asset.

21. Employee Benefits Provisions

	2024 ZMW	2023 ZMW
Gratuity provision		
At beginning of year	5,790,884	4,979,863
Charge for the year	6,772,691	5,546,096
Payments during the year	<u>(4,366,326)</u>	<u>(4,735,075)</u>
At 31 December	8,197,249	5,790,884
Housing	1,778,926	-
Fuel/transport	1,447,887	-
Leave Pay Provision	<u>1,440,490</u>	<u>1,368,482</u>
	<u>12,864,552</u>	<u>7,159,366</u>
Current portion	7,639,797	4,362,103
Non-current portion	<u>5,224,755</u>	<u>2,797,263</u>
	<u>12,864,552</u>	<u>7,159,366</u>

Notes to the financial statements

22. Payables, Accruals and provisions

	2024 ZMW	2023 ZMW
Audit provisions	925,475	748,834
NAPSA	128,716	92,188
PAYE	1,715,464	1,299,109
Provisions for doubtful debts	-	80,000
NHIMA	36,653	-
	<u>2,806,308</u>	<u>2,220,131</u>

23. 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.

24. 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 SECs 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.

Notes to the financial statements

25. Other Income and Expenditure

Other income and expenditure is recognised on an accrual's 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.

26. 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.

Notes to the financial statements

26. Critical Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty (continued)

(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

27. Comparatives

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

28. Financial instruments**(a) Total financial instruments**

	Receivables	Assets at fair value through P & L ZMW	Assets at amortised cost ZMW	Total ZMW
At 31st December 2024				
Assets as per financial position				
Loans and receivables:				
-Receivables at amortised cost	-	-	782,870	782,870
-Other financial assets	4,633,385	-	-	4,633,385
-Cash and Cash equivalents	-	-	301,353,469	301,353,469
Total	4,633,385	-	302,136,339	306,769,724
Liabilities as per statement of financial position				
	Payables	Liabilities at fair value through P & L	Liabilities at amortised cost	
-Non-current liabilities	-	-	19,948,487	19,948,487
-Employee benefits and provisions	-	-	12,864,552	12,864,552
-Payables, accruals and provisions	-	-	2,806,307	2,806,307
-Lease liabilities	-	-	5,807,035	5,807,035
Total	-	-	41,426,382	41,426,035

Notes to the financial statements

28. Financial instruments (continued)

(a) **Total financial instruments (continued)**

	Receivables ZMW	Assets at fair value through P & L ZMW	Assets at amortised cost ZMW	Total ZMW
At 31st December 2023				
Assets as per financial position				
Loans and receivables:				
-Receivables at amortised costs	-	-	9,236,762	9,236,762
-Other financial assets	1,579,267	-	-	1,579,267
-Cash and Cash equivalents	-	-	245,996,252	245,996,252
Total	<u>1,579,267</u>	<u>-</u>	<u>255,233,014</u>	<u>256,812,281</u>
Liabilities as per statement of financial position				
		Liabilities at fair value through P & L	Liabilities at amortised cost	
-Non-current liabilities	-	-	2,443,178	2,443,178
-Employee benefits and provisions	-	-	7,159,366	7,159,366
-Payables, accruals and provisions	-	-	2,220,131	2,220,131
Total	<u>-</u>	<u>-</u>	<u>11,822,675</u>	<u>11,822,675</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 2024, the maximum exposure to credit risk, without considering 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:

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28. Financial instruments (continued)

2024

Category	Rating		ECL Gross carrying amount		Less allowance	Net carrying amount
			ZMW	ZMW	ZMW	ZMW
Bank and Cash Balances	Performing	12-Month ECL	5,928,044	-	-	5,928,044
Fixed Deposits	Performing	12-Month ECL	295,425,425	-	-	295,425,425
Receivables at Amortised Cost	Performing	Simplified Approach	882,670	(100,000)	-	782,670
Other Financial Assets	Performing	Not credit impaired	4,633,385	-	-	4,633,385
			306,869,524	(100,000)	-	306,769,524

2023

Category	Rating		ECL Gross carrying amount		Less allowance	Net carrying amount
			ZMW	ZMW	ZMW	ZMW
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	1,579,267	-	-	1,579,267
			256,892,281	(80,000)	-	256,812,281

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 K5.928. million at 31 December 2024 (2023: K5.330 million).

The credit risk for cash and cash equivalents and short-term deposits is considered negligible since the counterparts 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.

Notes to the financial statements**28. Financial instruments (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) Mark 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 value

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

Notes to the financial statements

28. 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 2024					
Non-interest bearing	1,072,046	3,216,138	8,576,368	474,108	13,338,660
	<u>1,072,046</u>	<u>3,216,138</u>	<u>8,576,368</u>	<u>474,108</u>	<u>13,338,660</u>
At 31 December 2023					
Non-interest bearing	781,625	2,344,874	6,252,997	474,108	9,853,604
	<u>781,625</u>	<u>2,344,874</u>	<u>6,252,997</u>	<u>474,108</u>	<u>9,853,604</u>

(i) **Liquidity Risks**

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:

Notes to the financial statements

28. Financial instruments (continued)

(e) Fair value estimation (continued)

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.

29. 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 2024 and 2023 were as follows:

	2024 ZMW	2023 ZMW
Debt	-	-
Cash	<u>301,353,469</u>	<u>245,996,252</u>
Net debt	<u>301,353,469</u>	<u>245,996,252</u>
Equity	327,538,518	253,730,133
Net debt to equity ratio	92.00%	96.94%

30. 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 Pages 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 4.

Notes to the financial statements

30. Related parties (continued)

(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.

	2024 ZMW	2023 ZMW
(i) Grants from Government	10,198,944	10,198,952
(ii) Government Assistance	319,705,922	253,730,133
(iii) Key Executive Management Compensation	4,678,539	4,515,258
(iv) Remuneration to Commissioners	1,366,662	1,185,426
(v) Amounts payable to Non-Executive Management	5,911,821	7,779,041

31. Capital Commitments

- (a) 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 an estimate at the year-end (2023: Nil).
- (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.

Notes to the financial statements

32. Climate Change

The Commission 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. 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) 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.
- (c) 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.
- (d) 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

Notes to the financial statements

33. Events after the reporting Date

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.

(a)

General: The Commission has evaluated 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 transaction or event of a material and unusual 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.

SECURITIES AND EXCHANGE COMMISSION (SEC)
 Financial statements
 For the year ended 31st December 2024

Detailed operating statement

	2024	2023
Employee Costs		
Basic Pay	20,335,788	17,871,618
Housing allowance	1,778,926	-
Fuel Allowance	1,447,887	-
Bonuses and other Allowances	3,563,488	3,416,839
Gratuity	6,772,691	5,546,096
Leave Pay	1,797,941	2,276,476
Medical Expenses	1,330,340	1,505,122
NAPSA-Employer Contributions	676,805	525,974
NHIMA	201,777	167,960
Workers Compensation Fund Control Board	17,055	18,870
Overtime	717,099	365,882
	<u>38,639,797</u>	<u>31,694,837</u>
Administration Expenses		
Advertising & Promotions	295,506	450,020
Audit Fees	347,251	638,600
Bank Charges	192,305	126,217
Board and Committee Expenses	1,366,662	1,185,426
Consultancy	1,189,767	727,985
Electricity & Utilities	304,637	96,880
Exchange loss	3,530,833	-
Finance costs	2,226,137	-
Insurance	964,530	599,220
Legal expenses	109,631	-
Motor Vehicle Expenses	649,001	498,506
Office Rentals	-	2,113,470
Other Expenses	809,382	534,198
Postage & Courier	17,406	12,784
Print & Stationery	418,906	315,005
Property Repairs & Maintenance	-	20,482
Relocation expenses	151,383	-
Repairs & Maintenance	390,901	195,854
Security Expenses	347,878	346,093
Telephone & Internet	1,074,114	308,425
Subscriptions, Publications, Workshops and Training	17,583,551	14,148,395
	<u>31,969,781</u>	<u>22,317,560</u>
	<u>70,609,578</u>	<u>54,012,397</u>

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APPENDICES

Appendix I

Corporate Address and Contact Details



Securities and Exchange Commission

Corporate Office Address:

Plot 5475 Corner of Great East and Libala Roads, Kalundu

P.O. Box 35165 Lusaka, ZAMBIA

(0211) 227012/222368/222369/226386

Fax: (0211) 225443

Email: info@seczambia.org.zm

Website: www.seczambia.org.zm

Appendix II Governance Structure

SEC Commissioners in 2024

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 (elected on 17th March 2022)

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.



Board Vice-Chairperson (elected on 17th March 2022)

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.



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. 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 Majokwe Shamabobo

Ms. Shamabobo, a legal practitioner, has been a SEC board Member since February, 2023. Ms. Shamabobo is the Principal Parliamentary Counsel at the Ministry of Justice and she represents the Ministry of Justice on the Board. She chairs the Commission's Compensation Fund 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.

SEC Management in 2024

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



Chief Executive Officer

Phillip K. Chitalu

Mr. Chitalu, 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). Mr. Chitalu 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

Mrs. Sichone, 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. Mrs Sichone 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 and
Development*

Nonde Sichilima

Mr. Sichilima, 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

Mr. Mulenga 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

Mr. Lungu, 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 -Market Development

Dingase Makumba

Mrs. Makumba 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

Mr. Kondolo 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.



Manager – Law Reform and Enforcement

Dubholukulu Mulondiwa

Ms. Mulondiwa, a legal practitioner, had been with the Commission since 2020 until she left on 14th December 2024 to explore better opportunities. 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

Mrs. Seta 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

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.



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 C Development (UK).

Appendix III

List of Authorised Capital Market Players as at 31st December 2024

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, 2024:

Item	Company Name	2024		2023	
		Yes	No	Yes	No
1.	Lusaka Securities Exchange Plc	√		√	
2.	Bond & Derivatives Exchange Zambia Plc		√	√	

Clearing and Settlement Agency Licenses

The following entity held a clearing and settlement agency license as at 31st December, 2024:

Item	Company Name	2024		2023	
		Yes	No	Yes	No
1.	Lusaka Clearing and Settlement Agency	√		√	

Credit Rating Agency Licences

The following entities held a Credit Rating Agency license as at 31st December, 2024:

Item	Company Name	2024		2023	
		Yes	No	Yes	No
1.	Premier Rating Agency Limited	√		√	
2.	ICRA Rating Agency Limited	√			√

Dealer's Licenses

The following corporate entities held a Dealer's license as at 31st December, 2024

Item	Company Name	2024		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)	√		√	

Item	Company Name	2024		2023	
		Yes	No	Yes	No
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.	Cork Veste Investments Limited	√			√
11.	Chuuma Asset Management Limited	√			√
12.	Eco-Bank Zambia Limited	√		√	
13.	Equity Capital Resources Plc	√		√	
14.	Finance Securities Limited	√		√	
15.	First Capital Bank Zambia	√		√	
16.	First National Bank Zambia Limited	√		√	
17.	Hobbiton Investment Management Services Limited	√		√	
18.	Indo-Zambia Bank Limited	√		√	
19.	Laurence Paul Investment Services Limited	√		√	
20.	Kukula Capital Plc	√		√	
21.	Providence Asset Management Limited	√		√	
22.	Longhorn Associates Limited	√		√	
23.	Madison Asset Management Company Limited	√		√	
24.	Money Acumen Advisory Limited	√			√
25.	Pangaea Securities Limited	√		√	
26.	Prudential Pension Management Zambia Limited	√		√	
27.	Stanbic Bank Zambia Limited	√		√	
28.	Standard Chartered Bank Zambia Plc	√		√	
29.	Stockbrokers Zambia Limited	√		√	
30.	Treasfin Limited	√		√	
31.	United Bank for Africa Zambia Limited	√		√	
32.	WCAP Limited	√		√	
33.	Zambia Industrial Commercial Bank Limited	√		√	
34.	Zambia National Commercial Bank	√		√	

Dealer's Representative Licenses

The following persons held a Dealer's representative's license as at 31st December, 2024

Item	Name of Representative	Dealer	2024		2023	
			Yes	No	Yes	No
1.	Ms. Mabvuto Muranena Mumba	Absa Bank Zambia PLC	√			√
2.	Mr. Aaroon Phiri	Absa Bank Zambia PLC		√	√	
3.	Ms. Bathsheba Magula	Absa Bank Zambia PLC	√		√	
4.	Mr. Boston Nkuname	Absa Bank Zambia Plc	√		√	

Item	Name of Representative	Dealer	2024		2023	
			Yes	No	Yes	No
5.	Ms. Chiwala Mwelwa	Absa Bank Zambia Plc	√		√	
6.	Mr. Lesa Mulenga	Absa Bank Zambia Plc	√		√	
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. Mwamba Katongo	Absa Bank Zambia Plc	√			√
14.	Mr. Calvin Sichilomba	Access Bank Zambia Limited	√		√	
15.	Mr. John Keyala	Access Bank Zambia Limited	√		√	
16.	Mr. Mukudzei-Ishe Zhou	Aflife Capital Zambia Limited	√		√	
17.	Mr. Danny Mulenga	African Banking Corporation Investment Services Ltd	√		√	
18.	Mr. Nicholas Kabaso	African Banking Corporation Investment Services Ltd	√		√	
19.	Ms. Zangose Mwanza	African Banking Corporation Investment Services Ltd	√		√	
20.	Ms. Michelle M Musonda	African Banking Corporation Investment Services Ltd	√		√	
21.	Ms. Nancy Lwisa Nambela	African Banking Corporation Investment Services Ltd	√		√	
22.	Ms. Mwaba Ethel Mupinde	African Banking Corporation Investment Services Ltd	√		√	
23.	Ms. Mubanga Nundwe	African Banking Corporation Investment Services Ltd	√			√
24.	Mr. Clifford Muzoka	African Banking Corporation Zambia Limited	√		√	
25.	Ms. Lupupa Mulenga	African Banking Corporation Zambia Limited	√		√	
26.	Mr. Richard Ndhlovu	African Banking Corporation Zambia Limited		√	√	
27.	Mr Christopher K. Mwelo	African Banking Corporation Zambia Limited	√		√	
28.	Ms. Theresa Chiluba	African Banking Corporation Zambia Limited	√		√	
29.	Mr. Mwaaka Lwiindi	African Banking Corporation Zambia Limited	√			√
30.	Mr. Geoffrey Musekiwa	African Life Financial Services Limited	√		√	
31.	Ms. Vanessa K. Wright	African Life Financial Services Limited	√		√	
32.	Mr. Jones Phiri	African Life Financial Services Limited	√		√	
33.	Mr. Mumba Musunga	African Life Financial Services Limited	√		√	
34.	Ms. Valarie M Mwiinga	African Life Financial Services Limited	√		√	
35.	Mr. Joseph Mazila	African Life Financial Services Limited	√		√	
36.	Ms. Nasilele Ngumbi	African Life Financial Services Limited	√		√	
37.	Mr. Jonathan Bupe Imakando	African Life Financial Services Limited	√		√	
38.	Mr. Elijah Chanda Kabaso	African Life Financial Services Limited	√		√	
39.	Mr. Eleutherius Chimansa Nyanga	African Life Financial Services Limited	√		√	
40.	Mr. Ken Simwaba	Altus Capital Limited	√		√	
41.	Ms. Justina Lunda Mukanzo	Altus Capital Limited	√		√	

Item	Name of Representative	Dealer	2024		2023	
			Yes	No	Yes	No
42.	Mr. Mataka Nkhoma	Autus Securities Zambia Limited	√		√	
43.	Ms. Ngosa Mary Kafwembe	Citibank Zambia Limited	√		√	
44.	Mr. Steven Chitete	Citibank Zambia Limited	√		√	
45.	Mr. Victor Zimba	Citibank Zambia Limited	√		√	
46.	Mr. Wesley Kakobela	Cork Veste Investments Limited	√			√
47.	Mr. Patrick Mumba	Chuuma Asset Management Limited	√			√
48.	Ms. Cecilia Sindano	Eco-Bank Zambia	√		√	
49.	Mr. Choongo Chibawe	Equity Capital Resources Plc	√		√	
50.	Mr. Jack Sievu	Equity Capital Resources Plc	√		√	
51.	Mr. Barkat Ali	Finance Securities Limited	√		√	
52.	Mr. Malama Nicholas Mushinga	First Capital Bank Zambia	√		√	
53.	Mr. Lukwesa Munyinda	First Capital Bank Zambia	√		√	
54.	Mr. Gerald Ndhlovu	First National Bank Zambia Limited	√		√	
55.	Mr. Kapumpe Chola Kaunda	First National Bank Zambia Limited	√		√	
56.	Mr. Ignatius Innocent Kashoka	First National Bank Zambia Limited	√		√	
57.	Mrs. Naomi Hara Palale	First National Bank Zambia Limited	√		√	
58.	Ms. Chali Maria Mulenga	First National Bank Zambia Limited	√		√	
59.	Ms. Nonde Nsomi	First National Bank Zambia Limited	√		√	
60.	Mr. Mulenga Kawimbe	First National Bank Zambia Limited	√		√	
61.	Mr. Rashid Senga	First National Bank Zambia Limited	√			√
62.	Ms. Sizimutela Bwalya Chitundu	First National Bank Zambia Limited	√			√
63.	Ms. Blessed Kumesa	First National Bank Zambia Limited	√			√
64.	Ms. Kase Phiri	First National Bank Zambia Limited	√			√
65.	Mr. Kateule Musonda	First National Bank Zambia Limited	√			√
66.	Mr. Mutale Mupanga	First National Bank Zambia Limited	√			√
67.	Mr. Ivor Oscar Christopher Thompson	First National Bank Zambia Limited	√			√
68.	Ms. Celine P. Chauwa	Hobbiton Investment Management Services Limited	√		√	
69.	Mr. Moses Mfula	Hobbiton Investment Management Services Limited	√		√	
70.	Ms. Yvonne Simonga Muyanje	Indo-Zambia Bank Limited	√		√	
71.	Ms. Moobela Halwiindi	Indo-Zambia Bank Limited	√		√	
72.	Ms. Mwansa Bantubonse	Indo-Zambia Bank Limited	√		√	
73.	Mr. Yotamu Mwale	Indo-Zambia Bank Limited	√		√	
74.	Mr. Tue Andersen	Kukula Capital Plc	√		√	
75.	Mr. Damien Harris	Kukula Capital Plc	√		√	
76.	Mr. Mphaso Banda	Kukula Capital Plc	√		√	
77.	Mr. Aaron Yobe Zulu	Laurence Paul Investment Services Limited	√		√	
78.	Mr. Martyn Banda	Laurence Paul Investment Services Limited	√		√	
79.	Ms. Namonga Malambo	Laurence Paul Investment Services Limited	√		√	
80.	Ms. Chiwoni Soteli	Longhorn Associates Limited	√		√	
81.	Ms. Joy Nanyiza	Longhorn Associates Limited	√		√	

Item	Name of Representative	Dealer	2024		2023	
			Yes	No	Yes	No
82.	Ms. Sindisiwe Malambo	Longhorn Associates Limited	√		√	
83.	Mr. Marlon Nsofu	Longhorn Associates Limited	√		√	
84.	Mr. Brian Chilufya Chintu	Longhorn Associates Limited	√		√	
85.	Mr. Lewis Mwale	Longhorn Associates Limited	√			√
86.	Ms. Mercedes Mwansa	Madison Asset Management Company Limited	√		√	
87.	Ms. Blessing Chilombe	Madison Asset Management Company Limited	√		√	
88.	Mr. Mupanga Chilungu	Madison Asset Management Company Limited	√		√	
89.	Ms Claire Machila Lungwe	Madison Asset Management Company Limited	√		√	
90.	Ms. Sipiwe Nkunika	Madison Asset Management Company Limited	√		√	
91.	Ms. Nkumbu P Pelekamoyo	Madison Asset Management Company Limited	√		√	
92.	Ms. Lyapa Mpempulwa	Money Acumen Advisory Limited	√			√
93.	Ms. Theresa Gumbo	Money Acumen Advisory Limited	√			√
94.	Mr. Ceaser Siwale	Pangaea Securities Limited	√		√	
95.	Ms. Tidale Mwale-Chisunka	Pangaea Securities Limited	√		√	
96.	Ms. Wendy Nsamwa Nglazi-Tembo	Pangaea Securities Limited	√		√	
97.	Ms. Chipso Mambwe	Pangaea Securities Limited	√		√	
98.	Ms. Cecilia Siabusu	Providence Asset Management Limited	√		√	
99.	Mr. Ernest Kando	Prudential Pension Management Zambia Limited	√		√	
100.	Mr. Matepa Chingambu	Prudential Pension Management Zambia Limited	√		√	
101.	Mr. Jimmy Mwale	Prudential Pension Management Zambia	√		√	
102.	Mr. Eric Mbulwe	Prudential Pension Management Zambia	√			√
103.	Mr. Alinani Simbule	Stanbic Bank Zambia Limited	√		√	
104.	Ms. Chenge Besa Mwenechanya	Stanbic Bank Zambia Limited	√		√	
105.	Ms. Chitemwe Ng'ambi Kapaya	Stanbic Bank Zambia Limited	√		√	
106.	Mr. Victor Mwembo Chishala	Stanbic Bank Zambia Limited	√		√	
107.	Mr. Dean Nathaniel Onyambu	Stanbic Bank Zambia Limited	√		√	
108.	Mr. Mwila Pascal Mwenya	Stanbic Bank Zambia Limited	√		√	
109.	Mr. Musenge Komeki	Stanbic Bank Zambia Limited	√		√	
110.	Ms. Prudence Khumbo Mhango	Stanbic Bank Zambia Limited	√		√	
111.	Ms. Veronica Sinkala	Stanbic Bank Zambia Limited	√		√	
112.	Mr. Victor Chileshe	Stanbic Bank Zambia Limited	√		√	
113.	Mrs. Musa Imakando Mzumara	Stanbic Bank Zambia Limited	√		√	
114.	Mr. Kayeba Mwenechanya	Stanbic Bank Zambia Limited	√		√	
115.	Mr. Luke Siame	Stanbic Bank Zambia Limited		√	√	
116.	Mr. Wiza Chinula	Standard Chartered Bank Zambia Plc	√		√	
117.	Mr. Derek Bobo	Standard Chartered Bank Zambia Plc		√	√	
118.	Mr. Kabwe Mwaba	Standard Chartered Bank Zambia Plc		√	√	

Item	Name of Representative	Dealer	2024		2023	
			Yes	No	Yes	No
119.	Mr. Benjamin N. Mulenga	Standard Chartered Bank Zambia Plc	√		√	
120.	Mr. Davy Nanduba	Standard Chartered Bank Zambia Plc	√		√	
121.	Ms. Dorothy N. K Moono	Standard Chartered Bank Zambia Plc	√		√	
122.	Ms. Edna Towela Lungu	Standard Chartered Bank Zambia Plc	√		√	
123.	Mr. Joseph Chibwe Ngesa	Standard Chartered Bank Zambia Plc	√		√	
124.	Mr. Mubanga Yvonne Mukuka	Standard Chartered Bank Zambia Plc	√		√	
125.	Mr. Muchindu Lombe	Standard Chartered Bank Zambia Plc	√		√	
126.	Mr. Mulolwa Nkhata-Kamana	Standard Chartered Bank Zambia Plc	√		√	
127.	Ms. Mwaka Kalenga Mfula-	Standard Chartered Bank Zambia Plc	√		√	
128.	Mr. Mwali Chisala	Standard Chartered Bank Zambia Plc	√		√	
129.	Mr. Ravi Kapadia	Standard Chartered Bank Zambia Plc	√		√	
130.	Ms. Tamara Mooya Bbuku	Standard Chartered Bank Zambia Plc	√		√	
131.	Mr. Wiggins Mupango	Standard Chartered Bank Zambia Plc	√		√	
132.	Ms. Valerie M Chulu	Standard Chartered Bank Zambia Plc	√		√	
133.	Mr. Fred C. Kabombo	Standard Chartered Bank Zambia Plc	√		√	
134.	Ms. Bwalya Kasito	Standard Chartered Bank Zambia Plc	√		√	
135.	Mr. Kangwa C. Chengo	Standard Chartered Bank Zambia Plc	√		√	
136.	Ms. Sarudzai Muचेchemera	Standard Chartered Bank Zambia Plc	√		√	
137.	Mr. Brian Mufalali Chasimpha	Standard Chartered Bank Zambia Plc	√		√	
138.	Mr. William Mulenga	Standard Chartered Bank Zambia Plc	√			√
139.	Mr. Charles Mate	Stockbrokers Zambia Limited	√		√	
140.	Mr. Jack Kanyanga	Stockbrokers Zambia Limited	√		√	
141.	Mr. Boniface Mwamba	Stockbrokers Zambia Limited	√		√	
142.	Mr. Bwalya Mwape	Stockbrokers Zambia Limited	√		√	
143.	Mr. Mchemba Chinzewe	Stockbrokers Zambia Limited	√		√	
144.	Mr. Chinyanta Nkonkomalimba	Stockbrokers Zambia Limited	√		√	
145.	Mr. Lusekelo Chitundu	Stockbrokers Zambia Limited	√		√	
146.	Mr. Mwape Bwanali	Treasfin Limited	√		√	
147.	Ms. Mwaka Kopakopa	United Bank for Africa Zambia Limited	√		√	
148.	Mr. Gift Banda	United Bank for Africa Zambia Limited	√			√
149.	Mr. Nyeji Ruth Chilembo	WCAP Limited	√		√	
150.	Ms. Karen Kabage Kapika	Zambia Industrial Commercial Bank Limited	√		√	
151.	Mr. Rudolph Ngulube	Zambia Industrial Commercial Bank Limited	√		√	
152.	Mr. Gerald Soko	Zambia National Commercial Bank Plc	√		√	
153.	Mr. Kawangu Sakuwaha	Zambia National Commercial Bank Plc	√		√	
154.	Mr. Austin Hamukonka Chijikwa	Zambia National Commercial Bank Plc	√		√	
155.	Mr. Charles Kamungu	Zambia National Commercial Bank Plc	√		√	
156.	Mr. Cliff George Sakala	Zambia National Commercial Bank Plc	√		√	
157.	Mr. Fredrick Mulenga Kaputo	Zambia National Commercial Bank Plc	√		√	
158.	Ms. Kaluba Gloria Kaulugombe	Zambia National Commercial Bank Plc	√		√	
159.	Ms. Kunda Catherine Chikumbi	Zambia National Commercial Bank Plc	√		√	

Item	Name of Representative	Dealer	2024		2023	
			Yes	No	Yes	No
160.	Ms. Virginia L. Mwalilino	Zambia National Commercial Bank Plc	√		√	
161.	Mr. Lishala Clarence Situmbeko	Zambia National Commercial Bank Plc	√		√	
162.	Mr. Tiyeze Chilembo	Zambia National Commercial Bank Plc	√		√	
163.	Ms. Nana Mukwiza	Zambia National Commercial Bank Plc	√		√	
164.	Mr. Mudenda Sikapoto	Zambia National Commercial Bank Plc	√		√	
165.	Ms. Ivor Chambwe	Zambia National Commercial Bank Plc	√		√	
166.	Mr. Roy Mbazima	Zambia National Commercial Bank Plc	√		√	
167.	Mr. Jibinga Kelly Jibinga	Zambia National Commercial Bank Plc	√		√	
168.	Mr. Kennedy Zeula	Zambia National Commercial Bank Plc	√		√	
169.	Mr. Bill Njamba	Zambia National Commercial Bank Plc	√		√	
170.	Mr. Siangazi Innocent Malcome	Zambia National Commercial Bank Plc	√		√	

Investment Adviser's License

The following held an Investment Advisors license as at 31st December, 2024:

Item	Company	2024		2023	
		Yes	No	Yes	No
1.	Abu Khan	√		√	
2.	Amano Capital Limited	√		√	
3.	Caravel Partners Zambia Limited	√		√	
4.	Carrick Wealth Zambia Limited	√		√	
5.	Charles Sichangwa	√		√	
6.	deVere and Partners Investment Services (Zambia) Ltd	√		√	
7.	Dingan Njobvu	√			√
8.	DM Investment Advisers and General Business Consultants Limited	√		√	
9.	Enock Bwalya	√		√	
10.	Errol Neal Molver	√		√	
11.	Finluca International Limited	√		√	
12.	Frontier Markets Advisory Limited	√		√	
13.	Gralix Actuarial Consulting Limited	√			√
14.	Inside Capital Partners Zambia Limited	√		√	
15.	Kondwani Henry Sakala	√		√	
16.	Lewis Moshu Jr	√			√
17.	Mwape Kunda	√		√	
18.	Riscura Zambia Limited	√		√	
19.	Susan Kawanga Dilamonu	√			√
20.	Venture Asset Management Limited	√		√	
21.	Vunani Asset Management Limited	√		√	
22.	William Frackson Sakala	√			√
23.	XXML Capital Zambia Limited	√			√
24.	Money Acumen Advisory Limited		√	√	

Investment Adviser's Representative License

The following persons held an Investment Advisors Representatives license as at 31st December, 2024:

Item	Name of Representative	Investment Advisor	2024		2023	
			Yes	No	Yes	No
1.	Mr. Malcom Kasuba Shirley	Amano Capital Limited	√		√	
2.	Ms. Mutinta Hope Hamafuwa	Caravel Partners Zambia Limited	√		√	
3.	Ms. Bubala Hamafuwa	Caravel Partners Zambia Limited	√		√	
4.	Mr. Benedict Charles John Carter	Caravel Partners Zambia Limited	√		√	
5.	Mr. Martin Manjoro	Caravel Partners Zambia Limited		√	√	
6.	Ms. Carmen Hachandi	Carrick Wealth Zambia Limited	√		√	
7.	Mr. Hamubbwatu Hanakooma	Carrick Wealth Zambia Limited	√		√	
8.	Ms. Inutu Mpongo Kangani	Carrick Wealth Zambia Limited	√			√
9.	Ms. Lynda Syamunyangwa	deVere and Partners International Limited	√		√	
10.	Ms. Maureen Nabulyato	deVere and Partners International Limited	√		√	
11.	Mr. Gift Kapande	deVere and Partners International Limited	√		√	
12.	Mr. Julian Visser	deVere and Partners International Limited	√		√	
13.	Mr. Arthur Kalumba	deVere and Partners International Limited	√		√	
14.	Ms. Lwiindi Muzongwe	deVere and Partners International Limited	√		√	
15.	Mr. Moss M Sibongo	deVere and Partners International Limited	√		√	
16.	Ms. Zamiwe Njobvu	deVere and Partners International Limited		√	√	
17.	Mr. Darious Mumba	DM Investment Advisers and General Business Consultants Limited	√		√	
18.	Ms. Rosemary Edith Mercer	Finluca International Limited	√		√	
19.	Ms. Namukale Chintu	Frontier Markets Advisory Limited	√		√	
20.	Ms. Chipo Nachizya Sichizya	Gralix Actuarial Consulting Limited	√			√
21.	Mr. Rushil Patel	Inside Capital Partners Zambia Limited	√		√	
22.	Ms. Lyapa Mpempulwa	Money Acumen Advisory Limited		√	√	
23.	Ms. Theresa Gumbo	Money Acumen Advisory Limited		√	√	
24.	Ms. Charity Siwela	Riscura Zambia Limited	√		√	
25.	Mr. Christopher Chileshe Chanda	Venture Asset Management Limited	√			√
26.	Mr. Munyumba Mutwale	Vunani Asset Management Limited	√		√	
27.	Mr. David Eka Bali	XSML Capital Zambia Limited	√			√

Share Transfer Agency License

The following held a Share Transfer Agency license as at 31st December, 2024:

Item	Company	2024		2023	
		Yes	No	Yes	No
1.	Corpservice Transfer Agents Limited	√		√	
2.	Spectrum Corporate Services (T/A Sharetrack) Limited	√			
3.	Ventura Solutions Zambia Limited	√			

Share Transfer Agency Representative's License

The following held a Share Transfer Agency Representative's license as at 31st December, 2024:

Item	Name of Representative	Share Transfer Agent	2024		2023	
			Yes	No	Yes	No
1.	Mr. James Ndhlovu	Corpserve Transfer Agents Limited	√			√
2.	Mr. Joseph Phiri	Corpserve Transfer Agents Limited	√			√
3.	Mr. Mwaba Luonde	Ventura Solutions Zambia Limited	√			√

Appendix IV Contact Details of Capital Market Operators

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 Zambia Limited

34 Kholo Road, Woodlands,
P. O. Box 320308,

Lusaka.

Tel: +260 211 840 513 / +260 761002 002 / +260 761 003 003

Website: www.autussecurities.com

Equity Capital Resources Plc

4th Floor Godfrey House, West Wing,
Kabelenga Road,

Lusaka.

Tel: +260 211 840 313 / 227 518

Website: www.ecrzambia.com

Finance Securities Limited

Plot No. 2110/2111, Sepele Road,
Opp. Finance House Cairo Road,

Lusaka.

Tel: +260 977 791 124

Website: www.financesecuritiesltd.com

Hobbiton Investment Management Services Limited

Plot No. 24,

Kasangula Road, Roma,

Lusaka.

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

Website: www.hobbiton.co.zm

Kukula Capital Plc

32A Foxdale Forest Club House,

Off Zambezi Road, Roma,

Lusaka.

Tel: +260 211 295792

Website: www.kukulacapital.com

Longhorn Associates Limited

Office Park |Plot 1146/1,

Lagos Road Rhodes Park,

P. O. Box 50655,

Lusaka.

Tel: +260 211 252540 | +260 973 452635

Website: www.longhorn-associates.com

Madison Asset Management Company Limited

Plot 316, Independence Avenue,

P.O. Box 37013,

Lusaka.

Tel: +260 (211) 255121/257152

Website: www.madisonassets.co.zm

Pangaea Securities Limited

First Floor, Pangaea Office Park,

Great East Road,

P.O. Box 30163,

Lusaka.

Tel: +260 211 252540 / +260 973 452635

Website: www.pangaea.co.zm

Stockbrokers Zambia Limited

Lusaka Office

36 Mwapona Road, Woodlands,

P.O Box 38956,

Lusaka.

Tel: +260-211-232456

Kitwe Office
Ebenezer Centre, Plot 33 – C2,
Corner Kabengele Road & Independence Avenue,
Kitwe.

Tel: +260-212-225984

Website: www.sbz.com.zm

Zambia National Commercial Bank Plc

Cairo Road-South End,
P O Box 33611,

Lusaka.

Tel: +260 211 425 650 / +260977 873262

Website: www.zanaco.co.zm

b) Other Dealers

Absa Bank Zambia PLC

Absa House, Stand No. 2374,
Kelvin Siwale Road, Show Grounds,

Lusaka.

Tel: +260 211 366 100 / +260 211 366225

Website: www.absa.co.zm

Access Bank Zambia Limited

Access House,
Corner Church and Nasser Roads,
P O Box 39501,

Lusaka.

Tel: +260 211 229 733-40

Website: www.accessbankplc.com

Aflife Capital Zambia Limited

Plot No. 74 Independence Avenue,
4th Floor, Mpile House
P.O. Box 51331,

Lusaka.

Tel: +260 211 253 772 / +260 211 253 112

Website: www.aflife.co.zm

African Banking Corporation Investment Services Ltd

Ground Floor, Access House,
Corner Church and Nasser Roads,

P O Box 39501,
Lusaka.
Tel: +260 211 229733-40
Website: www.atlamarazambia.com

African Life Financial Services Limited
6th Floor, Mpile Office Park
Independence Avenue 74,
P. O. Box 51331,
Lusaka.
Tel: +260 211 254 841 / 253 772
Website: www.afhoid.co.zm

Altus Capital Limited
Plot 74, Mpile House,
Independence Avenue,
P.O. Box 35352,
Lusaka.
Tel: +260 211 253 566
Website: www.capitalaltus.co.zm

Autus Securities Zambia Limited
34 Kholo Road, Woodlands,
P. O. Box 320308,
Lusaka.
Tel: +260 211 840 513 / +260 761002 002 / +260 761 003 003
Website: www.autussecurities.com

Chuuma Asset Management Limited
6th Floor, ZEP – RE Business Park,
Alick Nkhata Road, Mass Media,
Lusaka.
Tel: +260 776 782 007 / +260 764 838 084
Website: www.chuuma.com

Citibank Zambia Limited
Citibank House, Stand No. 4646,
Addis Ababa Roundabout,
P. O. Box 30037,
Lusaka.
Tel: +260 211 444 400 / +260 971 025 133
Website: www.citi.com

Cork Veste Investments Limited

Plot No.4,
Lukasu Road, Long Acres,

Lusaka.

Tel: +260 95 5203685

Website: www.veste.money

Eco-Bank Zambia

22768 Thabo Mbeki Road, Acacia Park,
P. O. Box 30705,

Lusaka.

Tel: +260 211 367 390

Website: www.ecobank.com

Equity Capital Resources Plc

4th Floor Godfrey House, West Wing,
Kabelenga Road,

Lusaka.

Tel: +260 211 840 313 / 227 518

Website: www.ecrzambia.com

Finance Securities Limited

Plot No. 2110/2111, Sepele Road,
Opp. Finance House Cairo Road,

Lusaka.

Tel: +260 977 791 124

Website: www.financesecuritiesltd.com

First Capital Bank Zambia

Ground Floor, Kwacha Pension House, Plot 4604, Tito Road,
P.O. Box 32678,

Lusaka.

Tel: +260 211 368 750 / +260 973 343 329

Website: www.firstcapitalbank.co.zm

First National Bank Zambia Limited

Plot No. 22768, Corner Great East and Thabo Mbeki Road,
P.O. BOX 36187,

Lusaka.

Tel: +260 211 366 800 / +260 211 369 639 / +260 966 116 273

Website: www.fnb.co.za

Hobbiton Investment Management Services Limited

Plot No. 24,

Kasangula Road, Roma,

Lusaka.

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

Website: www.hobbiton.co.zm

Indo-Zambia Bank Limited

Plot No.1213 / 1214,

Corner of Great East Road and Addis Ababa Drive,

Lusaka.

Tel: +260 2113 89900 / +260 7717 98616

Website: www.izb.co.zm

Laurence Paul Investment Services Limited

5th Floor Design House,

Dar es Salaam Place, Cairo Road,

P.O. Box 35008,

Lusaka.

Tel: +260 211 220454

Website: www.laurencepaul.com

Kukula Capital Plc

32A Foxdale Forest Club House,

Off Zambezi Road, Roma,

Lusaka.

Tel: +260 211 295792

Website: www.kukulacapital.com

Providence Asset Management Limited

Plot 16, Sianjalika Road, Woodlands,

P.O. Box 37517,

Lusaka.

Tel: +260 953 588 404 / +260 772 311 191

Email: www.providenceassets.org

Longhorn Associates Limited

Office Park |Plot 1146/1,

Lagos Road Rhodes Park,

P. O. Box 50655,

Lusaka.

Tel: +260 211 252540 | +260 973 452635
Website: www.longhorn-associates.com

Madison Asset Management Company Limited

Plot 316, Independence Avenue,
P.O. Box 37013,
Lusaka.
Tel: +260 (211) 255121/257152
Website: www.madisonassets.co.zm

Money Acumen Advisory Limited

109B, Fir Road, Woodlands,
Lusaka.
Tel: +260 978 966 105
Website: www.moneyacumenadvisory.com

Pangaea Securities Limited

First Floor, Pangaea Office Park,
Great East Road,
P.O. Box 30163,
Lusaka.
Tel: +260 211 252540 / +260 973 452635
Website: www.pangaea.co.zm

Prudential Pension Management Zambia Limited

Prudential House,
Plot 32256 Thabo Mbeki,
P.O. Box 31357,
Lusaka.
Tel: +260 211 222233/4
Website: www.prudentialpensions.co.zm

Stanbic Bank Zambia Limited

Plot 2375, Stanbic House,
Addis Ababa Drive,
P. O. Box 31955,
Lusaka.
Tel: +260 (211) 370000 – 18
Website: www.stanbicbank.co.zm

Standard Chartered Bank Zambia Plc

Stand No. 4642,

Cnr of Mwaimwena Road and Addis Ababa Drive,
P O Box 31934,
Lusaka.
Tel: (0211) 422198-99
Website: www.standardchartered.com/zm

Stockbrokers Zambia Limited

Lusaka Office
36 Mwapona Road, Woodlands,
P.O Box 38956,
Lusaka.
Tel: +260-211-232456

Kitwe Office
Ebenezer Centre, Plot 33 – C2,
Corner Kabengele Road & Independence Avenue,
Kitwe.
Tel: +260-212-225984
Website: www.sbz.com.zm

Treasfin Limited

Plot 4987, LA Office Complex,
LA Boulevard, Longacres,
P O Box 51058,
Lusaka.
Tel: +260 97760518
Website: www.treasfin.com

United Bank for Africa Zambia Limited

Stand 22768, Acacia Park,
Thabo Mbeki Road,
Lusaka.
Tel: +260 979477354
Website: www.ubagroup.com

WCAP Limited

Office No. 03a,
Addis Ababa Corporate Office,
Stand No. 4642, Addis Ababa Drive, Rhodes Park,
Lusaka.
Tel: +260 763629480
Website: www.womencapital.co

Zambia Industrial Commercial Bank Limited

5th Floor, Longacres Mall-Office Block,
Alick Nkhata Road, Mass Mass-Media,
P.O. Box 30228,

Lusaka.

Tel: +260 766 717272

Website: www.zicb.co.zm

Zambia National Commercial Bank Plc

Cairo Road-South End,
P O Box 33611,

Lusaka.

Tel: +260 211 425 650 / +260977 873262

Website: www.zanaco.co.zm

Investment Advisors' Contact Details

Abu Khan

07/43, Plot No. C10/24,
Off Kafue Road,
John Laign / Makeni,

Lusaka.

Tel: +260 979 076 182

Email: Khanabu470@gmail.com

Amano Capital Limited

Latitude 15, Leopards Lane,

Lusaka.

Tel: +260 973177152

Website: www.amanocapital.com

Caravel Partners (Zambia) Limited

38 Luanshya Road,
Silverest Gardens, off Great East Road,

Lusaka.

Tel: +260 764 097027

Website: www.caravelpartners.net

Carrick Wealth Zambia Limited

Unit 101-5, Stand No. 4642,
Corner of Mwaimwena Road and Addis Ababa Drive,

Lusaka.

Tel: +260 211 250222

Website: carrick-wealth.com

Charles Sichangwa

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

Lusaka.

Tel: +260 (211) 226441/5

Email: wits@zamnet.zm

deVere and Partners Investment Services (Zambia) Ltd

Plot 284,
Corner of Joseph Mwilwa and Great East Road,

Lusaka.

Tel: +260 211 295999

Website: devere-zambia.co.zm

Dingan Njobvu

1st Floor Sunshare Tower, Plot No. 155841/1,
Katima Mulilo Road, Olympia,

Lusaka.

Tel: +260 977924048/ +260 950572176

Email: njobvudingan@gmail.com

DM Investment Advisers and General Business Consultants Limited

7 Sable Road, Kabulonga,

Lusaka.

Tel: +260 977909687

Website: www.dmiagbc.co.zm

Enock Bwalya

Plot 22956,
PHI Chainama,

Lusaka.

Tel: +260977807793 | +27605455934|+260950952753

Email: enock.bwalya@africanheights.com / Enock.bwalya@yahoo.com

Finluca International Limited

Plot 2379, Longolongo Road,
Fairview Area,

Lusaka.

Tel: +260 950805495

Website: www.finluca.com

Frontier Markets Advisory

AfricaWorks,

4 Bishops Road, Kabulonga,

Lusaka.

Tel: +260972899476

Website: www.frontiermarketconsultants.com

Gralix Actuarial Consulting Limited

Plot 4897 LA Office Park, Ground Floor,

Los Angeles Boulevard, Longacres,

Lusaka.

Tel: +260 770 007 775

Website: www.gralix.co

Inside Capital Partners Zambia Limited

8th Floor, Sunshare Tower,

Katima Mulilo Road,

Lusaka.

Tel: +260 211 388 720

Website: www.insidecapital.net

Kondwani Henry Sakala

Plot No. 50A, Off Makeni Road,

Makeni Konga,

Lusaka.

Tel: +260 977321100

Email: hkonds@gmail.com

Lewis Mosh Jr

758 Independence Avenue, Woodlands,

Lusaka.

Tel: +260 776552592

Email: mrmoshojr@gmail.com

Mwape Kunda

2nd Floor, Elunda Two, Stand 4648,

Addis Ababa roundabout, Rhodes Park,

Lusaka.

Tel: +260 977918820

Email: amwapekunda@gmail.com

Riscura Zambia Limited

Figtree house, Plot No. 1,

Warthog Road, Kabulonga,

Lusaka.

Tel: +260 (211) 262 773

Website: www.riscura.com

Susan Kawanga Dilamonu

Suite No.75,
Anchris House, Town Centre,

Kitwe.

Tel: +260 966630653

Email: kdilamonu@gmail.com

Venture Asset Management Limited

AfriPay Suite, Agora Village,
Thabo Mbeki Road,

Lusaka.

Tel: +260 974327794

Website: www.ventureasset.com

Vunani Asset Management Limited

Plot 20,
Mpulungu Road, Olympia,

Lusaka.

Tel: +260 977790575

Website: www.vunani.com

William Frackson Sakala

5570 Itawa,
Nalumino Mundia Road,

Ndola.

Tel: +260 966853324

Email: sakalwill@gmail.com

XSML Capital Zambia Limited

Farm 32A, Kabanana,
Off Zambezi Road,

Lusaka.

Tel: +260 766110400

Website: www.xsmlcapital.com

Credit Rating Agencies Contact Details

Premier Rating Services Limited

Plot No. 4,
Broads Road, Rhodes Park,

Lusaka.

Tel: +260 0977 365094

Website: www.creditratingagency.net

ICRA Rating Agency Limited

Plot NO.20848,

Corporate Park,
Alick Nkhata Road, Mass Media,
Lusaka.
Tel: +260 211 269 861 / +260 979 843 525
Website: www.icratingzm.com

Share Transfer Agencies Contact Details

Corpserve Transfer Agents Limited
6 Mwaleshi Road, Olimpia Park
Lusaka.
Tel: +260 211 256969/70
Website: www.Corpservezambia.com.zm

Ventura Solutions Zambia Limited
Plot# 15, Twin palm Road, Ibex Hill
Lusaka.
Tel: +260 977 899 379 / 0 951 595 566
Website: www.venturasolutions.org

Spectrum Corporate Services (T/A Sharetrack) Limited
Spectrum House
Stand No. 10, Jesmondine, Great East Road
Lusaka.
Tel: +260 211 374 791 / 92 / 93 / 94
Website: www.sharetrackzambia.com

Recognised Self-Regulatory Organisations

Lusaka Securities Exchange Plc
See address information under Securities Exchanges above

Capital Markets Association of Zambia
Plot 1130, Suite 4, 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.co

Website:

www.bat.com

Listed on 15th

December, 1996

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

Chilanga Cement Plc

Farm No. 1880 Kafue Road

Chilanga

P.O. Box 32639

Tel: +260 (211) 367400/600

Fax: +260(211) 278134

E-mail:

enquiries.zambia@hauxincem.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, H. Figov Road,

P. O Box 90295

LUANSHYA

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

Standard Chartered House,
Stand No 4642, corner of
Mwaimwena Road and Addis Ababa Road.
P.O. Box 32238
Lusaka, Zambia

Lusaka

Tel: (0211) 422198-99
Fax: (0211) 222092/225337
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

Plot No. 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

Plot 6438, Mungwi Road,
Heavy Industrial Area,
P. O Box 35135,

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

Stand 3509/No.7 Matandani Close Rhodespark,
P.O. Box 32565
Lusaka, Zambia
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
Plot No. 118a, Lubombo Road, Nakambala
Estate, Mazabuka, Zambia,
P. O Box 670240,
MAZABUKA
Tel: +260 21 3 230 394
Fax: +260 21 3 230 116
E-mail: Corporate@zamsugar.zm
Website: www.zamsugar.co.zm
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

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

Veritas General Insurance Plc

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**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

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

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](http://www.focus.co.zm)
.zm

International Finance Corporation

Exevia Commercial Complex,
Plot #1014, 4th Floor, Church Road,
P.O. Box 35410
Lusaka.
Tel: (260-21) 137-3200

Copperbelt Energy Corporation Renewables Limited

Stand No. 3614, 23rd Avenue,
Nkana East, PO Box 20819,
Kitwe.
Tel: +260 212 244297/ +260 212 244163



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