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2017 ANNUAL REPORT

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CONTENTS

OUR MISSION STATEMENT 3

SEC COMMISSIONERS 5

SEC MANAGEMENT 7-9

CHAIRMAN'S REVIEW 11-12

CHIEF EXECUTIVE'S STATEMENT 13

Performance of the equities market 14

- *Equity market* 14
- *Market Capitalisation* 15
- *Turnover* 15
- *Volume of shares and number of trades* 15
- *Number of Listed and Quoted Companies* 15
- *Turnover to Market Cap Ratio* 15
- *Trading Turnover (Government Trade Securities)* 16
- *Corporate Bonds* 16
- *Collective Investment Schemes (CIS)* 16

Financial Performance of the Commission 16-18

Staff Complement 18-19

Training and Workshops 20-21

Strategic Plan Overview 22

Conclusion 22

CORPORATE GOVERNANCE 23

Board Composition 23

Board Meetings 24

Committee Membership **25**

Committees and Committee members 26

Regulatory and Operational Efficiency **27**

Extent of implementation of the Commission's oversight function and their effectiveness **27-28**

Cost Savings resulting from the Commission's Operations **28**

Cost to the Nation for not having the Commission **28**

Actual and projected efficiencies the Commission has achieved as a result of the continuining regulatory activities **28**

Nature of the working relations with Capital Market Operators **29**

Immediate and Projected capabilities of the Commission **29**

Audit Function 29

Commission Secretary 30

Board Performance Self-Evaluation 30-31

OPERATIONAL ACTIVITIES 32

Market Supervision **32**

- *Zambia's Capital Market Players* 32
- *Compliance* 33
- *Inspections* 33
- *Surveillance* 33
- *Complaints Handling* 34

Contents

Market Development 35
- *Zambia's Capital Markets Indaba* 35
- *Launch of the National Financial Sector Development Policy and National Financial* 36
- *Financial Literacy Week Launch* 36-37
- *Workshops and Capacity Building* 38-39
- *Sensitisation Activities* 39-41
- *Professional Body engagement* 41
- *2017 Capital Markets Schools Challenge Competitions* 41-42

Enforcement and Legal Services 43
- *Legislative development* 43
- *Enforcement actions taken* 43
- *Regulatory compliance* 44
- *Regulatory compliance* 44
- *IOSCO MMOU Compliance* 44

Market Transactions 45-46

FINANCIAL STATEMENTS 47-72
31 December 2017

APPENDICES 74

Appendix I 74
The SEC Staff, (Past and Current) 74

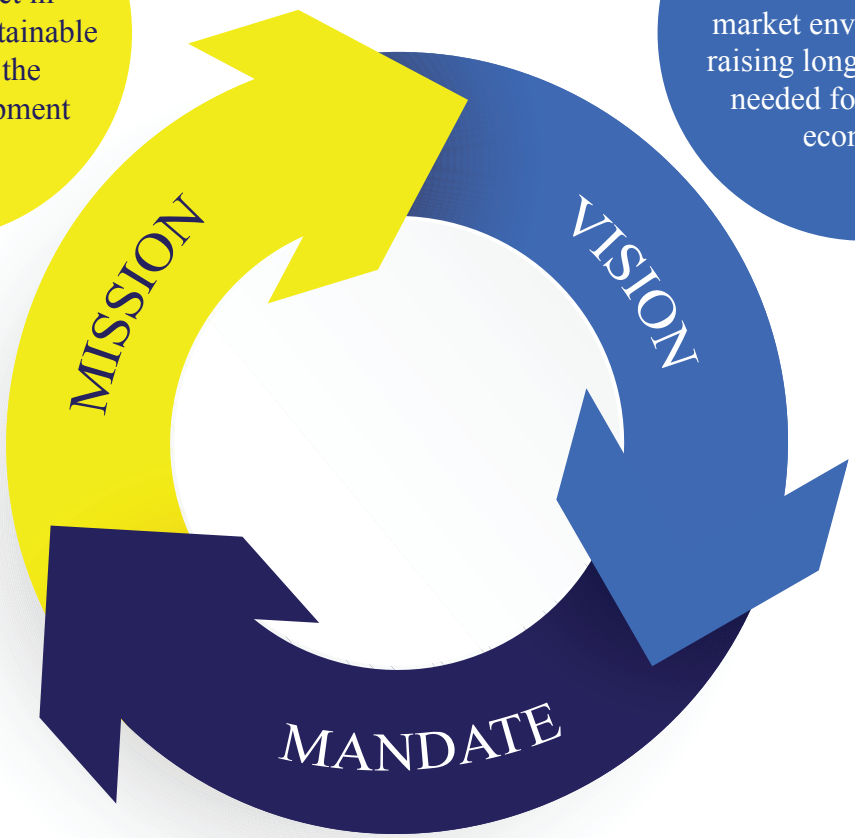
Appendix II 75
List of Authorised Capital Market Players for 2017 75
- *Dealer's Licenses* 75
- *Dealer's Representative Licenses* 76-78
- *Investment Adviser's License* 79
- *Investment Adviser's Representative License* 79
- *Securities Exchange Licenses* 80

Appendix III 81
Contact Details of Capital Market Players 81
- *Stock Exchange Details* 81
- *Dealers' Details* 81-83
- *Investment Advisors' Details* 84
- *Listed Companies' Details* 85-87
- *Quoted Companies' Details* 88-89
- *Details of Companies with Listed Debt Securities* 90

MISSION, VISION AND MANDATE

To stimulate the expansion and grow the capital market in order to make a sustainable contribution to the economic development of Zambia.

To be a capital markets regulator that offers a conducive market environment for raising long-term capital needed for a thriving economy.



The Securities and Exchange Commission (SEC) was established pursuant to section 3 of the Securities Act, Cap 354 of the Laws of Zambia. 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 develop 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.

If you are approached by someone offering Investment products…

Remember to do your part by first asking to see their Securities and Exchange Commission Investment Adviser's License.

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SECURITIES AND EXCHANGE COMMISSION

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SEC COMMISSIONERS

During the period under review, the Commission comprised the following Commissioners appointed from institutions specified in the Securities Act, No. 41 of 2016:

Chairperson

Mr. Amos Siwila

Mr. Siwila, a legal practitioner, has been the SEC Board Vice-Chairperson since November 2015, Acting Chairperson from August 2016 and the elected Board Chairperson since June 2017. Mr. Siwila represents the Law Association of Zambia (LAZ) on the Board. Mr Siwila served as the Board Chairperson at the date of this report.

Vice Chairperson

Mr. George Nonde

Mr. Nonde, a chartered accountant, has been a SEC Board Member since September 2014 and the Board's elected Vice-Chairperson since June 2017. He represents the Zambia Chamber of Commerce and Industry (ZACCI) on the Board and served as the Board Vice-Chairperson at the date of this report.

Commissioner

Mrs. Ireen Musonda-Habasimbi

Mrs. Habasimbi, an economist, has been a SEC Board Member since May 2017. She represents the Ministry of Finance on the Board.

Commissioner

Dr. Jonathan Chipili

Dr. Chipili, an economist at the Bank of Zambia (BoZ), has been a SEC Board Member since August 2012. Dr. Chipili represents the Central Bank on the Board.

Commissioner

Ms. Mainza Masole

Ms. Masole, a social security professional, has been a SEC Board Member since May 2017. She represents the Pensions and Insurance Authority on the Board.

Commissioner

Mr Joe H. Simachela

Mr. Simachela, a legal practitioner, had been a SEC Board Member since June 2010. He is a chief State Advocate at the Ministry of Justice and represented the Ministry of Justice on the Board until the end of his tenure of office in September 2017.

Commissioner

Mrs. Conceptor Zulu

Mrs. Zulu, a legal practitioner, has been a SEC Board Member since November 2017. She represents the Ministry of Justice on the Board.

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

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

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.

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. She is also an advocate of the High Court for Zambia, a qualified legislative drafter and trained commercial Arbitrator.

Director - Market Supervision & Development

Mutumboi Mundia

Ms. Mundia, a fellow of the Association of Chartered Certified Accountants (ACCA), has been with the Commission since January 2013. She is a Chevening Scholar and holds a Master's Degree in Corporate Strategy and Governance from the University of Nottingham in the UK. She also holds the International Global Certificate for Securities Regulators from the Harvard Law School/IOSCO. Ms Mundia further holds the Introductory Certificate in Arbitration from the UK's Chartered Institute of Arbitrators.

Manager – Market Transactions & Investments

Bruce Mulenga

Mr. Mulenga has been with the Commission since 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 - Administration

Saul Nyalugwe

Mr. Nyalugwe has been with the Commission since October, 2012. He holds a bachelor of laws degree from Nelson Mandela Metropolitan University in South Africa, a Diploma in Purchasing and Supply from Sandwell College of Higher and Further Education (West Bromwich) UK and a Diploma in Human Resource Management from Zambia Institute of Human Resource Management. He also trained in Domestic Arbitration- Chartered Institute of Arbitrators.

Manager – Market Supervision

Abraham Alutuli

Mr. Alutuli, a chartered accountant, has been with the Commission since May, 2014. He Holds a Master of Business Administration (MBA) and is a Fellow of both the Association of Chartered Certified Accountants (ACCA) and Zambia Institute of Chartered Accountants (ZICA). He is also a certified fraud examiner and holds a National Accounting Technician Certificate.

Manager – Market Supervision

Nonde Sichilima

Mr. Sichilima, a chartered accountant, has been with the Commission since September, 2015. 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 Development

Dingase Makumba

Mrs. Makumba has been with the Commission since May 2014. She holds a Masters of Business Administration from the Eastern and Southern Africa Management Institute(ESAMI), Bachelor of Arts in social sciences from the University of Zambia and postgraduate diploma in marketing from the Chartered Institute of Marketing-UK

Manager - Financial Inclusion

Mubanga Kondolo

Mr. Kondolo, a financial sector specialist has been with the Commission since June 2017. He holds a BA (Hons) in Business and Management from University of Sunderland.

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SECURITIES AND EXCHANGE COMMISSION

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CHAIRMAN'S REVIEW

The Commission presents the report for the year ended 31st December 2017, as required by the Securities Act, Number 41 of 2016. The Securities Act further requires that the Commission should report on a number of issues not limited to but including the following:

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

The Commission has reported on these matters in relevant sections of this annual report.

May I begin by reporting that since the enactment of the 2016 Securities Act, our investor protection work at the Commission has been made a lot easier. However, in order to obtain the full benefits from this Law, Rules and Regulations that will make the Act fully operational are being formulated. These Rules and Regulations once completed will enhance the existing Rules which are a carry forward from the 1993 Securities Act.

The Commission is happy to report that following the coming into effect of the 2016 Securities Act, the Commission has made a re-application to the International Organisation of Securities Commissions (IOSCO), which once the application is successful will make our capital markets more attractive to other players such as the external fund managers. We now live in a global village and as such, the necessity to improve local Laws, Rules, and Regulations that ensured the markets were regulated in a manner acceptable to the global village is cardinal for the development of our local capital markets. Therefore, the Commission will continue to pursue the development of Laws, Rules and Regulations that will ensure our markets would compete for funds at par with other markets, especially with our country's low savings rate.

Following my report last year on the Commission's quest to develop capital markets, an indaba was held in April 2017. The Indaba, which was graced by Hon Felix Mutati, MP, who was Minister of finance at the time discussed and agreed a road map for developing a long term Capital Markets Master Plan (CMMP). The indaba was a platform to brainstorm capital markets development ideas. The CMMP will anchor ideas that the market needs to pursue for it to remain relevant. The Commission believes that it is the development of a long term plan that will help spur the development of capital markets in Zambia. The Commission will then draw its shorter term plans from these longer term developmental goals.

The Commission continues to view capital markets as an important alternative to regular savings vehicles. Therefore, improvements in the regulatory approaches to securing asset values is important. The Commission during the year continued to make improvements in the regulatory tools and approaches towards strengthening Collective Investment Scheme (CIS) assets, savings in corporate bonds, as well as the savings made through equity investments.

Although the growth in savings increased from the last reported figures of 2016, the total savings through capital markets still remains small relative to other financial sectors in Zambia. The Commission hopes that as the CMMP alluded to above is crafted, ideas in that document will help improve the performance of the capital markets sector.

The Commission also continued to engage the market as a way of sharing useful views about the development of capital markets in Zambia. These activities, meant to fulfil the Commission's mandate, are again presented below under relevant sections.

Of note looking forward are some activities that the Commission will during 2018 be hoping to achieve and/or implement. As mentioned above, it is key that capital market development follows a systematic agreed process. Therefore, in order to ensure that development follows a laid down process, the development of the CMMP will be a desirable deliverable during 2018. In line with the 10-year plan, the Commission is also working on completing the development of the 2018 – 2021 Strategic Plan. This 2018 – 2021 plan will be aligned to the 10-year development plan and may be revised in the event that the 10-year plan was at variance with the short term strategic plan being developed.

The Commission is also looking to ensuring the 2016 Securities Act is fully implemented. With the assistance of the World Bank, Rules for certain aspects of the Securities Act are being developed while the Commission is also working on updating the rest of the Rules to be in line with the new law. This will ease the delivery process of the investor protection mandate enshrined in the Securities Act.

In concluding, may I now end, on behalf of my colleagues on the Commission Board and staff, by thanking the Government through the Ministry of Finance for the continued support to the Commission. The Commission has continued to receive financial support on time which ensures that the Commission meets its obligations on time, an important ingredient for good regulatory oversight work. I wish to also thank all the capital markets stakeholders and in particular the Capital Markets Association of Zambia (CMAZ), whose continued dialogue and interaction with us has made our investor protection agenda and the capital markets development initiatives a success.

Amos Siwila
CHAIRPERSON

CHIEF EXECUTIVE'S STATEMENT

The Commission's mandate of investor protection and market development were undertaken during the year as required by the Securities Act, number 41 of 2016. In line with the requirements of the Securities Act, the Commission reports, among other things, the performance of the Commission in line with the six key areas as highlighted in the Chairman's report.

The Commission presents below operational reports that highlight activities the Commission performed in order to deliver on the requirements of the Law. The Commission also presents independently audited financial statements which, with the "clean" audit report clearly show that the Commission adhered to the governance requirements of both the Securities Act, accounting standards, and other requirements. The Commission further continues to demonstrate that the financial resources of the Commission are continually managed in a prudent manner having in mind the Commission's need to use resources in its primary function of investor protection and attending to market development goals.

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Although the Commission continues to operate below the minimum required resource needs, those regulatory activities that add value to the protection of investors and the country's savings were undertaken. This is more so on the Commission's understanding that resources should be applied to avoid contagion effects that a failure of capital markets could have on the larger financial sector. During the year, the Commission ensured that the K475million in CISs, the K929 million in corporate bonds, and the over K63 Billion invested via the Lusaka Securities Exchange Plc (LuSE) was protected as losing these funds would result in loss of confidence in the financial services sector in Zambia and loss of livelihood for the saving public, among other negative effects.

The Zambian capital markets continued to contribute to the overall financial sector objectives of capital formation by encouraging savings and also helped protect investors and in the process avoided the social costs that could result from the failure by retirement funds and individual investors to access their life savings in CISs, corporate bonds, and securities.

The Commission now reports below the performance of the equity, corporate debt, and Collective Investment schemes (CIS) segments of the capital markets sector. These areas under the supervision of the Commission all contributed to the overall well-being of the financial system in Zambia.

Performance of the equities market

The Capital markets in Zambia has three licensed exchanges. The performance of the market report is however restricted to the Lusaka Securities Exchange Plc (LuSE), which is the only active regulated market. The Bonds and Derivatives Exchange (BaDEX) and Pan African Exchange ("PANEX") were not active during the review period.

Equity market

The Lusaka Securities Exchange (LuSE) All Share Index (LASI) closed the year at 5,311.54 points indicating a 27 % increase compared to the preceding period that closed at 4,195.95 points. The increase in the LASI was mainly due to positive price changes in share prices notably in ZANACO (234%), African Explosives Zambia Limited (170%), Copperbelt Energy Corporation (66%), Standard Chartered Bank Zambia (59%) and Cavmont Capital Holdings Zambia Limited (33%). These movements were primarily driven by improved stability in economic variables and a more positive economic outlook.

We present below the salient indicators of the performance of the market during the year under review:

	31/12/2017	31/03/2016	Percentage Change
LuSE All Share Index	5,311.54	4,195.95	27%↑
Market Cap (K'million-Including Shoprite)	62,350	57,668	8%↑
Market Cap (US$ million-Including Shoprite)	6,223	5,813	7%↑
Market Cap (K'million-Excluding Shoprite)	28,111	23,429	20%↑
Market Cap (US$ million-Excluding Shoprite)	2,805	2,362	19%↑
Gross Domestic Product (US$ Million)	23,200	22,300	4%↑
Trading Turnover - Equities (K'million)	1,198	277	332%↑
Volume of Shares Traded ('Millions')	852	105	711%↑
Number of Trades	3,850	2,582	49%↑
Number of Listed Companies	23	23	0%
Number of Quoted Companies	13	12	8.33%
Market Capitalization/GDP Ratio (%)	12.07	10.31	17%↑
†Turnover /Market cap Ratio	4.26	1.18	261%↑
Trading Turnover-GRZ Bonds (K'million)	11,959	4,450	169%↑
Number of Trades (GRZ Bonds)	1,331	428	211%↑
Number of Brokers	6	6	0%%
Number of Collective Investment Schemes	9	7	29%↑

Source: Lusaka Securities Exchange Plc

**2016 GDP (CSO @ K9.92/US$) and 2017 GDP (World Bank Forecast)*

†Turnover to market cap ratio excludes Shoprite

Market Capitalisation

The market capitalization, which is the market value of securities of all listed companies, increased from K57,668 million (including Shoprite) as at 31st December 2016 to K62,350 million as at 31st December 2017, representing an 8% increase. This increase in the market capitalisation was due to an increase in the share prices of some of the listed entities. The market capitalization (excluding Shoprite) closed at K 28,111 million as at 31st December 2017 compared to K 23,429 million at 31st December 2016 representing a 20% increase.

In US$ terms, the market capitalization of the LuSE including Shoprite increased by 7% from US$ 5,813 million at 31st December 2016 to US$ 6,223 million as at 31st December 2017. The market capitalization excluding Shoprite was US$2,805 million at 31st December 2017 compared to US$ 2,362 million as at 31st December 2016 a 19% rise.

Market Capitalisation

The turnover increased by 332% from K852 million in 2016 to K1,198 million in 2017. This increase is mainly attributed to Zanaco Bank Plc which recorded 54% of the total turnover in 2017.

Volume of shares and number of trades

The volume of shares and number of trades increased by 117% and 49% in 2017 receptively. The increase in the volume was mainly due to Zanaco Bank Plc which contributed 80%of the volume of shares.

Number of Listed and Quoted Companies

There was an increase in the number of quoted companies from 12 in 2016 to 13 in 2017 after the registration with the Commission of CEC Africa Investments Limited shares which then became quoted on the LuSE. There was however, no change in the number of listed companies during the period under review.

Turnover to Market Cap Ratio

The increase in the turnover to market capitalisation ratio was by 261% from 1.18 recorded in 2016 to 4.26 for 2017. The change is mainly attributed to the Zanaco Bank Plc corporate action which contributed 77% to the total turnover of the LuSE.

Trading Turnover (Government Debt Securities)

The trading turnover of government bonds increased by 169% from K4,450 million in 2016 to K11,959 million in 2017. The increase in the value of traded debt securities is attributed to the increase by 211% in the number of trades from 428 trades in 2016 to 1,331 trades in 2017.

Corporate Bonds

The total value of outstanding debt securities registered with the Commission as at 31st December 2017 was K929 million and the total compared to K1,165 million outstanding at 31st December 2016. The reduction is due to some of the bonds maturing during 2017.

Collective Investment Schemes (CISs)

The number of authorised fund managers increased from 7 in 2016 to 9 in 2017 after two new fund managers were authorised in 2017. The value of funds under management by the authorised managers increased by 18.7% from K363,618,982 at the end of December 2016 to K431,571,408 Although there was a growth in the number of fund managers, this increase in funds under management is mainly due to greater participation in the sector by investors, which is a good development as the CIS funds are small compared to other markets in the region. Therefore, the continued growth of the industry is a reassuring sign that the sector will continue to provide an alternative savings vehicle for small investors and pension funds as well.

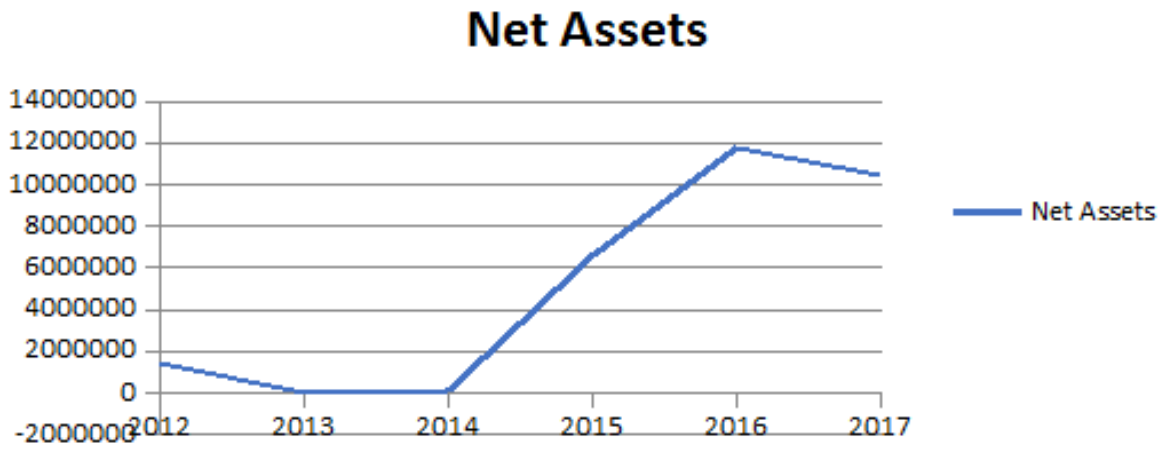
Financial Performance of the Commission

In order to safe guard savings made through the capital markets, government continues to support the Commission in meeting operational costs. The Commission also continues to support government efforts by generating revenues that support 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 2017, the Commission recorded an operating deficit of K1,301,332 (2016 – surplus K2,282,100) from a combined income of K20,299,377 against total operating costs of K21,600,709. The deficit in the year is mainly attributed to the subdued market activities arising from high money market rates in 2016 through to 2017. The capital markets ability to transfer savings into productive sectors, which drives the Commission's ability to earn fees, is affected by high money market rates as corporates are unable to raise funds due to expensive funds.

Accumulated Fund

The Commission's accumulated fund position at 31st December 2017 stood at K10,480,935 in contrast to K11,782,267 recorded at 31st December 2016. The diagram below shows that since 2012, the Commission has managed to contain costs and thus improve on its net assets position. The net assets position shows that the commission has for the last five years managed to keep its costs within its purse limits.



Income Earned

During the year ended 31st December 2017, the Commission internally generated 52% of its income while GRZ grant support accounted for 48%. This is on the backdrop of subdued market activities as explained above.

Commission Expenses

The Commission being a services organization has human capital as 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 2017, the Commission's total staff costs were 54% (2016 – 52.4%) 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

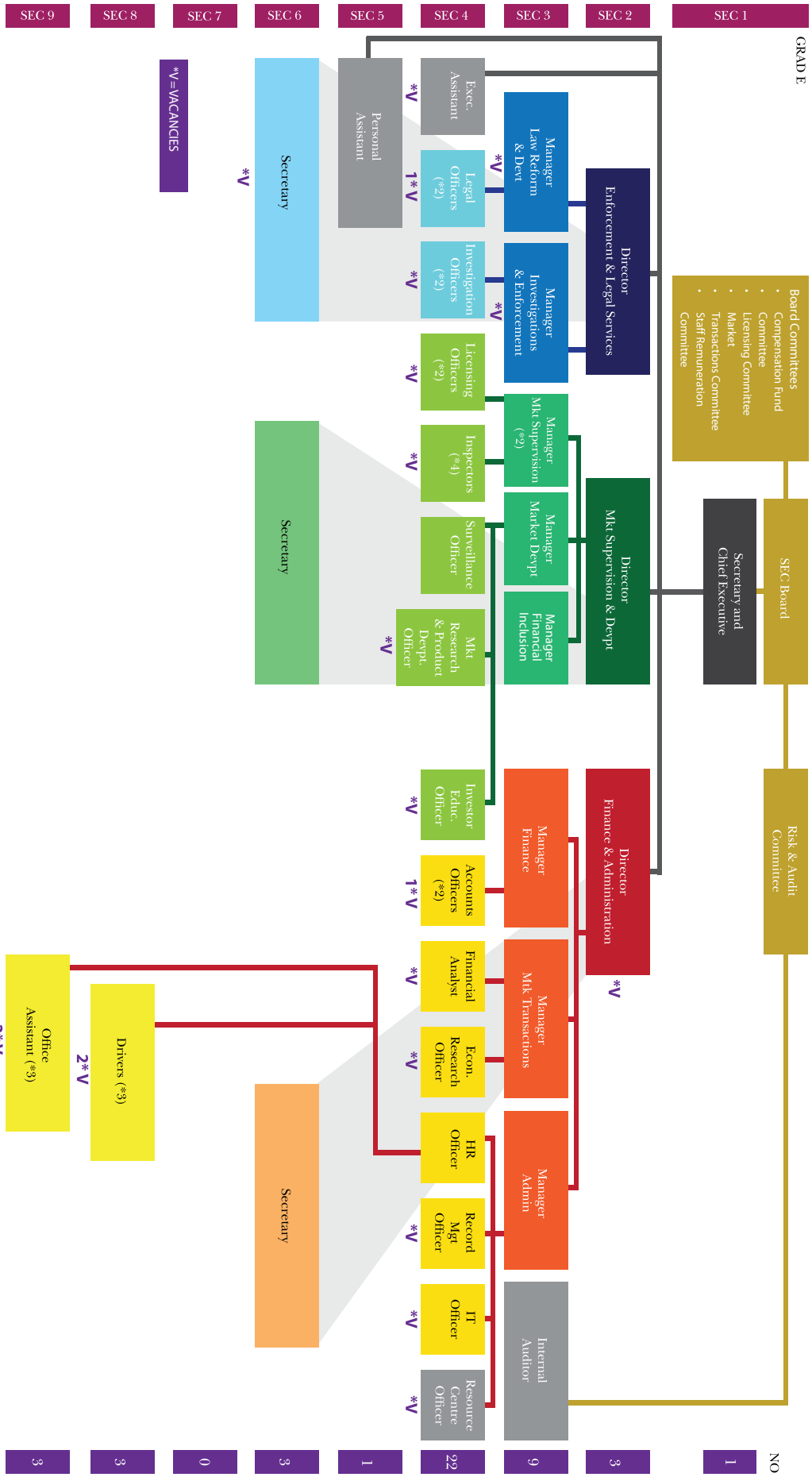
During the period under review, the Commission's capital expenditure was as follows:

	2017	2016
Type	**ZMW**	**ZMW**
Computer hardware	135,389	51,934
Office equipment	174,941	-
Office furniture	130,538	21,910
Motor vehicles	1,044,386	405,429-
Total	**1,485,254**	**479,273**

The 59% increase in capital expenditure during the period under review was due to the purchase of motor vehicles.

Staff Complement

The Commission's staff complement during the review period remained at 18 compared to an approved structure of 43 (2015 – 2018). Capacity building continued to be at the core of the Commission's objectives. The full list of employees during the period under review is provided in Appendix I while the approved structure is highlighted on next page:


GRAD E
SEC 1
SEC 2
SEC 3
SEC 4
SEC 5
SEC 6
SEC 7
SEC 8
SEC 9
NO
Board Committees
Compensation Fund Committee
Licensing Committee
Market Transactions Committee
Staff Remuneration Committee
SEC Board
Secretary and Chief Executive
Risk & Audit Committee
Director Enforcement & Legal Services
Director Mkt Supervision & Devpt
Director Finance & Administration
Manager Law Reform & Devt
Manager Investigations & Enforcement
Manager Mkt Supervision (*2)
Manager Market Devpt
Manager Financial Inclusion
Manager Finance
Manager Mtk Transactions
Manager Admin
Internal Auditor
Exec. Assistant
Personal Assistant
Secretary
Legal Officers (*2)
Investigation Officers (*2)
Licensing Officers (*2)
Inspectors (*4)
Surveillance Officer
Mkt Research & Product Devpt. Officer
Investor Educ. Officer
Accounts Officers (*2)
Financial Analyst
Econ. Research Officer
HR Officer
Record Mgt Officer
IT Officer
Resource Centre Officer
Office Assistant (*3)
Drivers (*3)
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*V=VACANCIES
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Training and Workshops

Multi-national and Regional Conferences and Summits Attended by Commission Staff

The Commission has a deliberate policy to ensure staff are aware of the developments in this ever-changing capital markets environment. The country and the Commission are also signatories to regional bodies such as SADC, which among other things require membership and attendance at meetings such as those of the Committee on Insurance, Securities and Non-Bank Authorities (CISNA) and the Eastern and Southern African Anti Money Laundering Group (ESAAMLG). Therefore, during the Financial Year ended 31 December 2017, Commission staff attended the following trainings, conferences, meetings and workshops.

Course and Location	Dates	Attended by
PEER to PEER learning, Peru	14 to 20 January 2017	Director Market Supervision and Development, Legal Officer
IOSCO-AMERC Meeting, Abu Dhabi, United Arab Emirates	14 to 15 February 2017	Director Market Supervision and Development, Secretary & Chief Executive
Investment Advisors & Stockbrokers Course, Lusaka	6 to 27 February 2017	Inspector Analysts
CISNA Legal, Benoni RSA	20 to 24 February 2017	Director Enforcement & Legal Services
Annual International Institute For Securities Market Growth and development, Washington DC	27 March to 06 April 2017	Director Enforcement & Legal Services, Manager supervision
Investment Advisors & Stockbrokers Course, Lusaka	30 January to 20 February	Legal Officer
CISNA , Swaziland	05 to 07 April 2017	Manager Transaction & Finance Manager
ESAAMLG, Tanzania	2 to 7 April 2017	Manager Market Development
IFC-Capital Markets Development, Kenya	10 to 12 May 2017	Secretary and Chief Executive & Director market Supervision and development
NAMFISA, Namibia	10 To13 July 2017	Inspector Analysts & Manager Financial Inclusion
US SEC Compliance Training	10 to 14 July 2017	Legal Officer
IOSCO-Madrid, Spain	16 June to 2 July	Secretary and Chief Executive & Manager Market Development
ACCA, CIMA & ZICA Business Conference, Livingstone	15 to 19 August 2017	Director Market Supervision and Development, Manager Market Supervision, Manager Market transaction and Manager Finance
IFC-Milken Capital Markets Training, USA	09 August 2017 to 2 May 2018	Accounts Officer

Course and Location	Dates	Attended by
ESAAMLG, Tanzania	3 to 8 September 2017	Director Enforcement & Legal Services, Manager Market Development
SPPRC, Botswana	23 to 26 August 2017	Secretary & Chief Executive Officer
OICU-IOSCO, Spain	4 to 7 September 2017	Director Market Supervision and Development
ZIBFS, Lusaka	22 September 2017	Manager Supervision, Manager Financial Inclusion, Inspection Analyst & Legal Officer
Office Assistant Course, Luanshya	11 to 22 September 2017	Office Assistant
CISI training, Livingstone	24 to 29 September 2017	Inspection Analysts, Legal Officer, Surveillance Officer
CISNA, Harare	07 to 10 October 2017	Manager Supervision, Director Legal, Manager transactions, Manager Supervision &Secretary and Chief Executive
Investment Advisors & Stockbrokers Course, Lusaka	9 to 31 October 2017	Investigations Officer, IT officer Officer, HR Officer
FSB Familiarisation Training, RSÁ	19 to 25 November	Legal Officer, HR Officer
ZIM, Livingstone	07 to 11 November 2017	Investigations Officer, Manager Financial inclusion
OICU-IOSCO, Boston USA	3 to 8 December 2017	Secretary and Chief Executive & Manager Market Development
Certified Enterprise Risk manager, Kenya	04 to 08 December 2017	Finance Manager
International venture capital master Class	21 to 24 November 2017	Manager Transaction
IOSCO Technical Assistance, Kenya	28 November to 1 December 2017	Director Supervision and Market Development, Manager Supervision
IOSCO Training, Mauritius	5 to 8 December 2017	Inspection Analysts, Manager Supervision

Strategic Plan Overview

The 2015 – 2018 strategic plan, which ends in March 2018 identified five (5) key objectives. These objectives include the following:

Objective One

"Develop and deploy strengthened institutional capacity."
This objective has been carried from the 2012-2015 Strategic Plan as we believe that this is the backbone of the Commission performing better as a regulator.

Objective Two

"Establish and maintain an effective and efficient regulatory environment for Capital Market."
This is to provide the investors and the market in general with comfort that there is an effective and efficient regulatory and legal system protecting their interests.

Objective Three

"Encourage and facilitate the development and diversification of Capital Market products and financial instruments."
This is in a bid to grow the Zambian Capital Market and thus offer a wider selection of investment instruments.

Objective Four

"Optimise market transaction costs."
In general, this will ensure that the Capital Market contributed to the reduction in the cost of doing business in Zambia.

Objective Five

"Enhance investor protection within the Zambian Capital Market."
This is one of the core mandates of the Commission, and cannot be overemphasized. A satisfied investor leads to increased confidence in the Zambian capital market.

The above identified objectives are expected to help the Commission achieve its goal to increase the number of investors and issuers through awareness and building market confidence. The Commission plans to see a market where there is increased liquidity achieved through having a trusted market, increased number of listed entities as well as participation on the market by an increased number of investors.

Conclusion

The Commission sees potential in the growth of capital markets. With the Commission's awareness programs, which have been extended to key stakeholders including parliamentarians, Schools through the "Schools challenge", and the regular Chairman's breakfast meetings, the Commission sees growth prospects in both the use of the market to fund projects as well as the use of the equity and CIS savings and investment options by the public.

Phillip K. Chitalu
CHIEF EXECUTIVE

CORPORATE GOVERNANCE

Corporate governance is a key element by which corporate entities are manged and supervised. The Commission, as the capital markets regulator in Zambia, plays a critical role in ensuring that companies comply with aspects of governance. For instance, the Commission has a say in the appointment of the Directors and senior management of securities exchanges and clearing and settlement agencies to ensure that the office holders are not only fit and proper but also adhere to the governance principles of transparency, responsibility, accountability and fairness.

The Commission takes corporate governance very seriously and not only applies it externally to the regulated entities but also applies the corporate governance principles to the Commission as a statutory body.

Board Composition

Section 8(2) and (3) of the Securities Act, No. 41 of 2016 specifies the composition of the Commission Board as consisting representatives of the following organisations:

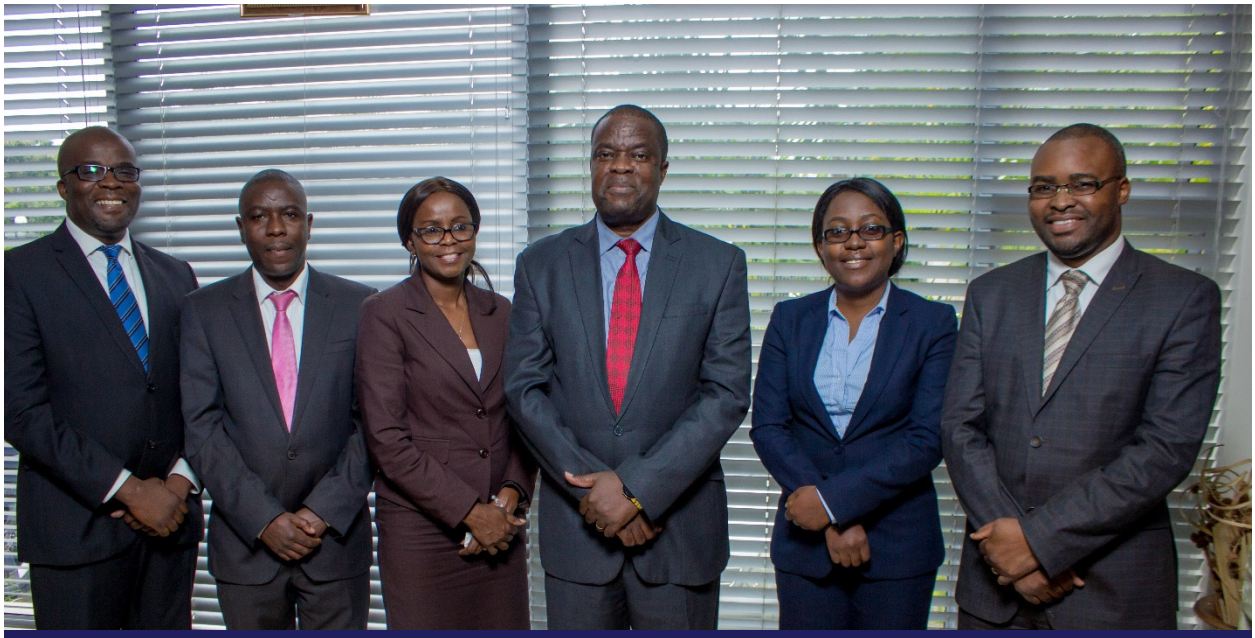
- Bank of Zambia;
- Law Association of Zambia;
- Zambia Institute of Chartered Accountants;
- Zambia Chamber of Commerce and Industry;
- Ministry responsible for finance;
- Ministry responsible for justice;
- Pensions and Insurance Authority; and
- the Commission's Chief Executive Officer as ex-officio Member.

The Minister appoints the non-executive Members of the Commission Board from a nomination made by the respective organisation. In addition, 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. However, the Act empowers the Members to elect, from amongst their number, a Chairperson and Vice-Chairperson of the Board.

Name of Board Member	Institution Represented	Position
Mr. Amos Siwila	Law Association of Zambia	Chairperson
Mr. George Nonde	Zambia Chamber of Commerce and Industry	Vice-Chairperson
Mrs. Ireen M. Habasimbi*	Ministry responsible for finance	Member
Mr. Joe Simachela and Mrs. Conceptor Zulu**	Ministry responsible for justice	Member
Dr. Jonathan Chipili	Bank of Zambia	Member
Ms. Mainza Masole*	Pensions and Insurance Authority	Member
-	Zambia Institute of Chartered Accountants	Member
Phillip K. Chitalu	Chief Executive Officer	*ex-officio* Member

** Appointed in May, 2017*

*** Mr. Joe Simachela's tenure ended in September, 2017 and Mrs. Conceptor Zulu was subsequently appointed as the Ministry of Justice representative on the Commission Board in November 2017.*



Commission Board

From Left to Right: Mr. Phillip K. Chitalu (CEO), Dr. Jonathan Chipili (Member), Mrs. Ireen M. Habasimbi (Member), Mr. Amos Siwila (Chairperson), Ms. Mainza Masole (Member) and Mr. George Nonde (Vice-Chairperson)

Board Meetings

The Board held four scheduled meetings in February, June, September and December. In addition, the Board held one Special Meeting in August to deliberate on a matter that required the Board's urgent consideration.

The Board has delegated decision-making on time-sensitive matters such as those relating to market transactions (registration of securities for capital raising) to ensure that decisions are expeditiously made and should not wait for a scheduled meeting to be convened every quarter.

The following is the Board attendance at the scheduled and special meetings:

NAME	February Scheduled Meeting 27.02.17	June Scheduled Meeting 02.06.17	August Special Meeting 11.08.17	September Scheduled Meeting 01.09.17	December Scheduled Meeting 14.12.17
Mr. Amos Siwila	✓	✓	✓	✓	✓
Mr. George Nonde	✓	✓	✓	✓	✓
Mrs. Ireen M. Habasimbi (Appointed May, 2017)	-	✓	✓	✓	✓
Mr. Joe Simachela* (Tenure expired September 2017)	✓	✓	✓	✓	-
Mrs. Conceptor Zulu* (Appointed November, 2017)	-	-	-	-	✓
Dr. Jonathan Chipili	✓	✓	✓	✓	✓
Ms. Mainza Masole (Appointed May, 2017)	-	✓	✓	✓	✓

** Ministry of Justice nominee on the Board*

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 –

- the Compensation Fund Committee;
- the Market Transactions Committee;
- the Licensing Committee;
- the Property Acquisition and Development Committee (ad hoc);
- the Risk and Audit Committee; and
- the Staff and Remuneration 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. In addition, the Commission has established a Procurement Committee, chaired by the Chief Executive Officer, in accordance with the Public Procurement Act, No. 12 of 2008.

Committees and Committee Members

The Committees were composed of the following members:

COMMITTEE	MEMBERSHIP REPRESENTATION	REPRESENTATIVE
COMPENSATION FUND COMMITTEE	BoZ Nominee	Dr. Jonathan Chipili
	CMAZ Representative	Mr. Muchindu Kasongola
	BAZ Representative	Mr. Fanwell Phiri
	ZACCI Representative	Dr. Francis M Ndilila
	LAZ Representative	Ms. Abigail Chimuka
	MoF Representative	Mrs. Mwila K. Zulu
LICENSING COMMITTEE	MoF Nominee	Mrs Ireen M. Habasimbi
	BoZ Representative	Mrs. Hellen L. Banda
	ERB Representative	Ms. Chiluba Mumba
	PIA Representative	Mrs. Namakau Mundia-Ntini
MARKET TRANSACTIONS COMMITTEE	BoZ Nominee	Dr. Jonathan Chipili
	PIA Nominee	Ms. Mainza Masole
	MoF Nominee	Mrs. Ireen M. Habasimbi
	CCPC Representative	Mr. Chilufya P. Sampa
	PACRA Representative	Mr. Anthony Bwembya
	ZDA Representative	Ms. Cecilia K. Nyalugwe
PROPERTY ACQUISITION AND DEVELOPMENT COMMITTEE	PIA Nominee	Ms. Mainza Masole
	MoJ	Mr. Joe Simachela
	Ministry of Works and Supply	Mr. Geoffrey C. Phiri
	G.E.S. Architects	Mr. Gary E. Simbeye
	Show Society of Zambia	Mr. Vasco Sikanyeu
RISK AND AUDIT COMMITTEE	ZACCI Nominee	Mr. George Nonde
	PIA Nominee	Ms. Mainza Masole
	MoF Representative	Mrs. Joyce P. Sundano
STAFF AND REMUNERATION COMMITTEE	ZACCI Nominee	Mr. George Nonde
	BoZ Nominee	Dr. Jonathan Chipili
	MoJ Nominee	Mr. Joe Simachela
	ZIHRM Representative	Mrs. Beatrice N. Mwila

In addition, the Commission's Procurement Committee was comprised of the following members:

PROCUREMENT COMMITTEE	SEC CEO	Mr. Phillip Chitalu
	Procurement specialist	Mr. Mwawi Phiri
	Procurement specialist	Mr. Charles Ng'andu
	SEC Member	Mrs. Diana Sichone
	SEC Member	Ms. Mutumboi Mundia
	SEC Member	Mr. Mateyo Lungu

Regulatory and Operational Efficiency

Section 11(3) of the First Schedule to the Securities Act, No. 41 of 2016 requires the Commission to include, in its Annual Report, information relating to its regulatory and operational efficiency. In particular, section 11(3) provides as follows:

"(3) The report to be submitted in accordance with subsection (1), shall include the following:

(a) the extent to which the Commission has fully implemented its regulatory oversight functions as provided under this 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 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."

The Commission reports on each of the six areas as follows:

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

The Board's oversight role in governance is highlighted in section 8 of the Securities Act, No. 41 of 2016 which provides as follows:

8. (1) There is constituted the Board of the Commission which shall be responsible for the implementation of this Act and shall, subject to this Act—
(a) exercise the functions of the Commission as provided in this Act;
***(b) oversee** the administrative affairs of the Commission by **putting in place effective, efficient and transparent systems of corporate governance** and, in doing so, shall—*
(i) ensure sound financial management structures and processes, including financial, risk management and internal audit controls;
***(ii) provide strategic direction** to the Commission and approve the annual work plan and activity programmes of the Commission as recommended by the Chief Executive Officer;*
(iii) ensure that the Commission builds sufficient human resource, technical and scientific capacity within the Commission;
(iv) determine the structure and staffing levels of the Commission;
(v) approve the budget estimates of the Commission and ensure that the Commission receives adequate funding for its operations;
(vi) ensure the prevention of irregular expenditure, fruitless and wasteful expenditure, losses resulting from criminal conduct and expenditure not complying with the operational and financial policies of the Commission;
(vii) ensure that the members of the Commission, members of committees and officers act in a manner consistent with the objectives and functions of the Commission, the Commission's corporate governance charter and this Act; and
(viii) ensure that officers perform their functions efficiently and effectively; and
(c) do every act or thing that is required to be done by the Board as specified in this Act."

In addition to the requirements of section 8 of the Act, the Commission's Board Charter provides guidance to the Board Members in their conduct of Board business to ensures that there is a right balance between the oversight role of the Board and the managerial function of the Commission Management.

To achieve the objectives of the Act, the Commission has established and does apply a Code of Conduct to the Commission staff which prescribes the conduct and behaviour of the staff especially with regard to conflict of interest issues. Additionally, the Commission requires all senior management staff to be members of the Institute of Directors of Zambia as a measure to enhance their corporate governance knowledge and expertise.

Both the Code of Ethics and the Board Charter have enshrined provisions and procedures on the declaration of interest and declaration of gifts from any person or entity, whether regulated by the Commission or not. Further, both documents specify the procedures to be taken whenever an employee or a Board Member would like to participate in the capital markets as a player, which guard against trading on non-public, price-sensitive information.

Cost Savings resulting from the Commission's Operations

One of the Commission's functions highlighted under section 8(b) of the Securities Act include the approval of the Commission's budget estimates to ensure sound financial management structures and processes, including financial, risk management and internal audit controls. The Commission does not spend outside the approved budgeted and prudently manages its resources to achieve its strategic objectives. In this vein, the Commission does not engage in fruitless or wasteful expenditure. In addition, the Commission pays off all employee liabilities on time whenever they become due.

Further, the Commission is prudent in ensuring that it does not incur any losses as a result of criminal conduct from the Commission's employees but that the expenditure should comply with the Commission's Finance and Accounting Policy which prescribes how finances should be handled.

Cost to the Nation for not having the Commission

The Commission's principal mandate is investor protection. It does so by ensuring the prompt and full disclosure of non-public price-sensitive information by a company's directors to the general public on the basis of which the investor will make an informed decision. A number of institutional and retail investors have invested more than six billion United States Dollars in the Zambian capital markets. Therefore, if the Commission is not in place or does not undertake its regulatory mandate around ZMW64 billion in savings could be lost and savings mobilization could be affected.

Most of the institutional investors are pension funds which invest the excess contributions from employees into several investment portfolios including the capital markets. Without regulation, the investment of the pension funds would be susceptible to fraud and other criminal activities. The Commission is there to ensure that it protects the interests of investors in the capital markets.

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

The Commission has a dual mandate of market supervision and market development. The last few years have seen the Commission focussing on the development of the market due to the nascent stage of the capital market's development in Zambia. However, the Commission has been undergoing the process of weaning the capital market operators and insisting on compliance with regulatory requirements.

In light of this, the Commission has enhanced enforcement activities which has resulted in an increase in compliance.

As a result of increased regulatory compliance by capital market operators, the Commission has noted an increase in market confidence which has translated into increased capital mobilisation especially in Collective Investment Schemes (CISs) and Corporate Bonds.

Nature of the working relations with Capital Market Operators

The Commission has a cordial working relationship with capital market operators. It operates an open-door policy where capital market operators are able to consult with and meet with the Commission at short notice on various regulatory issues. The Commission also holds regular meetings with capital market operators in order to learn from the market how the Commission could assist the market in achieving its goals and objectives and thereby grow the capital market industry.

In addition, the Commission holds other regular stakeholder meetings including the quarterly Chairman's breakfast meeting with the market. Further, the Chief Executive Officer also conducts media briefs on a quarterly basis to inform the market on the latest developments in the capital markets.

Immediate and Projected capabilities of the Commission

The Commission has highlighted capacity building as one of the strategic goals of the Commission under the current Strategic Plan. Thus, it has made training of staff a priority to ensure that the Commission is always in tune with current developments in the capital markets space. Therefore, the Commission has endorsed the investment qualification offered by the Chartered Institute of Securities and Investments (CISI), which is a United Kingdom chartered qualification, as a foundational training for all Commission staff as well as for the Board Members.

Through this training and others offered by the Toronto Center and the International Organisation for Securities Commissions (IOSCO), the Commission Board and staff have been able to enhance their understanding of the industry.

Audit Function

The Commission has outsourced the internal audit function which is provided by MPH Chartered Accountants. The internal audit function is meant to ensure that internal controls are put in place and effectively used to manage risk in the Commission. MPH Chartered Accountants undertakes an audit of several control systems for the Commission. As an independent function from Management, the internal auditors report directly to the Board and therefore provide an independent assurance of risk management of the Commission to the Board.

The external auditors are appointed by the Commission Board subject to approval by the Minister responsible for finance. The external auditors perform an annual audit and present a report to the Board stating the level of compliance by the Commission to the law, regulations and policies. The external auditors are Grant Thornton Chartered Accountants.

The audit function is one of the most important tools the Commission uses in its oversight role over the Commission. Overall, the Commission Board has an interest to ensure that it 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.

Commission Secretary

The Director – Enforcement and Legal Services is the Board-appointed Secretary to the Commission Board and performs the secretarial functions as required under the Securities Act. Section 17 of the Securities Act empowers the Board to appoint a Secretary to the Board on such terms and conditions as the Board may determine. The Commission Secretary is in charge of the corporate secretarial affairs of the Commission, under the general supervision of the Chief Executive Officer and may also perform other functions as directed by the Board.

Board Performance Self-evaluation

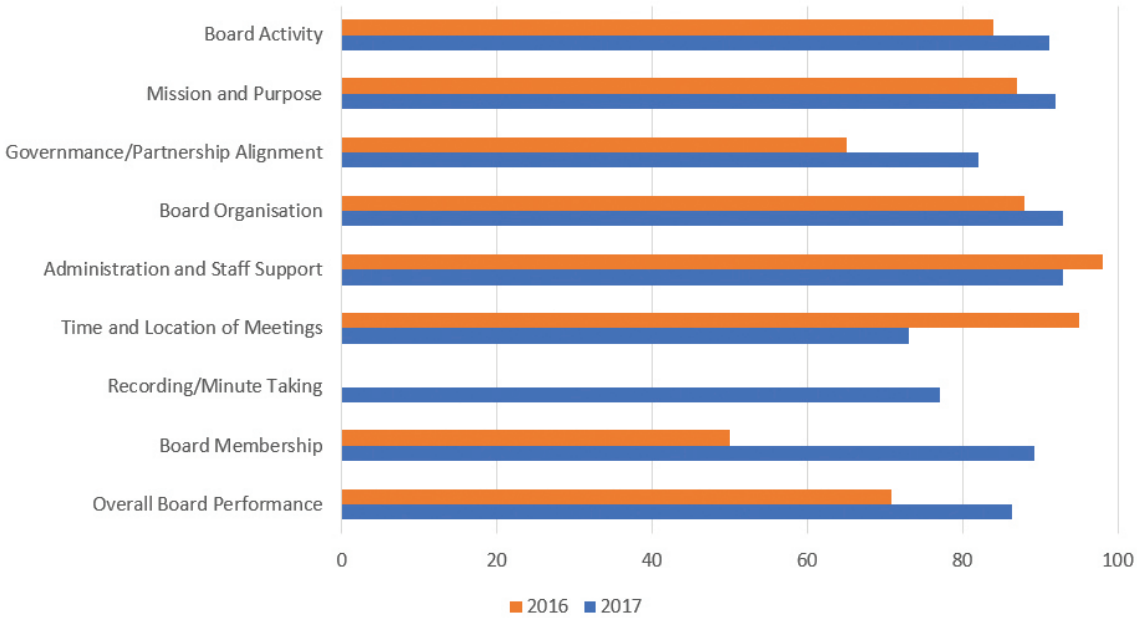
The Board is required to under an annual review of the effectiveness of the Board, its Committees, and its individual Board Members. A self-assessment was done indicating a general improvement in all areas of Board activity as compared to the last assessment conducted for 2016. Specifically, the Board's overall performance had been shown to have improved from 78% in 2016 (or 70.86% excluding the assessment of Recording/Minute Taking) to 86.32% under the 2017 assessment period.

The Board performance self-evaluation was done for eight major areas as follows:

a) Board Activity;
b) Mission and Purpose;
c) Governance/Partnership Alignment;
d) Board Organisation;
e) Administration and Staff Support;
f) Time and Location of Meetings;
g) Recording/Minute Taking; and
h) Membership.

The assessment criteria relating to Recording or Minute Taking was not specifically assessed during the 2016 Assessment exercise and the following comparative analysis assumes that the criteria is rated at 0%. The overall Board performance for 2016 will, on that assumption, therefore reduce to 70.86% as shown in the following table:

Table 2: Comparative of Board Overall Performance



On average, the assessment indicated that there had been improvement in all areas of Board activity from the last assessment with the exception of Administration and Staff Support which had reduced from 98% to 93%. The Board's overall performance had also improved from 78% in 2016 (or 70.86% if the assessment of Recording/Minute Taking is excluded) to 86.32% under the 2017 assessment period.

Diana S. Sichone (Mrs.)
COMMISSION SECRETARY

OPERATIONAL ACTIVITIES

The Securities Act, No. 41 of 2016 is the principal Act for the regulation of the Zambian securities market. The Securities and Exchange Commission (SEC) has as a mandate to protect investors and ensure that the markets are free, fair and transparent. The Commission therefore adopts a supervision strategy for capital market players or intermediaries that ensures the protection of the investing public.

The Commission has a dual mandate of investor protection and market supervision. Investor protection is done through various ways including 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 role of market supervision and market development is performed by the Directorate of Market Supervision and Development ("**DMSD**").

Market Supervision

The Commission is responsible for the supervision of capital markets operators. A key objective is to ensure capital markets operators comply with the Securities Act and its subsidiary legislation, thus ensuring a secure, fair and orderly investment environment that enhances investor and public safeguards and promotes an orderly development of the industry.

Zambia's Capital Market Players

The players that operate in Zambia's Capital Market industry consist of brokers/dealers, investment advisers, securities exchanges, central securities depositories, issuers, fund managers, credit rating agencies, investment banks, and transfer agents, among others. The full list of players and their contact details is provided in Appendices II and III.

Licensing

Licensing, being at the forefront, sets high regulatory standards at the very outset to fulfil the Commission's mandate which is designed to ensure investor protection and support the operation of a free, orderly, fair, secure and properly functioning Securities Market. Licensing acts as the entry point into the Securities Market by capital markets operators, therefore the Commission strives to strike the right balance between its business-friendly approach and complying with international regulatory standards.

In line with its endeavour to align its processes to international best practices and to embrace modern regulatory approaches, the Commission constantly ensures that these practices are embedded into its operations at the licensing stage. As a result, this provides for a more cohesive and transparent framework guiding further improvements in the Commission's regulatory approach.

The licensing procedure is clearly defined in the Securities Act and rules, regulations, directives and guidance notes issued by the Commission. At Licensing, the Commission has in place a transparent and well-established set of procedures leading to the issue of a licence or the rejection thereof.

The regulatory power 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 must be authorised and licensed as a securities exchange 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 (CISs) must be authorized by the Commission.

In assessing applications, the Commission is required to conduct a number of assessments - including the fit and proper test of applicants, financial soundness of the applicants, lawfulness and moral standards of the proposed activity and any other relevant issues. Where applications may cause harm to the good repute of the jurisdiction, such applications are recommended for rejection.

Licences issued for the year 2017

The Zambian Capital Markets is steadily continuing to gain momentum and systemic importance based on the number of applications for licences received in 2017. In 2017, the Commission continued with its role of ensuring that only fit and proper persons were allowed to conduct securities business and offer regulated services to the investing public.

For the year ending 31st December 2017, the Commission had issued 243 licenses. The full list of licensees as at the year-end is provided in Appendix II.

A breakdown of the issuances by license type is provided below:

License Type	Number of licenses 9 months ended 31st December 2016	Number of licenses for the year ended 31st December 2017
Dealer's License	28	35
Dealer's Representative License	109	166
Investment Advisor's License	11	11
Investment Advisor's Representative License	23	28
Securities Exchange License	3	3
Total	**174**	**243**

Compliance

Compliance entails ensuring that persons authorised or licensed to operate in the Zambian capital markets, including listed and quoted businesses; collective investment schemes (CISs); exchanges; brokers; investment advisers; representatives; custodians; trustees; etc. are compliant at all times in meeting the continuing obligations as set out in the Securities Act. As part of its onsite inspections, the Market Supervision Team reviews and assesses the licensed persons' work procedures & their compliance to the Act, Rules and Directives. Issuers, CISs and investment companies are also specifically monitored for purposes of compliance with continuing obligations. Focus is also given to compliance with the Commission's Anti-Money Laundering & Counter-Terrorism Financing Directives and other related laws. The Commission works closely with the Financial Intelligence Centre in coordinating all Anti-Money Laundering & Counter-Terrorism Financing related matters.

Capital markets players are required to submit monthly, quarterly and annual returns. Taking the example of CISs, fund managers are required to submit monthly and quarterly returns, which the Commission uses to monitor the funds' investments and also help assess safety of the funds. The CIS industry has eight (8) fund managers who manage about 33 sub funds. A CIS that is established under trust is required to appoint a trustee whilst all other types of CISs are allowed to appoint a custodian. The prevailing scenario is that all CISs operating in Zambia have contracted custodial services thereby securing the assets of the investors at one of the two authorised custodians. In addition, the Commission collates data that is useful for assessing the growth or otherwise of the CIS market.

As at 31st December 2017, the funds held under management were distributed as indicated in the table below:

Name of fund	Name of fund manager	31-Dec-16 Market share %		31-Dec-17 Market share %
Mpile Unit Trust	African Life Financial Services Limited	59.89%		61.04%
Madison Unit Trust	Madison Asset Management Company Ltd	15.34%		13.69%
ABC Unit Trust	ABC Investment Services Limited	13.62%		13.44%
Kukula Fund 1	Kukula Capital Plc	6.03%		5.25%
Intermarket Unit Trust	African Life Financial Services Limited*	2.31%		1.47%
Laurence Paul Unit Trust	Laurence Paul Investment Services Limited	1.43%		2.53%
Mukuyu Growth Fund	Minet Zambia Consulting Limited	0.67%		1.60%
Equity Capital Resources Unit Trust	Equity Capital Resources Plc	0.70%		0.70%
Total		**100%**		**100%**

*African Life Financial Services was appointed as interim Manager for Intermarket Unit Trust

Inspections

In 2017, the Commission carried out thematic inspections targeting particular aspects of the market in an attempt to have a more detailed review of their operations. The following were the thematic inspections conducted:

1. Review of Anti-Money Laundering/ Countering the Financing of Terrorism ("AML/CFT") for Capital Market Players;
2. Review of Brokers' compliance with SEC regulations and Lusaka Securities Exchange trading rules; and
3. Review of compliance with listing requirements by issuers.

Surveillance

Market surveillance continues to be one of the key functions undertaken by the Commission. It entails monitoring trade operations by using daily analysis of market trades, writing periodic reports, investigating anomalies and other activities. The goal is to ensure compliance by the capital markets operators to the Commission rules and regulations, in order to regulate the market and provide the necessary protection to investors. As part of surveillance, the Commission attended, in an observer capacity, Annual General Meetings (AGMs) of listed and registered entities. The following were some of the items noted:

- *Attendance*

Most of the AGMs held in the period under review were well attended and compliant in terms of holding the meetings within the stipulated time.

- *Investor Participation*

Investors generally participated in the deliberations of the meetings and almost all of the issues raised by investors during the AGMs were adequately responded to by most companies. Some investors also seemed well involved in the monitoring of the performance of the companies in which they had invested.

Complaints Handling

The Commission continued to receive complaints from members of the public in relation to their investments in securities. During the review period, the Commission received sixteen (16) complaints. The complaints related to various aspects of challenges faced by some investors including delays in payment of dividends, claims for funds not being received after sale of shares, tipoffs on use of misleading information by some capital markets operators etc. Seven (7) of these complaints have been closed while the rest are still being investigated.

Market Development

In accordance with the Securities Act No.41 of 2016, the Commission, under its Market Development role, is mandated to undertake the following functions:

i. Encourage the development of securities and securities exchanges and the increased use of such exchanges;
ii. Provide, promote or otherwise support financial education, awareness and confidence with regard to financial products, institutions and services; and
iii. Prescribe certification standards and accreditation for licensees.

In the period under review, Market development activities included engagement of market participants through the Annual Securities Wings and Intermediaries Workshop; the hosting of the Capital Markets Indaba held in April 2017; launch of the Financial Inclusion Strategy; engagement of the Curriculum Development Centre for the development of supplementary Financial Education material on capital markets. In addition, the Commission participated in commemorations that included the Financial Literacy Week; the World Savings Day and the inaugural World Investor Week. A TV 13 weeks drama series was also produced and aired alongside press media advertising all aimed at investor awareness and sensitization. The detailed report on these and other activities are highlighted hereunder.

Zambia's Capital Markets Indaba

Hon. Minister of Finance Mr. Felix Mutati MP. with delegates of the Capital Markets Indaba - 2nd - 5th April 2017

The SEC in partnership with the Financial Sector Deepening (FSD) Africa (a DFID funded project) and the Capital Markets Association of Zambia (CMAZ) hosted the capital markets Indaba. The Indaba whose theme was "*Repositioning the Zambian Capital Markets as an Enabler to Achieving Sustainable and Significant Economic Growth*" was successfully held from 3rd – 5th April 2017. The indaba was an initial step towards the development of a Capital Markets Master Plan that would guide the direction of capital market development in the short, medium and long term.

Graced by the Honourable Minister of Finance, Mr Felix Mutati, MP and flanked by high ranking ministerial officials, the Indaba was met with serious deep thinking about the current inhibitors to development of the Zambian capital markets. Foreign capital markets experts provided insights on areas of focus that would develop the markets as the sessions were deliberated together with government officials and local captains of industry.

Launch of the National Financial Sector Development Policy & National Financial Inclusion Strategy

The Securities and Exchange Commission through the leadership of the Ministry of Finance (MoF) and in collaboration with the Bank of Zambia (BoZ); the Pensions and Insurance Authority (PIA); the Rural Finance Expansion Programme (RUFEP); and the Competition and Consumer Protection Commission (CCPC) took part in the organisation and launch of two national financial sector documents namely; the National Financial Sector Development Policy (NFSDP); and the National Financial Inclusion Strategy (NFIS) which were launched by the Minister of Finance, Honourable Felix C. Mutati, MP on 8th November 2017 at Radisson Blu Hotel.

The objective of the National Financial Sector Development Policy is to have a well-developed and inclusive financial system that supports efficient resource mobilization and investment for sustainable economic development while the National Financial Inclusion Strategy aims to provide a roadmap to further accelerate financial inclusion in Zambia in line with the vision of the NFIS which is *'to have universal access to and usage of a broad range of quality and affordable financial products and services'*.

Financial Literacy Week Launch

The 2017 Financial Literacy Week (FLW) was spearheaded by all the 3 financial regulators, that is, the Securities and Exchange Commission (SEC), the Bank of Zambia (BoZ) and the Pensions and Insurance Authority (PIA) under the coordination of the Bankers Association of Zambia (BAZ). The official launch of the FLW was on 28th March at Mulungushi International Conference Centre where the Honourable Minister of Finance Felix Mutati officiated the event.

The Financial Literacy Week is an annual awareness campaign which is commemorated to educate and sensitize the general public about various topics on financial education. The theme for 2017 was "Know and Plan your Finances to Live a Better Life". This launch was a kick-off for provincial launches to take place during the week of commemoration of which the Commission was responsible for sensitising the Southern Province.

Finance Minister, Hon. Felix Mutati MP's visit to the SEC stand at the launch of the Financial Literacy Week

Commemoration of the Financial Literacy Week – Southern Province

The commemoration was preceded by a launch which was held in the provincial capital, Choma on 29th March 2017 and was officiated by Mr. Douglas Ngimbu, the Southern Province Deputy Permanent Secretary. The event was attended by various secondary schools and the general public. The pupils were taught the importance of saving and planning for their future key life events such as tertiary education, marriage, employment and health. Various financial sector players like the Lusaka Securities Exchange, Laurence Paul, Madison Life Insurance, Stanbic Bank, INDO Bank Zambia, First National Bank, ZSIC, FINCA, Investrust and Barclays Bank were part of the launch and exhibition.

In line with the Financial Literacy Week and as part of the activities lined up for commemoration, a Financial Awareness talk was given in Livingstone at the Livingstone Institute of Business and Engineering Studies (LIBES) on 31st March 2017. The 50 students attending were taught about managing their finances to meet key life events.

Livingstone Institute of Business and Engineering Studies (Financial Literacy Week)

Commission staff and LIBES students who attended the Financial awareness talk

Workshops and capacity building

Security Wings Workshop

The Commission held the annual Securities Wings Workshop on 25th January 2017 at Radisson Blu Hotel. This workshop highlighted key topics such as:

- Licensing Process and procedure;
- Fit and Proper requirements;
- Screening processes;
- Memorandum of Understanding and
- a Brief on Capital Markets Awareness Campaign.

The workshop was interactive with active stakeholder participation and attracted 25 participants from Drug Enforcement Commission (DEC), Bank of Zambia (BoZ), Pensions and Insurance Authority (PIA), Zambia Security Intelligence Services (ZSIS), Zambia Police (ZP), Anti-Corruption Commission (ACC) and members of staff from SEC.

Capital Markets Intermediaries Workshop

The Capital Markets Intermediaries workshop was held from the 26th -27th January 2017. This workshop was at Radisson Blu Hotel and was attended by 93 participants from Insurance and Assurance Companies, Brokers, Fund Managers, Financial Advisors, Listed companies, Audit firms, Exchanges, financial institutions, Credit Rating firms and SEC. Presentations during this workshop covered the New Securities Act No. 41 of 2016 and some of the key highlights, Interventions/way forward in terms of Enforcement, Risk Based Surveillance and the Risk Survey.

Capital Markets Master Class

The Commission hosted a Master Class on 7th April, 2017 facilitated by Prof Kenneth Mwenda, an Extraordinary Professor of Law, University of Pretoria (South Africa) and Program Manager and Executive Head of the World Bank Voice Secondment Program (VSP). The topic of the master class was 'Understanding the Securities Law and Strategies for Developing Capital Markets.' It was attended by 50 various capital market players, lawyers, academicians, investors and the SEC staff.

Delegates at the stakeholder's workshop

SEC Chief Executive Officer, Mr. Phillip Chitalu receives a certificate of participation from Prof. Kenneth Mwenda after the Master Class

Curriculum Development – Scoping and Sequencing Workshop

The education curriculum remains one of the most effective ways of targeting and influencing the children and the youth. In this regard, the Commission engaged the Curriculum Development Centre as a gateway to the syllabus.

This coincided with a scheduled activity by the Curriculum Development Centre for scoping and sequencing where the Commission was given the opportunity to suggest areas of knowledge within the existing scope.

Financial Education Material Writers Workshop

The Commission took part in a Curriculum Development Centre (CDC), first round workshop on the development of the financial education school supplementary material on 12th October 2017 at Mika Convention Centre. The role of the Commission was to provide technical expertise on the development of content for capital markets and as such Commission members of staff formed part of the writing team which also consisted of other representatives from the Bank of Zambia, the Pensions and Insurance Authority, the Bankers Association of Zambia, the Zambia Revenue Authority and ZANACO Bank Plc. The Commission has since submitted content to the Curriculum Development Centre for inclusion.

Digital Financial Inclusion Conference

The Commission co-sponsored and participated in a Digital Financial Inclusion Conference dubbed 'Driving Financial Inclusion through Digital Financial Solutions'. The conference was organized by the Zambia Institute of Banking and Financial Services and was held on 22nd September 2017 at Intercontinental Hotel. Further insights on the implications of enhanced digital financial inclusion were shared by foreign financial sector experts and delegates discussed the subject matter.

Further, a review of some case developments, critical practical issues, and notable best practices in the region were deliberated.

SADC Integrated Regional Electronic Settlement System

Through the SADC Committee of Insurance, Securities and Non-Banking Financial Authorities (CISNA), the Securities and Exchange Commission (SEC) was invited to attend a one and half-day workshop on the SADC Integrated Electronic Settlement System (SIRESS) which took place from 5th to 6th December 2017 in Johannesburg, South Africa. The objective of the workshop was to mainly provide further understanding among SADC member states of the regional payment system (SIRESS) which is a realization of the SADC Committee of Central Bank Governors (CCBG) Payment System Sub-Committee responsible for implementation of activities under the Protocol on Finance and Investment (FIP). The CCBG's aim is to cooperate on payment systems, clearing and settlement systems among SADC member states. SIRESS is an automated interbank regional electronic settlement system which facilitates for or settles payments between participating entities in real time. Participants include central banks and financial institutions such as banks and non-banking financial institutions that are authorized by central banks of member states.

CISNA Bi-Annual Meeting

The Commission participated in the 39th Bi-annual CISNA Meeting held in Zimbabwe from 8th to 10th November, 2017. The meeting resolved that member countries should endeavour to develop common messages for Financial Education couched in a manner that informs, persuades and reminds the consumer of the following:

- Consumer rights and responsibilities;
- Importance of using registered entities; and
- Being a responsible borrower.

Commemoration of the Financial Literacy Week – Southern Province

SEC TV Drama Series

The SEC undertook the production and showing of a 13 series TV drama programme on Investor education from February to March 2017 on both ZNBC TV 2 and Muvi TV. The programme was created to introduce Unit Trusts as a savings product to the general public especially the low to medium income earning segments.

Investor Sensitisation Campaign through Press and Social Media Advertising

Advertorials aimed at educating investors and the general public in matters that affect their investments in the capital markets were developed and placed in the print media, in particular the Daily Mail and Times of Zambia. The same adverts were also placed on the SEC social media pages of Facebook and Twitter. The adverts

were meant to address behaviours such as poor attendance in AGMs, the lack of interest and knowledge in capital markets products.

Chairman's Breakfast Meeting with the Lord Mayor of London

As a follow up to 2016's engagement with the former Lord Mayor of London, The Right Honourable Mr. Jefferey Mountevans, the Commission hosted a Chairman's Breakfast Meeting for the current Lord Mayor of London, The Right Honourable Dr. Andrew Parmley and his delegation on 15th September 2017 at Taj Pamodzi Hotel.

Discussions at the meeting focused mainly on good legal frameworks; professionalism; strong corporate governance; and robust and stable business environment among others. The fora also gave the SEC an opportunity to share successes and developments in Zambia's capital market since the previous Lord Mayor's visit such as the enactment of the Securities Act of 2016 and the planned 10-year Capital Markets Master Plan (CMMP), among others.

Key highlights during the Breakfast meeting included a presentation of the Chartered Institute for Securities and Investments (CISI) Accreditation Certificate to the Zambia College of Pensions and Insurance Trust (ZCPIT) and the witnessing of a Memorandum of Understanding between CISI and Capital Markets Association of Zambia (CMAZ) by the Lord Mayor. Both parties reiterated the need for continuous collaboration especially in areas of capacity building as well as other identified areas that the Commission would require support in, such as development of infrastructure financing models or frameworks amongst others.

On-going deliberations during the Breakfast meeting

Presentation of Accreditation Certificate to ZCPIT

On-going deliberations during the Breakfast meeting

Familiarization Tour by Rusangu University

The Commission hosted 30 students and faculty from Rusangu University based in Monze on 16th November 2017. The Commission organised interactive presentations which focused on:

i. Understanding the comprehensive picture of the Zambian Capital Market
ii. The role of SEC in the development of the Zambian Capital Market
iii. Understanding the different career options available at SEC as well as the Zambian Capital Market

Director – Enforcement and Services takes students through the Departmental functions

Manager – Administration shares a light moment

Professional Body engagement

Zambia Institute of Marketing Conference

The Commission co-sponsored and exhibited at the Zambia Institute of Marketing (ZIM) Conference under the theme 'Enhancing Marketing Standards in Zambia for Competitiveness' held in Livingstone from 9th to 10th November 2017. Prior to the conference, the Commission took part in a Corporate Social Responsibility activity which involved donation of building material to Chileleko Community School. The Commission also took this opportunity to distribute capital market literature to teachers and pupils.

The Commission also participated in the Zambia Institute of Marketing Annual Conference and Awards Gala by acquiring a talking slot. The theme of the conference resonated with the pitch that was made suggesting alternating sources of financing by embracing opportunities embedded in the capital markets.

2017 Capital Markets Schools Challenge Competitions

The Capital Markets Schools Challenge 2017 – Lusaka Province

The Commission launched the Capital Markets Schools (CMS) Challenge on 30th April 2017 and hosted the 2017 CMS Challenge – Grand Finale on 30th November 2017. The Grand Finale, also an Awards ceremony, necessitated a proper close to the School competition which was launched in April 2017 in line with the National Strategy on Financial Education's (NSFE) objective of empowering Zambians with improved knowledge, understanding, skills, motivation and confidence to help them secure positive financial outcomes for themselves and their families.

The CMS Challenge is targeted at school going children and creates a platform that empowers them with knowledge on capital markets as well as exposes them to real-life situations and insights into trading in securities such as shares and collective investments schemes.

Following the launch of the 2017 CMS Challenge, 46 schools participated in the Challenge with following schools having performed exceptionally well:

No.	School	Award
1.	Liksasa Secondary School	Grand Prize
2.	Mukamambo Secondary School	2nd Place Runners-up
3.	Chongwe Secondary School	3rd Place Runners-up
4.	Roma Girls Secondary School	Active Participation
5.	Kafue Day Secondary School	Active Participation
6.	Kapululira Secondary School	Active Participation
7.	Kaunga Secondary School	Active Participation
8.	Kasamu Secondary School	Active Participation

The Commission awarded the top three schools with prize money.

Group photo of SEC Board members, Ministry of General Education representatives, SEC members of staff and participating schools.

Launch of the Capital Markets University Challenge

In line with our Strategic Goal No. 3 – 'Encourage and facilitate the development and diversification of capital market products and financial instruments', we launched a University Essay competition in December 2017. The objective of the on-going essay competition is to engage University going students by providing a platform for them to demonstrate their understanding of capital markets investments and the financial growth prospects that they offer.

Enforcement and Legal Services

The Commission through the Directorate of Enforcement and Legal Services ("**DELS**") is responsible for enforcing the Securities Act ("**the Act**") and the Rules made thereunder. It is responsible, *inter alia*, for identifying and recommending law reform and development in the securities sector, ensuring legal and regulatory compliance, providing corporate legal and secretarial services. DELS also provides legal advisory services and undertakes litigation, on behalf of the Commission, in all courts and administrative Tribunals.

Legislative developments

The new Securities Act, No. 41 of 2016, empowers the Commission to enact subsidiary legislation to operationalise the Securities Act through Statutory Instruments with respect to any matter that the Act requires or permits the Commission to enact. The Commission is in the process of revising and developing a number of Statutory Instruments including revising the fees and levies that capital market participants are mandated by law to pay to the Commission so as to enable capital raises and reduce the cost of doing business.

The Securities Act also introduced investigatory powers under section 161 of the Act. The Commission's authority to investigate suspected cases of securities law violations under this Act is generally unrestricted. The purpose of carrying out an investigation is to adequately develop a factual basis for a determination as to whether particular activities come within the ambit of the Commission's regulatory authority. Where the Commission has reasonable cause to believe that a person has breached the provisions of the Securities Act, the Commission carries out investigations before deciding on the course of action to take against any person who would have breached the provisions of the Act.

During the period under review, the Commission appointed the first Investigations Officer in the Commission's history. From the date his appointment, the Investigations Officer has conducted a number of investigations arising from a barrage of complaints from the capital market operators, and in some instances at the Commission's own motion where there was reasonable cause to believe that the provisions of the Securities Act had been breached.

Enforcement actions taken

One of the key improvements in the current legal framework is the introduction of administrative sanctions which have enhanced the Commission's enforcement mandate by making it easier to deal with defaulting capital market operators. Previously, a capital market operator who breached any provision of the Securities Act or the Rules made thereunder would only be dealt with through the criminal process of prosecution and the prosecution team would need to secure a conviction before any action could be taken against the defaulting capital market operator.

The Securities Act provides the Commission with a wide range of enforcement powers to take against defaulting capital market operators who breach any of the provisions that the Commission enforces. These include investigations, criminal and civil litigation as well the administrative sanctions earlier alluded to. The Commission has recourse to these options when there are grounds and circumstances meriting the specific action. Not only do the various enforcement actions provide relief by those harmed by a securities law violation, but, more important, the existence of enforcement actions is a powerful incentive for individuals and companies to comply with the securities laws.

The Commission has witnessed a reduction in the number of violations of the Securities laws by individuals and companies following the Commission's initiative to take enforcement action against erring market players.

For instance, the number of market players submitting their annual reports, timely and in accordance with the securities laws, has drastically increased. The enforcement actions taken ranged from the imposition of administrative fines to the making of private censures against defaulting capital market operators for the regulatory breaches.

It must be noted that, during the period under consideration, the Commission was defending a judicial review matter in which one of the capital market participants was challenging its regulatory decision and the matter was still ongoing as at the date of this report. In addition, the Commission undertook a number of administrative actions against licensees and other persons in default to ensure that the provisions of the Securities Act were complied with.

Regulatory compliance

The DELS ensures that as a financial services regulator, the Commission complies with legal and regulatory requirements that facilitate effectiveness in capital markets regulation. This includes compliance with international regulatory requirements and best practices of the International Organisation of Securities Commissions (IOSCO), the Eastern and Southern African Anti-Money Laundering Group (ESAAMLG), the Southern African Development Community (SADC) Committee on Insurance, Securities and Non-bank Administrators (CISNA), the Africa and Middle Eastern Securities Regulatory Committee of IOSCO (AMERC) and other regional and international bodies.

The DELS is also the contact point for liaison with foreign capital market regulators on information sharing and exchange of information.

IOSCO MMOU Compliance

With the enactment of the Securities Act No. 41 of 2016, the Commission qualified to apply to be a signatory to the International Organisation of Securities Commissions (IOSCO) Multilateral Memorandum of Understanding (MMoU) on information sharing and international co-operation. A securities regulator qualifies to be a signatory if the securities law it administers enables it to collect and share information for purposes of enforcement, by other securities regulators, of securities violations.

During the period under review, the Commission successfully submitted its application to be a signatory to the MMoU and was, at the date of the report, awaiting feedback from IOSCO on the status of its application.

Being a signatory to the IOSCO MMoU is a critical aspect of the Commission's compliance with its international obligations as the MMoU is a vital instrument both to ensure effective global regulation and to preserve and strengthen securities markets.

Not being a signatory to the IOSCO MMoU, therefore, has a number of implications including unattractiveness of a country as an investment destination. Foreign investors are less keen on investing in a country that is not a signatory to the IOSCO MMoU because their investments are not as protected as when the country is a signatory and the Securities regulator is able to exchange and share information for regulatory purposes.

Market Transactions

In order to ensure there was control on the entities that obtained funds from the public, the Commission is mandated to register securities before they are offered to the public. The Commission also approves mergers or acquisitions involving entities whose securities are registered with the Commission. During the financial year ending 31st December 2017, the Commission through the Market Transactions division received and approved a number of applications from companies including those relating to the registration of securities, mergers and acquisitions. Waivers from certain Securities Act obligations as enshrined in the Act, and other miscellaneous market activities were also considered.

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

DATE	COMPANY	TYPE AND NUMBER OF SECURITIES/OR TRANSACTION	DATE APPROVAL GRANTED	PURPOSE OF MEETING
17.02.2017	Copperbelt Energy Corporation Africa Investment Limited	Ordinary shares	29.06.2017	Consideration of the application for the registration of 1,625,000,597 shares
17.02.2017	Associated British Foods Plc	Application for a wavier	02.06.2017	Consideration of application for a waiver of takeover authorization fee
17.02.2017	ARISE	Application for a waiver	17.02.2017	Consideration of application for a waiver of trade commissions
02.05.2017	Sree Plc	Ordinary shares	deferred	Consideration of the application for the registration of 2,000,000 shares
02.05.2017	Zampost Microfinance Limited	Medium Term Note Programme (MTNP)	deferred	Consideration of the application for the registration of ZMW 100 million MTNP
02.05.2017	Altus Collective Investment Scheme	Collective Investment Scheme	02.06.2017	Consideration of the application for authorization.
03.08.2017	Bayport Financial Services Limited	Medium Term Note Programme	11.08.2017	Consideration of the application for the registration of ZMW 700 million MTNP

DATE	COMPANY	TYPE AND NUMBER OF SECURITIES/OR TRANSACTION	DATE APPROVAL GRANTED	PURPOSE OF MEETING
03.08.2017	Cavmont Bank Limited	Employee Share Ownership Plan	11.08.2017	Consideration of the application for authorization
03.08.2017	Barrick Gold Corporation	Employee Share Ownership Scheme (ESOS)	11.08.2017	Consideration of the application for authorization
23.11.2017	Professional Insurance Corporation Zambia Plc	Ordinary shares	14.12.2017	Consideration of the application for the registration of 7,500,000 shares
23.11.2017	Hobbiton Unit Trust Fund	Collective Investment Scheme	14.12.2017	Consideration of the application for authorization.
23.11.2017	Investec Global Strategy Fund	Collective Investment Scheme	14.12.2017	Consideration of the application for authorization.
28.11.2017	Delta Corporation	Application for a wavier	28.12.2017	Consideration for the application for a waiver from making a mandatory offer to National Breweries Plc minority Shareholders

2017 FINANCIAL STATEMENTS

Securities and Exchange Commission
Financial statements
December 2017

Grant Thornton

Content Page

Statement of commissioners' responsibilities..... 49
Report of the independent auditors..... 50-51
Statement of comprehensive income..... 52
Statement of changes in equity..... 53
Statement of financial position..... 54
Statement of cash flows..... 55
Notes to the financial statement..... 56-70
Detailed statement of comprehensive income..... 71-72

STATEMENT OF COMISSION RESPOSIBILITIES

The Securities Act, 1993 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, 1993. 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 2017, and of its financial performance and its cash flows for the period then ended;
b. at the date of this statement there are reasonable grounds to believe that the Commission will be able to pay its debts as and when these fall due; and
c. the financial statements are drawn up in accordance with International Financial Reporting Standards.

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

Signed at Lusaka

Chairman

Commissioner

08 JUN 2018

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF SECURITIES AND EXCHANGE COMMISSSION

Opinion

We have audited the financial statements of Securities and Exchange Commission which comprise the statement of financial position as at 31 December 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Commission's financial statements give a true and fair view of the financial position of the Commission as at 31 December 2017, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in the manner required by the Securities Act 1993 Cap 354 of the Laws of Zambia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements of Securities and Exchange Commission as at 31 December 2017 have been properly prepared in accordance with the Securities Act,1993 Cap 354 of the Laws of Zambia and the accounting and other records and registers have been properly kept in accordance with the Acts.

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Grant Thornton
Chartered Accountants

Banda
Chilala Banda (AUD/F004257)
Name of Partner signing on behalf of the firm

Lusaka

Date 08 JUN 2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 2017

	Note	12 months ended 31 December 2017 ZMW	9 months ended 31 December 2016 ZMW
Income			
Grants and other income	6	20,299,377	15,883,223
Expenditures			
Employee benefits costs		(11,671,924)	(7,128,227)
Depreciation		(318,734)	(196,663)
Other operating expenses		(9,610,051)	(6,276,233)
		(21,600,709)	(13,601,123)
(Deficit)/Surplus for the period	7	(1,301,332)	2,282,100
Other comprehensive income		-	-
Total comprehensive (loss)/income		(1,301,332)	2,282,100

STATEMENT OF CHANGES IN EQUITY
FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2017

	Accumulated reserves ZMW	Total ZMW
At 1 April 2016	9,500,167	9,500,167
Total comprehensive income for the period	2,282,100	2,282,100
At 31 December 2016	11,782,267	11,782,267
Total comprehensive loss for the year	(1,301,332)	(1,301,332)
At 31 December 2017	10,480,935	10,485,935

STATEMENT OF FINANCIAL POSITION – 31 DECEMBER 2017

	Note	2017 ZMW	2016 ZMW
ASSETS			
Non-current assets			
Motor vehicles, furniture and equipment	9	1,816,228	658,391
		1,816,228	658,391
Current assets			
Short term deposit	10	7,000,000	10,500,000
Trade and other receivables	11	2,839,941	2,845,248
Cash and cash equivalents	12	2,848,986	2,647,155
		12,688,927	15,992,403
Total assets		14,505,155	16,650,794
EQUITY AND LIABILITIES			
Funds and reserves			
Accumulated reserves		10,480,935	11,782,267
		10,480,935	11,782,267
Current liabilities			
Trade and other payables	13	4,024,220	4,868,527
		4,024,220	4,868,527
Total equity and liabilities		14,505,155	16,650,794

The financial statements on page 49 to 72 were approved by the Board of Commissioners on
and were signed on its behalf by:

) **CHAIRMAN**

) **COMMISSIONER**

STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS PERIOD ENDED 31 DECEMBER 2017

	12 months ended 31 December 2017 ZMW	9 months ended 31 December 2016 ZMW
Cash flows from operating activities		
(Deficit)/Surplus for the period	(1,301,332)	2,282,100
Depreciation	318,734	196,663
Loss on sale of assets	8,682	-
Interest received	(196,412)	(32,478)
Decrease in trade and other receivables	5,307	359,626
(Decrease)/increase in trade and other payables	(844,307)	1,460,185
Net cash (outflow)/inflow (on)/from operating activities	(2,009,328)	4,266,096
Investing activities		
Purchase of property, plant and equipment	(1,485,254)	(479,273)
Investments purchased	-	(6,500,000)
Interest received	196,412	32,478
Investments redeemed	3,500,000	2,198,480
Proceeds from disposal of assets	-	97,690
Net cash inflow/(outflow) from/(on) investing activities	2,211,158	(4,650,625)
Increase/ (decrease) in cash and cash equivalents	201,831	(384,529)
Cash and cash equivalents at beginning of the period	2,647,155	3,031,684
Cash and cash equivalents at end of the period	2,848,986	2,647,155
Represented by:		
Cash in hand and at bank	2,848,986	2,647,155

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2017

1. The Commission

The Commission is a body corporate that came into existence by an Act of Parliament, the Securities Act No. 38 of 1993, with the objective of inter-alia regulating and developing the securities market in Zambia.

2. Basis of preparing the financial statements - going concern basis

The financial statements have been prepared on a going concern basis which assumes that the Commission will continue in operational existence for the foreseeable future.

The validity of this assumption depends on the Commission being able to generate sufficient funds from its future activities to meet its working capital requirements and the Government of the Republic of Zambia increasing its grants to the Commission.

If the Commission was unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the reporting date values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify equipment and motor vehicles and long term liabilities as current assets and liabilities.

The Commissioners are of the opinion that it is appropriate for the financial statements to be prepared on a going concern basis.

3. Principal accounting policies

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

a. Basis of preparation

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are presented in accordance with IAS 1 "Preparation of financial statements" (Revised 2007). The Commission has elected to present the "Statement of Comprehensive income" in one statement namely 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.

b. New and revised standards that are effective for annual periods beginning on or after 1 January 2017

Disclosure Initiative (Amendments to IAS 7)

The amendments to IAS 7 'Statement of cashflows, effective 1 January 2017 requires the Commission to provide disclosures about the changes in liabilities from financing activities. The Commission categorises those changes into changes arising from cash flows and non-cash changes with further sub-categories as required by IAS 7.

These amendments do not have a significant impact on these financial statements and therefore disclosures have not been made.

c. Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Commission

At the date of authorisation of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Commission. Information on those expected to be relevant to the Commission's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Commission's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Commission's financial statements.

IFRS 9 'Financial Instruments'

The new standard for financial instruments (IFRS 9) introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge effectiveness.

Management has identified the following areas that are expected to be most impacted by the application of IFRS 9:

» The classification and measurement of the Commission's financial assets. Management holds most financial assets to hold and collect the associated cash flows and is currently assessing the underlying types of cash flows to classify financial assets correctly. Management expects the majority of held-to-maturity (HTM) investments to continue to be accounted for at amortised cost. However, a number of available-for-sale (AFS) investments and financial assets are likely to be measured at fair value through profit or loss as the cash flows are not solely payments of principal and interest.

» The impairment of financial assets applying the expected credit loss model. This will apply to the Commission's trade receivables and investments in debt-type assets currently classified as HTM or AFS (unless classified as at fair value through profit or loss). For contract assets arising from IFRS 15 and trade receivables, the Commission applies a simplified model of recognizing lifetime expected credit losses as these items do not have a significant financing component.

- The measurement of equity investments at cost less impairment. All such investments will instead be measured at fair value with changes in fair value presented either in profit or loss in other comprehensive income. To present changes in other comprehensive income requires making an irrevocable designation on initial recognition or at the date of transition to the new Standard. Currently, the Commission is not intending to elect to present changes in the equity investment in other comprehensive income but will account for its equity investments at fair value through profit or loss.

- The recognition of gains and losses arising from the Commission's own credit risk. If the Commission continues to elect the fair value option for certain financial liabilities fair value movements from changes in the Commission's own credit risk will be presented in other comprehensive income rather than profit or loss.

IFRS 16 'Leases'

IFRS 16 will replace IAS 17 and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability.

IFRS 16 is effective from periods beginning on or after 1 January 2019. Management is yet to fully assess the impact of the Standard and therefore is unable to provide quantified information. However, in order to determine the impact the Commission are in the process of:

- performing a full review of all agreements to assess whether any additional contracts will now become a lease under IFRS 16's new definition
- deciding which transitional provision to adopt; either full retrospective application or partial retrospective application (which means comparatives do not need to be restated). The partial application method also provides optional relief from reassessing whether contracts in place are, or contain, a lease, as well as other reliefs. Deciding which of these practical expedients to adopt is important as they are one-off choices
- assessing any current disclosures for finance leases and operating leases as these are likely to form the basis of the amounts to be capitalised and become right-of-use assets
- determining which optional accounting simplifications apply to their lease portfolio and if they are going to use these exemptions
- assessing the additional disclosures that will be required.

(d) Fee income

Licensing fee income is recognised upon issue of a licence. 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.

(e) Interest

Interest income is recognised on an accrual basis.

(f) 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 1/3
Office furniture	25

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

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

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

(g) Leased assets

Where property, plant and equipment are financed by leasing agreements which give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest; the capital element is applied to reduce the outstanding obligations and the interest element is charged to the profit and loss account over the period of the lease so as to produce a constant periodic rate of interest in the remaining balance of the liability under the lease agreement for each accounting period. All other leases are operating leases and the annual rentals are charged to the profit and loss account on a straight-line basis over the lease term.

Depreciation on the relevant assets is charged to the profit and loss account over their useful lives.

(h) Lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. The Commission during the period under review had no running lease.

(i) Financial assets

The Commission classifies its investments into the following categories: financial assets at fair value through profit or loss, trade and other receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition and re-evaluate this at every reporting date.

(i) Financial assets at fair value through income

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.

A financial asset is classified into the 'financial assets at fair value through income' category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit taking, or if so designated by management.

Financial assets designated as at fair value through profit or loss at inception are those that are:

- held in internal funds to match investment contracts liabilities that are linked to the changes in fair value of these assets.

The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;

- managed and whose performance is evaluated on a fair value basis. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

(ii) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Commission intends to sell in the short term or that it has designated as at fair value through income or available for sale. Trade and other receivables are recognised at fair value, less provision for impairment. A provision for impairment of Trade and other receivables is established when there is objective evidence that the Commission will not be able to collect all amounts due according to their original terms

(iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities other than those that meet the definition of trade and other receivables that the Commission's management has the positive intention and ability to hold to maturity. These assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Commission will not be able to collect all amounts due according to their original terms.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Commission has also transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Held-to-maturity financial assets are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available for sale are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as net realised gains or losses on financial assets.

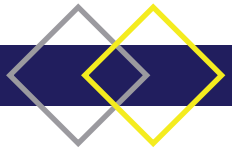
Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of comprehensive income.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Commission establishes fair value by using valuation techniques.

(j) Impairment of assets

(i) Financial assets carried at amortised cost

The Commission assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Commission about the following events:



- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Commission, including:
  - Adverse changes in the payment status of issuers or debtors in the Commission; or
  - National or local economic conditions that correlate with defaults on the assets in the Commission.

The Commission first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Commission determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred on assets carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract.

(i) Financial assets carried at amortised cost

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of comprehensive income.

(ii) Financial assets carried at fair value

The Commission assesses at each reporting date whether there is objective evidence that an available-for-sale financial asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not subsequently reversed. The impairment loss is reversed through the statement of comprehensive income, if in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(iii) Impairment of other non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(k) 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.

(l) 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.

(ii) Transactions and balances

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

(m) 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.

(n) Trade and other payables

Trade and other payables are stated at cost.

4. Critical accounting estimates and judgements

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

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

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

5. Management of financial risk

5.1 Financial risk

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

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. Income

The main sources of income were:

	2017 ZMW	%	9 months ended 31 December 2016 ZMW	%
Grants from GRZ	9,668,005	48	7,251,004	47
Registration of securities	85,317	-	1,453,303	9
LuSE trade commissions	2,216,974	11	486,321	3
Other fees and revenues	8,329,081	41	6,692,595	42
	20,299,377		15,883,223	

7. Surplus for the period

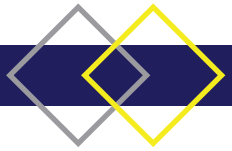
(Deficit)/ Surplus for the year is stated after charging:-				
Depreciation	318,734		196,663	
Auditor's remuneration:				
Internal audit	60,000		66,574	
External audit	110,000		87,000	
	170,000		153,574	
Commissioners' and committee expenses	1,008,234		902,085	

8. *Income tax expense*

The Commission is exempt from income tax.

9. *Motor vehicles, furniture and equipment*

	Motor Vehicles ZMW	Office equipment ZMW	Office furniture ZMW	Computer equipment ZMW	Total ZMW
Cost					
At 1 April 2016	1,141,096	81,948	284,462	401,099	1,908,605
Additions	405,429	-	21,910	51,934	479,273
Disposal	(184,687)	-	-	-	(184,687)
At 31 December 2016	1,361,838	81,948	306,372	453,033	2,203,191
Additions	1,044,386	174,941	130,538	135,389	1,485,254
Disposals	(184,687)	-	-	-	(184,687)
At 31 December 2017	2,221,537	256,889	436,910	588,422	3,503,758
Depreciation					
At 1 April 2016	869,859	67,621	236,416	312,756	1,486,652
Charge for the period	120,487	8,375	33,561	34,240	196,663
Disposal	(138,515)	-	-	-	(138,515)
At 31 December 2016	851,831	75,996	269,977	346,996	1,544,800
Charge for the year	193,503	9,148	45,823	70,260	318,734
Disposals	(176,004)	-	-	-	(176,004)
At 31 December 2017	869,330	85,144	315,800	417,256	1,678,848
Net book value					
At 31 December 2017	1,352,207	171,745	121,110	171,166	1,816,228
At December 2016	510,007	5,952	36,395	106,037	658,391



	2017 ZMW	2016 ZMW
10. Short term deposit		
Standard Chartered Bank PLC	7,000,000	4,500,000
Barclays Bank PLC	-	6,000,000
	7,000,000	10,500,000

11. Trade and other receivables		
GRZ Grant	805,667	805,667
Issuers fees	518,298	184,708
Sundry debtors	8,900	8,900
Accrued income - interest	1,089,063	1,380,889
Prepayments and deposits	286,246	470,750
	2,708,174	2,850,914
Staff debtors	168,167	82,334
Provisions for doubtful debts	(36,400)	(88,000)
	2,839,941	2,845,248
12. Cash and cash equivalents		
Cash in hand and at bank	2,848,986	2,647,155
13. Trade and other payables		
Provisions and accruals	3,497,257	3,285,880
Market Development Fund	429,920	718,847
Amount due to Compensation Fund	71,489	121,859
Due to Zambia Revenue Authority	25,554	741,941
	4,024,220	4,868,527

14. Financial assets and liabilities

Financial assets

The Commission's principal financial assets are investments, prepayments, bank balances and cash. The Commission maintains its bank accounts with major banks in Zambia of high credit standing. Prepayments are stated at their nominal value reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liabilities

The Commission's financial liabilities are creditors and accruals. Financial liabilities are classified according to the substance of the contractual arrangements entered into, and are stated at their nominal value.

(a) Credit risk

Credit risk is the risk of financial loss to the Commission if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from trade receivables and other receivables.

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. The maximum exposure to credit risk at the reporting date was: -

Classes of financial assets

	Carrying amount	
	31 December 2017 ZMW	**31 December 2016 ZMW**
Short term deposit	7,000,000	10,500,000
Trade and other receivables	2,839,941	2,845,248
Cash and cash equivalents	2,848,986	2,647,155
	12,688,927	15,992,403

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 Manager is a reputable group.

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.

The aged analysis of trade receivables which were not impaired at the reporting date are as follows:-

	2017 ZMW	2016 ZMW
Days		
0 – 30	386,220	35,910
31 -60	48,106	18,031
61 – 90	47,572	61,917
Over 90	-	68,850
	481,898	184,708

(b) 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 any loans, and other borrowings taken and outstanding (2016: +/- 1%). 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.

	Profit for the year		Equity	
	+1% ZMW	-1% ZMW	+1% ZMW	-1% ZMW
31 December 2017	-	-	-	-
31 December 2016	-	-	-	-

(c). Liquidity risk

Liquidity risk is the risk that the Commission will be unable to meet its obligations as they fall due. The contractual maturities of financial liabilities as at 31 December 2017 is summarised below:

At 31 December 2017:

	Within 6 Months ZMW	Within 6 to 12 Months ZMW	1 to 5 Years ZMW
Non – derivative Financial liabilities			
Trade and other payables	1,757,291	865,742	1,401,187
Totals	1,757,291	865,742	1,401,187

At 31 December 2016:

	Within 6 Months ZMW	Within 6 to 12 Months ZMW	1 to 5 Years ZMW
Non – derivative Financial liabilities			
Trade and other payables	2,765,745	2,102,782	-
Totals	2,765,745	2,102,782	-

The above amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date.

(d) Cash flow risk

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

(e) Fair value

The carrying amounts of financial assets and liabilities are representative of the Commission's position as of 31 December 2017 and are in the opinion of the directors not significantly different from their respective fair values due to generally short periods to maturity dates.

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.

(f). Categories of financial instruments

At 31 December 2017

	Receivables ZMW	Fair value ZMW
Financial assets		
Receivables	2,839,941	2,839,941
Short term deposit	7,000,000	7,000,000
Cash and cash equivalents	2,848,986	2,848,986
Total financial assets	12,688,927	12,688,927

	Financial Liabilities at amortised Cost ZMW	Fair value ZMW
Financial liabilities		
Trade payables	4,024,220	4,024,220
Total financial liabilities	4,024,220	4,024,220
Net positions	8,664,707	8,664,707

At 31 December 2016

	Receivables	Fair value
Receivables	2,845,248	2,845,248
Short term deposit	10,500,000	10,500,000
Cash and cash equivalents	2,647,155	2,647,155
Total financial assets	15,992,403	15,992,403

	Financial Liabilities at amortised Cost ZMW	Fair value ZMW
Financial liabilities		
Trade payables	4,868,527	4,868,527
Total financial liabilities	4,868,527	4,868,527
Net position	11,123,876	11,123,876

15. Related party transactions

The following transactions were carried out with related parties:

		2017 ZMW	2016 ZMW
(i)	*Key management compensation*		
	Salaries and other short term benefits	3,258,140	3,628,708
	Defined contribution pension schemes	32,206	72,581
		3,290,346	3,701,289
(ii)	*Commissioners' remuneration*		
	Fee for service as Commissioners	429,607	902,085
(iii)	*Loans to key management*	-	-

16. Capital commitments

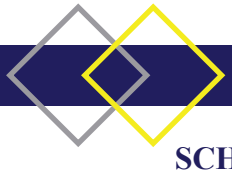
There were no capital commitments either contracted or authorised at 31 December 2017 (2016 – ZMW nil).

17. Contingent liabilities

The Commission has engaged a legal Counsel to represent it in litigation against the Commission. The Counsel estimate legal fees of ZMW160,000, which are yet to be agreed with the Commission - (2016: ZMW155,000. This amount has not been provided for in these financial statements

18. Events subsequent to the reporting date

There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the Commissioners, to affect substantially the operations of the Commission, the results of those operations or the financial position of the Commission.



DETAILED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2017

	2017 ZMW	2016 ZMW
INCOME		
Grants		
Revenue grants	9,668,005	7,251,004
Fees and other income		
Authorisation fees	2,003,207	2,692,099
Commission- LuSE trades	2,216,975	486,321
Licensing fees	1,361,060	1,288,166
Registration fees	85,317	1,453,303
Scrutiny fees	316,335	116,668
Sundry income	297,414	267,602
Interest received	196,412	32,478
Issuers fees	940,000	505,333
Investment income	1,956,948	1,265,629
Inspection fees	-	40,530
Annual fees	143,120	67,224
Levy on Collective Investment Schemes (CIS)	414,009	416,783
Interest staff loans	-	83
Administrative Fines	223,000	-
	477,575	-
	10,631,372	8,632,219
Total Income	20,299,377	15,883,223
EXPENDITURE		
Advertising expenses	465,506	143,846
Audit fees	110,000	153,574
Bank charges	60,373	47,749
Bad debts provision	36,400	88,000
Board and committee expenses	1,008,234	902,085
Consultancy fees	264,151	156,561
CISNA	-	528,632
Depreciation	318,734	196,663
Employee benefits costs	11,671,927	7,128,227
Entertainment	19,660	43,347
Finance charges	(5,141)	43,347
Insurance	587,156	397,590
Motor vehicle expenses	276,583	233,278

DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2017 (CONTINUED)

	2017 ZMW	2016 ZMW
EXPENDITURE (CONTINUED)		
Office operational costs	334,858	251,326
Postage and telephones	359,620	256,164
Electricity and water	54,018	25,745
Printing and stationary	202,683	128,130
Publicity and Education	2,172,708	970,890
Rent	1,305,192	840,965
Repairs and maintenance	29,351	21,396
Security	127,543	95,819
Subscription and publications	229,625	34,106
Workshop and seminars	1,971,528	955,027
	21,600,709	13,601,123
(Deficit)/ Surplus for the year	(1,301,332)	2,282,100

Are you an Investor in shares or unit trusts?

Remember to do your part by asking for your account statement from your stock broker or fund manager.

info@seczambia.org.zm

Plot 3827, Parliament Road,Olympia | P.O.Box 35165, Lusaka - Zambia

+260 211 227 012 | Fax: +260 211 225 443

www.seczambia.org.zm

SECURITIES AND EXCHANGE COMMISSION

Protecting investors in the capital markets.

APPENDICES

Appendix I

The SEC Staff, (Past and Current)

Name	Position	Date left
Mr. Phillip K. Chitalu	Chief Executive Officer	-
Mrs. Diana Sichone	Commission Secretary and Director – Enforcement and Legal Services	-
Ms. Mutumboi Mundia	Director - Market Supervision and Development	-
Mr. Bruce Mulenga	Manager - Market Transactions and Investments	-
Mr. Mateyo Lungu	Manager – Finance	-
Mr. Saul Nyalugwe	Manager – Administration	-
Mr. Abraham Alutuli	Manager – Market Supervision	-
Mr. Nonde Sichilima	Manager – Market Supervision	-
Mrs. Dingase Makumba	Manager – Market Development	-
Mrs. Sitali Mugala	Surveillance Officer	-
Ms. Racheal M. Banda	Human Resource Officer	-
Ms. Priscilla Mwale	Personal Assistant to the CEO	-
Ms. Leah Kusensela	Accounts Assistant	-
Mr. Lubunda Ngala	Officer – Enforcement and Legal Services –	-
Mr. Mubanga Kondolo	Manager – Financial Inclusion	-
Ms. Gertrude Buyungwe	Analyst	-
Mr. Benson Mwileli	Analyst	-
Mr. Thomas Thole	Investigations Officer	-
Ms. Siberia Tembo-Siamayuwa	Pool Secretary	-
Mrs. Glendajoelinda C. Ng'andwe	Secretary – Market Supervision and Development	13.06.2017
Mr. Sydney Katumba	Information Technology Officer	-
Mrs. Theresa Chimbila	Accounts Assistant	-
Mr. Saviour Mooya	Driver	-
Mr. Alexander Tondo	Office Assistant	-

Appendix II

List of Authorised Capital Market Players for 2017

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:

Dealer's Licenses

The following corporate entities held a Dealer's license during the period under review:

Item	Company Name	2018		2017	
		YES	NO	YES	NO
1.	Aflife Capital Zambia Limited	√		√	
2.	Aflife Holdings Zambia Limited	√		√	
3	Aflife Private Wealth	√		√	
4.	ABC Investment Services Limited	√		√	
5.	ABC Zambia Limited	√		√	
6.	African Life Financial Services	√		√	
7.	Altus Capital	√		√	
8.	Autus Securities Zambia Limited	√		√	
9.	Barclays Bank Plc	√		√	
10.	Citibank Zambia Limited	√		√	
11	Equity Capital Resources Plc.	√		√	
12.	Finance Securities Limited	√		√	
13.	First National Bank Zambia Limited	√		√	
14.	Grofin Zambia Limited	√		√	
15.	Investrust Bank Plc	√		√	
16.	Kukula Capital Plc	√		√	
17.	Laurence Paul Investment Services Ltd	√		√	
18.	Madison Asset Management Company Ltd	√		√	
19.	Pangaea Renaissance Securities Ltd	√		√	
20.	Prudential Life Assurance Limited	√		√	
21.	Stanbic Bank (Z) Limited	√		√	
22.	Standard Chartered Bank (Z) Limited	√		√	
23.	Stockbrokers Zambia Limited	√		√	
24.	Zambia National Commercial Bank Plc.	√		√	

Dealer's Representative Licenses

The following persons held a Dealer's representative's license during the period under review:

Item	Name of Representative	Dealer	2018		2017	
			YES	NO	YES	NO
1.	Mukudzei-Ishe Zhou	Aflife Capital	√		√	
2.	Fortunate Ngatsha	Aflife Holdings	√		√	
3	Danny Mulenga	African Banking Corporation Investment Services Limited	√		√	
4.	Miyanda H Hamusankwa	African Banking Investments Services Limited	√		√	
5.	Christopher K Mwelo	African Banking Corporation (Z) Limited	√		√	
6.	Theresa Chiluba	African Banking Corporation Limited	√		√	
7.	Mubanga Bwalya	African Banking Corporation Limited	√		√	
8.	Geoffrey Musekiwa	African Life Financial Services Limited	√		√	
9.	Pethel Chambwe Phiri	African Life Financial Services Limited	√		√	
10.	Jones Phiri	African Life Financial Services Limited	√		√	
11	Muuka Mukongolwa Banda	African Life Financial Services Limited	√		√	
12.	Ms. Wane Chirwa	African Life Financial Services Limited	√		√	
13.	Mr. Ken Simwaba	Altus Capital Limited	√		√	
14.	Mukudzei Ishe Zhou Wonder Nyasha	Aflife Capital Zambia Limited	√		√	
15.	Fumanikile Bbuku	Autus Securities Zambia Limited	√		√	
16.	Joseph Simate	Autus Securities Zambia Limited	√		√	
17.	Boston Nkuname	Barclays Bank Zambia	√		√	
18.	Lesa Mulenga	Barclays Bank Zambia	√		√	
19.	Tiyezyeko Chilembo	Barclays Bank Zambia	√		√	
20.	Hanakoma Hamubwatu	Barclays Bank Zambia	√		√	
21.	Mudenda Sikapoto	Barclays Bank Zambia	√		√	
22.	Geofrey Mchangila	Citibank Zambia Limited	√		√	
23.	Ngosa Mary Kafwembe	Citibank Zambia Limited	√		√	
24.	Steven Chitete	Citibank Zambia Limited	√		√	
25.	Cornwell Fungai Musana	Equity Capital Resource Plc	√		√	
26.	Sabera Khan	Equity Capital Resources Plc	√		√	
27.	Tushar Thaker	Finance Securities Limited	√		√	
28.	Gerald Ndhlovu	First National Bank	√		√	
29.	Kapumpe Chola Kaunda	First National Bank	√		√	

Item	Name of Representative	Dealer	2018		2017	
			YES	NO	YES	NO
30.	Llewellyn Foxcroft	First National Bank	√		√	
31.	Naomi Hara Palale	First National Bank	√		√	
32.	Chibamba Kizito Lopa	Grofin Zambia Limited	√		√	
33.	Enerst Kando	Grofin Zambia Limited	√		√	
34.	Robinson Daka	Grofin Zambia Limited	√		√	
35.	Harry Mafuta	Investrust Bank Plc Limited	√		√	
36.	Richard Mutukwa	Investrust Bank Plc Limited	√		√	
37.	Jito Kayumba	Kukula Capital Limited	√		√	
38.	Tue Nyboe Andersen	Kukula Capital Limited	√		√	
39.	Aaron Yobe Zulu	Lawrence Paul Investment Services Limited	√		√	
40.	Brian Chintu	Madison Asset Management Co. Limited	√		√	
41.	Likonge Banda	Madison Asset Management Co. Limited	√		√	
42.	Muchindu Kasongolo	Madison Asset Management Co. Limited	√		√	
43.	Cecilia Kamba Siabusu	Madison Asset Management Co. Limited	√		√	
44.	Claire M Lungwe	Madison Asset Management Co. Limited	√		√	
45.	Sipiwe Nkunika	Madison Asset Management Co. Limited	√		√	
46.	Mupanga Chilungu	Madison Asset Management Co. Limited	√		√	
47.	Blessing Chilombe	Madison Asset Management Co. Limited	√		√	
48.	Ceaser Siwale	Pangaea Securities Limited	√		√	
49.	Peter Zulu	Pangaea Securities Limited	√		√	
50.	Tidale Mwale-Chisunka	Pangaea Securities Limited	√		√	
51.	Wendy Nsamwa Nglaze Tembo	Pangaea Securities Limited	√		√	
52.	Matete M. Sichizya	Prudential Life Assurance Ltd	√		√	
53.	Prabhleen Kohli	Prudential Life Assurance Limited	√		√	
54.	Cheng Besa Mwenechanya	Stanbic Bank (Z) Ltd	√		√	
55.	Dean Nathaniel	Stanbic Bank (Z) Limited	√		√	
56	Mwila Pascal Mwenya	Stanbic Bank (Z) Ltd	√		√	
57.	Musenge Komeki	Stanbic Bank (Z) Limited	√		√	
58.	Prudence Khumbo Mhango	Stanbic Bank (Z) Limited	√		√	
59.	Veronica Sinkala	Stanbic Bank (Z) Limited	√		√	
60.	Mr. Fred Siwila	Stanbic Bank (Z) Limited	√		√	
61.	Victor Chileshe	Stanbic Bank (Z) Limited	√		√	
62.	Aaron Phiri	Standard Chartered Bank (Z) Plc	√		√	

Item	Name of Representative	Dealer	2018		2017	
			YES	NO	YES	NO
63.	Chimuka Muyovwe	Standard Chartered Bank (Z) Plc	√		√	
64.	Derek Bobo	Standard Chartered Bank (Z) Plc	√		√	
65.	Donna Forte-Regis Muleba	Standard Chartered Bank (Z) Plc	√		√	
66.	Edna Towela Lungu	Standard Chartered Bank (Z) Plc	√		√	
67.	John Keyala	Standard Chartered Bank (Z) Plc	√		√	
68.	Keyaba Mwenechanya	Standard Chartered Bank (Z) Plc	√		√	
69.	Mubanga Yvonne Mukuka	Standard Chartered Bank (Z) Plc	√		√	
70.	Muchindu Lombe	Standard Chartered Bank (Z) Plc	√		√	
71.	Mulolwa Nkata Kamana	Standard Chartered Bank (Z) Plc	√		√	
72.	Mwaka Kalengo Mfula	Standard Chartered Bank (Z) Plc	√		√	
73.	Mwali Chisala	Standard Chartered Bank (Z) Plc	√		√	
74.	Nana Mukwiza	Standard Chartered Bank (Z) Plc	√		√	
75.	Nana Nkasah Asare	Standard Chartered Bank (Z) Plc	√		√	
76.	Sampa David Shiyunga	Standard Chartered Bank (Z) Plc	√		√	
77.	Tamara M. Bbuku	Standard Chartered Bank (Z) Plc	√		√	
78.	Tsugai Mabuto	Standard Chartered Bank (Z) Plc	√		√	
79.	Wiggins Mupango	Standard Chartered Bank (Z) Plc	√		√	
80.	Mark Penyani Katemangwe	Standard Chartered Bank (Z) Plc	√		√	
81.	Davy Nanduba	Standard Chartered Bank (Z) Plc	√		√	
82.	Kabwe Mwaba	Standard Chartered Bank (Z) Plc	√		√	
83.	Jimmy Mwambazi	Stockbrokers Zambia Limited	√		√	
84.	Kamungoma Mate	Stockbrokers Zambia Limited	√		√	
85.	Chanda Mutoni	Stockbrokers Zambia Limited	√		√	
86.	Charles Kamungu	Zambia National Commercial Bank	√		√	
87.	Cliff George Sakala	Zambia National Commercial Bank	√		√	
88.	Fredrick Mulenga Kaputo	Zambia National Commercial Bank	√		√	
89.	Ignatius Innocent Kashoka	Zambia National Commercial Bank	√		√	
90.	Kunda Catherine Chikumbi	Zambia National Commercial Bank	√		√	
91.	Virginia Mwalilino	Zambia National Commercial Bank	√		√	
92.	Lishala Clarence Situmbeko	Zambia National Commercial Bank	√		√	
93.	Austin Hamukonka Chijikwa	Zambia National Commercial Bank	√		√	
94.	Munakupya Hantuba	Aflife Private Wealth	√		√	
95.	Zangonse Mwanza	African Banking Corporation Investments Services Ltd	√		√	
96.	Mataka Nkhoma	Autus Securities	√		√	

Investment Adviser's License

The following corporate entities held an Investment Advisors license during the period under review:

Item	Company Name	2018		2017	
		YES	NO	YES	NO
1.	Asset Protection International Limited	√		√	
2.	Charles Sichangwe	√		√	
3	Entrust Financial Services Limited	√		√	
4.	Riscura Limited	√		√	
5.	DeVere and Partners Investment Services (Z) Limited	√		√	
6.	Selekane Asset Consultants Limited	√		√	

Investment Adviser's Representative License

The following persons held an Investment Advisors Representatives license during the period under review:

Item	Company Name	Investment Advisor	2018		2017	
			YES	NO	YES	NO
1.	Errol Neal Molver	Asset Protection International Limited	√		√	
2.	Lynda Syamunyangwa	deVere and Partners International Limited	√		√	
3.	Maureen Nabulyato	deVere and Partners International (Z) Limited	√		√	
4.	Musenge Kataya	deVere and Partners International (Z) Limited	√		√	
5.	Stella Nkole Sata	deVere and Partners International (Z) Limited	√		√	
6.	Elizabeth Nampasa	deVere and Partners International (Z) Limited	√		√	
7.	Gift Kapande	deVere and Partners International Limited	√		√	
8.	Julian Visser	deVere and Partners International Limited	√		√	
9.	Lerato Siame	deVere and Partners International Limited	√		√	
10.	Gervase Saenela Phiri	deVere and Partners International (Z) Limited	√		√	
11.	Aubrey Mofya Mulopa	deVere and Partners International (Z) Limited	√		√	
12.	Albert Shawn Bowa	deVere and Partners International (Z) Limited	√		√	
13.	Mwila Bowa	deVere and Partners International (Z) Limited	√		√	
14.	Joseph Deasis Chilepa	deVere and Partners International (Z) Limited	√		√	
15.	Mukelabai Luwabela	deVere and Partners International (Z) Limited	√		√	
16.	Chilando Muchuta	deVere and Partners International (Z) Limited	√		√	
17.	Carol Kapesa Musonda	deVere and Partners International (Z) Limited	√		√	
18.	David Brown	Entrust Financial Services Limited	√		√	
19.	Charity Siwale	Riscura Zambia Limited	√		√	
20.	Cindy Waheeb Taudrous	Riscura Zambia Limited	√		√	
21.	Joseph Lupupa Chikonde	Selekane Asset Consultants Limited	√		√	

Securities Exchange Licenses

The following exchanges were operational during the period under review:

Item	Company Name	2018		2017	
		YES	NO	YES	NO
1.	Lusaka Securities Exchange PLC	√		√	
2.	Bonds and Derivatives Exchange of Zambia Limited	√		√	
3	Pan African Exchange Zambia Plc	√		√	

Appendix III

Contact Details of Capital Market Players

Stock Exchange Details

LuSE PLC	BaDEx PLC	PANEX PLC
Chief Executive Officer: Mrs. Priscilla Sampa *Address (physical):* Lusaka Securities Exchange 2nd floor, Mamco House Plot 316B, Independence Avenue *Address (postal):* P.O. Box 34523 Lusaka *Telephone:* +260 (211) 228391/228537 *Facsimile:* +260 (211) 225969 *E-mail:* info@luse.co.zm	*Chief Executive Officer:* Mr. Peter Sitamulaho *Address (physical):* Bonds and Derivatives Exchange Zambia Plc Plot No 7450, Katopola Road Rhodespark, Off Great East Road *Address (postal):* Post. Net Box 334 Private bag E10 Arcades Lusaka *Telephone:* +260 (211) 220537 *Facsimile:* +260 (211) 220574 *E-mail:* info@badex.co.zm	*Chief Executive Officer:* Mr. Jacob Maaga *Address (physical):* Pan African Exchange Zambia Plc Unit No. 2 and 3B, Manda Hill Shopping Centre Stand 19255 Corner of Great East and Manchinchi Roads *Telephone:* +260 975 435589 *E-mail:* jmaaga@panexchange.com

Dealers' Details

a) Members of the LuSE

Autus Securities Limited
The Colosseum
Block A, Ground floor
Bwinjimfumu Road
Lusaka
P. O. Box 320308
Tel: +260 (211) 220460
Fax: +260 (211) 841033
Email: joshua@autussecurities.com

Equity Capital Resources
4th Floor Godfrey House
Kabelenga Road
Lusaka
Tel: +260 955 37 84 89
Email: fungai@ecrzambia.com
Website: www.ecrzambia.com

Intermarket Securities limited
Ground Floor, Farmers House Central park
P.O. Box 35832, Cairo Road
Lusaka
Tel: +260 (211) 227227-8
Fax: +260 (211) 231334
Email: joseph.mazila@intermarket.co.zm

Madison Asset Management Company Ltd
MLife Building, Dar es Salaam Place
Cairo Road
P.O. Box 37013
Lusaka
Tel: +260 (211) 233940/16
Fax: +260 (211) 233936
Email: likonge@madisonassets.co.zm

Pangaea Renaissance Securities Ltd
3rd Floor, North Wing
Farmers House, Central Park
P.O. Box 30163, Cairo Road
Lusaka
Tel: +260 (211) 220707
Fax: +260 (211) 220925
Email: wtembo@pangaea.co.zm

Stockbrokers Zambia Limited
32 Lubu Road, Longacres
P O Box 38956
Lusaka
Tel: +260 (211) 227303/232456
Fax: +260 (211) 224055
Email: enambeye@sbz.com.zm

b) Non–Members of the LuSE

ABC Investment Services Limited
Ground Floor, Pyramid Plaza
Corner Church and Nasser Roads
P.O. Box 39501
Lusaka
Tel: +260 (211) 257980
Fax: +260 (211) 257970-6
E-mail: abcz@africanbankingcorp.com
Website: www.africanbankingcorp.com

African Life Financial Services
Independence Avenue
Mpile Office Park
Lusaka
P. O. Box 51331
Tel: +260 (211) 252265/253772
Fax: +260 (211 253112
E-mail: info@aflife.co.zm

Aon Zambia Pension Fund Administrators Limited
Acacia Park
Plot 22768
Thabo Mbeki Road, Arcades
Lusaka
P. O. Box 35403
Tel: +260 (211) 367288
E-mail: aon_zambia@aon.co.zm

Barclays Bank Zambia Plc
Elunda Office Park
Plot 4643 / 4644
Addis Ababa round about, Rhodes Park
Lusaka
Private Bag E308
Tel: + (260) (211) 366150 / 169
Fax: + (260) (211) 225553
Email: customerservice.zambia@barclays.com
Website: www.home.barclays.co.zm

Citibank Zambia Limited
Citibank House
Stand 4646,
Addis Ababa Round about,
Lusaka Zambia
Tel: +260 (211) 444400
Fax: +260 (211) 226064
Email: public.affairs.zambia@citi.com
Website: www.citigroup.com

Credit Rating Agency
Suite 5, Third Floor
Farmers House, Central Park
Lusaka
P.O. Box 320445
Telephone: +260 0977 365094
Email: info@creditratingagency.net
Website: www.creditratingagency.net

Focus Financial Services Limited
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

Grofin Zambia Limited
Plot 3827 Parliament Road
Olympia
Lusaka
P.O.Box 33758
Tel: +260 211 295875/6
Fax: +260 211 295876
E-mail: chibamba@grofin.com

Investrust Bank Plc
Investrust House
Plot 4527/8 Freedom Way
Lusaka
P O Box 32344
Tel: (0211) 238733-5
E-mail: investrust@investrustbank.co.zm

Kukula Capital Plc
Office 101
1st floor Foxdale Court Office Park
Plot 609 Zambezi Road,
Roma,
Lusaka
Tel: +260 211 295792
E-mail: info@kukulacapital.com

Laurence Paul Investment Services Limited
5th Floor, Design House
Dar es Salaam Place (off Cairo Road)
P O Box 35008
Lusaka
Tel: (0211) 220302/3
Fax: (0211) 220454
E-mail: info@laurencepaul.com
Website: www.laurencepaul.com

Professional Life Assurance Limited
Professional Life Assurance
Finsbury Park, Kabwe Round About
Lusaka
E-mail: ho@proflife.com.zm
Website: www.proflife.co.zm

Stanbic Bank Zambia Limited
Stanbic House
Head Office
Plot 2375, Addis Ababa Drive
Lusaka
P. O. Box 31955
Tel: +260 (211) 370000 – 18
Fax: +260 (211 258439
www.stanbic.co.zm

Standard Chartered Bank Zambia Plc
Standard Chartered House
Cairo Road-South End
P O Box 31934
Lusaka
Tel: (0211) 229242/229260/229772
Fax: (0211) 222092/225337
E-mail: zm.securities-services@sc.com
Website: www.sc.com

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

Investment Advisors' Details

Benefits Consulting Services Limited
Mpile Office Park
74 Independence Avenue
Lusaka
P. O. Box 31986
Tel: +260 (211) 254517/252265/250190
Fax: +260 (211) 251926
E-mail: info@bencon.co.zm
Website: www.bencon.co.zm

Charles Sichangwe
Wits Limited
4th Floor, Godfrey House,
Kabelenga Road
Lusaka
Tel: +260 (211) 226441/5
Fax: +260 (211) 227116
Email: wits@zamnet.zm

deVere and Partners Investment Services Zambia Limited
Plot 284 Cnr Joseph Mwilwa Road and Great East Road
Rhodes Park
Lusaka
Tel: +260 211 295999
Fax: 260 211 257114
Email: deVere@devere-group.com
Website: www.devere-group.com

Entrust Financial Services Limited
Plot 377a/6a, Alstone Cottage
Bishops Road, Kabulonga
Lusaka
P. O. Box 31252
Tel: +260 (211) 260260/260800
Fax: +260 (211) 266399
Email: info@holbornservices.com
Website: www.holbornservices.com

Imara ECR Asset Management Limited
12 Mushemi Road off Lubu Road
Rhodespark
Lusaka
P. O. Box 37184
Tel: +260 (211) 840313
Email: info@ecrzambia.com
Website: www.imara.com

Profin Limited
17 Matandani Road
Rhodespark
Lusaka
P.O.Box 31425
Tel: +260 (211) 257913
Fax: +260 (211) 254360
Email: zambia@theprofingroup.com
Website: www.theprofingroup.com

Riscura Zambia Limited
Figtree house Plot No. 1
Warthog Road, Kabulonga
Lusaka
P.O.Box 320181, Lusaka
Tel: +260 (211) 262 773
Fax: +260 (211) 262 773
Email: Zambia@riscura.com
Website: www.risura.com

Listed Companies' 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) 412749
Website: www.ael.co.za
Listed on 23rdOctober, 2006

Airtel (formerly Celtel) Zambia Plc
Stand 2375
Addis Ababa drive
Lusaka
Tel: +260 (977) 915000
Website: www.Africa.airtel.com/zambia
Listed on 11th June, 2008

Bata Shoe Company Plc
Stand 6437, Mukwa Road
Heavy Industrial Area
Lusaka
P.O. Box 30479
Tel: +260 (211) 244397/242328
Fax: +260 (211) 244254
E-mail: batashoe@zamnet.zm
Website: www.bata.co.zm
Listed on 31st March, 2009

British American Tobacco (BAT) Zambia Plc
Plot 20992, Kafue Road
Lusaka
P.O. Box 30162
Tel: +260 (211)272264/272287
Fax: +260 (211) 272271
E-mail: batzam@bat.com
Website: www.bat.com
Listed on 15th December, 1996

Cavmont Capital Holdings Zambia Plc
Unit C, Counting House Square (behind Arcades Shopping Centre)
Thabo Mbeki Road
P O Box 32322
Lusaka
Tel: (0211) 257772/256055/256064
Fax: (0211) 256074
E-mail: contact@cavmont.com.zm
Website: www.cavmont.com.zm
Listed on 13th September, 2006

Copperbelt Energy Corporation Plc
23rd Avenue, Nkana East
Kitwe
P.O. Box 20819
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

Investrust Bank Plc
Investrust House
Plot 4527/8 Freedom Way
Lusaka
P O Box 32344
Tel: (0211) 238733-5
E-mail: investrust@investrustbank.co.zm
Listed on 21st June, 2007

Lafarge Cement Plc
Farm No. 1880
Kafue Road
Chilanga
P.O. Box 30162
Tel: +260 (211) 367400/600
Fax: +260(211) 278134
E-mail: cement.enquiries@lafarge-zm.lafarge.com
Website: www.lafarge.com
Listed on 22nd May, 1995

Madison Financial Services Plc
Plot 316 Independence Avenue
P.O.Box 37013
Lusaka
Tel:378700-5
Email: info@madison.co.zm
Website: www.madisonshares.com
Listed on 1st September 2014

Metal Fabricators of Zambia (ZAMEFA) Plc
Plot 1400 ChaChaCha Road
Luanshya
P.O. Box 90295
Tel: +260(212) 510599
Fax: +260 (212) 229003/4
Website: www.pdic.com
Listed on 9th September, 2004

National Breweries Plc
Plot 6438 Mungwi Road
Lusaka
P.O. Box 35135
Tel: +260 962 249 200
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

Prima Reinsurance Plc
Plot 187C Namamboli Road
Fairview
Lusaka
Postnet box 658
P/Bab E891
Tel: +260 (211) 221159
Email: primare@zamnet.zm
Website: www.prima-re.com
Listed on 21st December, 2004

Puma Energy Plc
(formerly BP Zambia)
Airtel House
Stand No. 2375, Addis Ababa Drive
Lusaka
P.O. Box 31999
Tel: +260 (211) 376100
Fax: +260 (211) 376149
E–mail: zambia@pumaenergy.com
Website: www.pumaenergy.com
Listed on 18thJuly, 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: robin.miller@zamsaf.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
Standard Chartered House
Cairo Road-South End
P O Box 31934
Lusaka
Tel: (0211) 229242/229260/229772
Fax: (0211) 222092/225337
E-mail: customer.first@zm.standardchartered.com
Website: www.standardchartered.com/zm
Listed on 30th November, 1998

Zambeef Products Plc
Plot 4970 Manda Road
Industrial Area
Lusaka
P/Bag 17, Woodlands
Tel: +260 (211) 369000
Fax: +260 (211) 369050
E-mail: info@zambeef.co.zm
Website: www.zambeefplc.com
Listed on 5th April 2005

Zambian Breweries Plc
Mungwi Road, Plot 6438
Heavy Industrial Area
Lusaka
P.O. Box 30237
Tel: +260 (211) 246555
Fax: +260 (211) 242124
E-mail: zambrew@zambrew.com.zm
Website: www.ab-inbev.com
Listed on 9th June, 1997

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 27thNovember, 2008

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

ZCCM Investment Holdings Plc
1st Floor, Mukuba Pension House
Plot 5309, Dedan Kimathi Road
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' Details

Barclays Bank Zambia Plc
Elunda Office Park
Plot 4643 / 4644
Addis Ababa round about, Rhodes Park
Lusaka
Private Bag E308
Tel: + (260) (211) 366150 / 169
Fax: + (260) (211) 225553
Quoted on 9th March, 2005

Chambishi Metals Plc
Sub–division L and M of Lot No. 10/M
Kitwe–Chingola Road
Chambishi
P.O. Box 21151 (Kitwe)
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

Finance Bank Zambia Plc
Finance House, Cairo Road
P.O.Box37102, Lusaka, Zambia
Tel: +260 (211) 229733-42
Fax: +260 (211) 227544
Website: www.financebank.co.zm
Quoted on 13th January 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

Mopani Copper Mines Plc
Corporate Office
Central Street Nkhana West
Kitwe
P.O. Box 22000
Tel: +260 (212) 247012/247847
Fax: +260 (212) 247445
E-mail: mopani@mopani.com.zm
Website: www.mopani-copper-mines

Professional Life Plc
Finsbury park, Cairo road
Northend
Lusaka
P.O. Box 31357
Tel:+260 (211) 222223/4
E-mail: ho@proflife.co.zm
Website: www.picz.co.zm
Quoted on 9th December 2014

Veritas General Insurance Plc
Plot 6/60 Kapilingila House
Kabulonga Road, Kabulonga
Lusaka
P. O. Box 31965, Lusaka
Tel: + (260) (955) 359 873
Fax: + (260) (211)266366
Email: veritas@veritasgeneral.com
Quoted on 19th February, 2015

Engineering Institute of Zambia 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

Nanga Farms Plc
P.O. Box 670079
Mazabuka
Tel: +260 (211) 251894 & 260 (213) 235340/41
Fax: +260 (213) 235341 & 260(211) 251894
E-mail: nanga@zamnet.zm or nanga@iwayafrica.com
Quoted on 20th February 2007

Professional Insurance Corporation Zambia Plc
Finsbury Park, Kabwe Roundabout
P.O. Box 34264 Lusaka
Tel: +260 (211) 366703
E-mail: customerservice@picz.co.zm
Website: www.picz.co.zm
Quoted on 24th September 2014

Ikulileni Investments Plc
Building 3, Acacia Park
Stand 22768. Thabo Mbeki Road
P.O. Box 35464 (Lusaka)
Tel: +260 (211)370140-5
Fax: +260 (211) 370018-20
Website: www.stanbic.co.zm
Quoted on 18th April, 2015

Details of Companies with Listed Debt Securities

Veritas General Insurance Plc
Plot 6/60 Kapilingila House
Kabulonga Road, Kabulonga
Lusaka
P. O. Box 31965, Lusaka
Tel: + (260) (955) 359 873
Fax: + (260) (211)266366
Email: veritas@veritasgeneral.com
Quoted on 19th February, 2015

Engineering Institute of Zambia 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

Nanga Farms Plc
P.O. Box 670079
Mazabuka
Tel: +260 (211) 251894 & 260 (213) 235340/41
Fax: +260 (213) 235341 & 260(211) 251894
E-mail: nanga@zamnet.zm or nanga@iwayafrica.com
Quoted on 20th February 2007

Professional Insurance Corporation Zambia Plc
Finsbury Park, Kabwe Roundabout
P.O. Box 34264 Lusaka
Tel: +260 (211) 366703
E-mail: customerservice@picz.co.zm
Website: www.picz.co.zm
Quoted on 24th September 2014

Ikulileni Investments Plc
Building 3, Acacia Park
Stand 22768. Thabo Mbeki Road
P.O. Box 35464 (Lusaka)
Tel: +260 (211)370140-5
Fax: +260 (211) 370018-20
Website: www.stanbic.co.zm
Quoted on 18th April, 2015

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SEC

SECURITIES AND EXCHANGE COMMISSION

Protecting Investors in the Capital Markets

info@seczambia.org.zm

Securities and Exchange Commission
Plot # 3827, Parliament Road, Olympia
P. O. Box 35165, Lusaka
Office: +260 211 222368 / 227012
info@seczambia.org.zm

@seczambia Securities and Exchange Commission www.seczambia.org.zm