# SECURITIES AND EXCHANGE COMMISSION

SECURITIES AND EXCHANGE COMMISSION
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# Annual Report 2016

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## SECURITIES AND EXCHANGE COMMISSION


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***Secretary and Chief Executive***

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# MISSION, VISION AND MANDATE

## OUR MISSION STATEMENT

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

## VISION

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

## MANDATE

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, Cap. 354 of the Laws of Zambia:

Chairperson

### Mr. Chintu Y. Mulendema

Mr. Mulendema, a legal practitioner and chartered accountant, had been the SEC Board Chairperson since August, 2013 until August 2016 when his term ended. He is a fellow of the Zambia Institute of Chartered Accountants (ZICA). Mr. Mulendema represented ZICA on the Board.

Vice Chairperson

### Mr. Amos Siwila

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

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 Gloria Munkombwe

Ms. Munkombwe, a chartered accountant, had been a SEC Board Member since April 2011. She represented the Non-Governmental Organisations Coordinating Council (NGOCC) on the Board.

# *SEC Commissioners*

Commissioner

### Mr. Joe H. Simachela

Mr. Simachela, a legal practitioner, has been a SEC Board Member since June 2010. He is a chief State Advocate at the Ministry of Justice and represents the Ministry of Justice on the Board.

Commissioner

### Mr George Nonde

Mr. Nonde, a chartered accountant, has been a SEC Board Member since September 2014. He represents the Zambia Chamber of Commerce and Industry (ZACCI) on the Board.

# SEC MANAGEMENT

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

Secretary and Chief Executive

### Phillip K. Chitalu

Mr. Chitalu, a chartered accountant, has been with the Commission since August 2011. He has a Bachelors 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.

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.

Director – Enforcement & Legal Services

### Diana Sichone

Mrs. Sichone, a legal practitioner, has been with the Commission since July, 2014. She holds a Bachelors 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.

# *SEC Management*

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 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.

# *SEC Management*

**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 Techlongy, 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 - Enforcement & Legal Services**

## Glory Chipoya

Mr. Chipoya, a legal practitioner, served the Commission from September 2015 to August 2016 when he resigned. He holds a bachelor of laws degree from the University of Zambia and a master of laws degree from the American University. He is also a Fulbright scholar and an advocate of the High Court for Zambia.

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**SECURITIES AND EXCHANGE COMMISSION**

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# CHAIRMAN'S REVIEW

The Commission presents the report for the nine-months period to 31st December 2016 as required by the new Securities Act, Number 41 of 2016. With the enactment of the new Securities Act in late December 2016, the Commission's financial year has changed from 31st March to 31st December. This now puts the Commission in line with the Government of the Republic of Zambia's financial year and reporting period. However, the 2016 Annual Report is made on the basis of Cap. 354 of the Laws of Zambia, the substantive law in effect during the period under review.

As alluded to above, the government through the Ministry of Finance finally approved and subsequently Parliament passed the new Securities Act. With the developments in the financial sector and more so the rapid changes in the capital markets subsector especially after the events of the global financial challenges of 2008, the country needed to align the supervisory tools with the needs and challenges of the market and present times.

Therefore, the new Act brings to the Commission regulatory tools that will help the Commission to adequately supervise the capital markets. Of immediate note is the need for central securities depositors, securities registrars, venture capital funds, credit rating agencies and other capital markets operators to be licensed or obtain authorisation from the Commission. These players are important in building confidence in the sector and therefore, the recognition by the new Securities Act for the Commission to have an oversight role of most of the key players in the capital markets is very welcome.

In the same vein, and as the world is now a truly global village, the Commission continues to see new players entering our market. Thus, in line with the Commission's 2015- 2018 strategic plan, building our human capital and other regulatory assets continued during the year under review. The Commission therefore continued to send staff for training and remained relevant in the regional and global regulatory family by participating in various seminars and workshops as a continued need to equip our human capital with the latest regulatory tools. Of note is the successful joint SEC/PIA hosting of the CISNA (Committee of Insurance, Securities and Non-banking Authorities) biannual conference in Livingstone in April 2016. This was attended by more than 70 participants representing the SADC member states. This meeting was graced by the then Minister of Finance, Honourable Alexander B. Chikwanda, who reminded the region of the need to change the regulatory thinking in the light of capital markets players breaking the country, regional, and global barriers through access to the entire global markets, sometimes from only one central office. It is with this in mind that the Commission continues to build capacity so that challenges brought about by these product developments could be mitigated.

The Commission has continued to witness the steady progress made towards improved savings that both institutional investors such as retirement funds (pension schemes) and individuals collectively put aside in Collective Investment Schemes (CIS). Although the country has seen increases in total funds under management in the last five years, in comparative terms, the funds being managed are still significantly small.

# *Chairman's Review*

However, the Commission has continued to nature this sector as it promises to not only positively contribute to economic growth but to also have a significant impact in the way medium to long term savings and investments are made. To further enhance the CIS sector, the Commission has continued to ensure fund managers are adhering to the requirements of the Securities Act. To this end, the Commission issued directives requiring fund managers keep the CIS funds segregated and also to ensure that the accounts reflect the trustees as the funds' legal owners. The Commission has also continued to enforce the requirement for CIS assets to be maintained with reputable third-party custodians.

The Commission continued to engage the market as a way of sharing useful views about the development of capital markets in Zambia. In the usual Commission spirit of ensuring capital markets developed confidence and thus growth, the Commission engaged the trading platform, the LuSE in the continued efforts of achieving governance structures and processes that investors would be happy to work with. Therefore, the Commission continued to engage the LuSE in their journey towards achieving a well-diversified ownership structure that fostered innovation and good governance structures in order to attract both local and foreign savings in the country through the exchange.

Despite the progress made in regulatory matters and increase in for instance CIS assets under management, the market experienced a turbulent 2016. Of importance to note is the effects of fiscal and monetary policies on capital market activities. With high inflation and interest rates, investors moved into money markets from capital markets as these provided very high yields that could not be matched by the products in the capital markets.

The Commission as a result of high interest rates recorded low activity in primary issuances of both shares and corporate bonds, an indication that less funding went into private productive sectors. We have however seen tremendous efforts and now the results of both government and the central bank in managing these factors, which should have a positive effect on the capital markets activities in 2017.

The Commission will, in the first quarter of 2017, be hosting a capital markets development indaba which is meant to introspect and deliberate the way forward in further consolidating the gains made in progressing the use of capital markets to channel funding to the productive sectors. The meeting is a precursor to the development of a 10-year Capital Markets Master Plan. The Commission believes that the task of mooting ideas of areas that the country should focus on should be a national one and therefore, various stakeholders will be invited to participate in the stakeholder consultation stage of the long-term capital markets development process.

May I now end, on behalf of my colleagues on the Commission Board and staff, by thanking the Ministry of Finance for approving and the Government of the Republic of Zambia for enacting the Securities Act of 2016. This will indeed make our work a lot easier. Again, on behalf of the Commission, I wish to also thank all the capital markets stakeholders who have continued to dialogue and interact with us as we drive the capital markets development agenda forward.

Amos Siwila
**ACTING CHAIRPERSON**

# SECRETARY AND CHIEF EXECUTIVE'S STATEMENT

The Commission continued to discharge its mandate as required by the Securities Act, the main aspect of which is investor protection.

We present below operational reports that highlight activities the Commission performed in its discharge of the Securities Act requirements. The Commission also presents financial statements, which show that the Commission adhered to the governance requirements of both the Securities Act, accounting standards, and other requirements. Therefore, as demonstrated in prior years, the financial resources of the Commission continue to be managed in a prudent manner having in mind the regulatory mandates and the general needs of the Commission.

With limited resources in mind, the Commission continues to pursue those regulatory activities that maximise the return on the use of the available resources. The Commission is aware that protecting the larger financial sector from contagion effects and thus avoiding the creation of impediments to financial markets developments is important. This is so due to the interconnectivity of the money markets, capital markets, and the insurance and pension sectors. Therefore, without the Commission actively playing an oversight role on capital markets, the K300 million invested by individuals and pension funds in Collective Investment Schemes (CISs), the K60 billion invested through the LuSE by NAPSA and private retirement funds, including a significant attraction of foreign savings could be compromised.

Therefore, in the year under review, the Zambian capital markets continued to contribute to the overall financial sector objectives by helping to avoid the social costs that could result from the failure by retirement funds and individual investors to access their life savings in CISs and securities.

The Commission reports below the performance of the equity, corporate debt, and Collective Investment schemes 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 Lusaka Securities Exchange (LuSE) continued to be the only active exchange during the period under review, as the other two (2) other exchanges, Pan African Exchange (PANEX) and The Bonds and Derivatives Exchange (BaDEx) were not yet fully operational.

### Equity market

The Lusaka Securities Exchange (LuSE) All Share Index (LASI) closed the year (2016) at 4,195.95 points indicating a 24.18 % decrease compared to the opening position of 5,534.39 points in April 2016. The decrease in the LASI was mainly due to negative price movements in share prices of listed entities.

# *Secretary and Chief Executive's Statement*

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

| | 31/12/2016 | 31/03/2016 | Percentage Change |
|---|---|---|---|
| LuSE All Share Index | 4,195.95 | 5,534.39 | 24.18% |
| Market Cap K'million | 57,668 | 63,466 | 9.14% |
| Market Cap US$ million | 5,813 | 5,703 | 1.93% |
| Trading Turnover (Equities) K'million | 194.73 | 753 | 74.14% |
| Volume of Shares Traded | 92,057,740 | 103,025,256 | 10.65% |
| Number of Trades | 1,940 | 2,986 | 35.03% |
| Number of Listed Companies | 23 | 23 | 0% |
| Number of Quoted Companies | 12 | 12 | 0% |
| Market Capitalization/GDP Ratio (%) | 16.19 | 20 | 15.50% |
| Turnover/Market Capitalisation Ratio | 0.83% | 2.57% | 67.70% |
| GRZ Bonds at Mkt Value K'million | 4,450 | 2,886 | 74.98% |
| No. of GRZ Bond trades | 428 | 274 | 35.98% |
| Number of Brokers | 6 | 6 | 0% |
| Number of Collective Investment Schemes | 8 | 8 | 0% |

*Source: Lusaka Securities Exchange Plc*

### *Market Capitalisation*

The market capitalization in Kwacha terms (including Shoprite) declined from K63,466 million as at 31st March 2016 to K57,668 million as at 31st December 2016, representing a 9.14% decrease. This decrease in the market capitalisation was due to the fall in the share prices of some of the listed entities primarily due a difficult economic environment continuing from 2015. The market capitalization, excluding Shoprite closed at K 23,429 million as at 31st December 2017 compared to K 29,227million at 31st March 2016 representing a 19.84% drop.

In USD terms, the market capitalization of the LuSE including Shoprite increased by 1.93% from US$ 5,703 million at 31st March 2016 to US$ 5,813 million as at 31st December 2016. The increase is mainly attributed to the general appreciation of the Kwacha against the US dollar, which appreciated by 9.73% between 31st March 2016 and 31st December 2017.

### *Turnover/Market Capitalisation Ratio*

The Turnover/Market Capitalisation Ratio declined from 2.57% for the year ended 31st March 2016 to 0.83% for the nine months ending 31st December 2016 representing a 67.7% reduction. This highlights a reduction in market liquidity primarily resulting from the passing remnants of a challenging economic environment experienced during the 2015 and part of 2016.

# Secretary and Chief Executive's Statement

### *Trading Turnover (value of traded shares) and volume (number of shares traded)*

The Market turnover for the period under review decreased by 74.14% from K 753 million for the period to 31st March 2016 compared to K 194.73 million for the period to 31st December 2016. Please note the fact that the comparative period to 31st December is only nine months. However, the decrease is in tandem with the drop in the LASI and Market Cap respectively, this is attributed to the negative economic environment that prevailed from 2015 and continuing into most of 2016.

The volume of shares traded during the financial period reduced by 35.03% from 2,986 shares traded as at 31st March 2016 to 1940 shares as at 31st December 2016. The decline in the volume of shares traded is attributed to low activities on the market as explained above.

### *Market Value Traded (Government Debt Securities)*

The market value of GRZ bonds increased by 74.98% from K2,886 million for the period to 31st March 2016 compared to K4,450 million for the period to 31st December 2016. This increase was partly attributed to the increase in the number of trades in GRZ debt securities by 35.98% from 274 trades for the 12-month period to 31st March 2016 compared to 428 trades for the nine-month period to 31st December 2016. This was mainly attributed to relatively high yields on GRZ bonds during the period under review.

### *Corporate Bonds*

In terms of corporate bonds, the total amount outstanding as at 31st March 2016 was K856 Million compared to K1,035 Million as at 31st December 2016, representing a 21% increase in the total amount of corporate debt outstanding.

## Financial Performance of the Commission

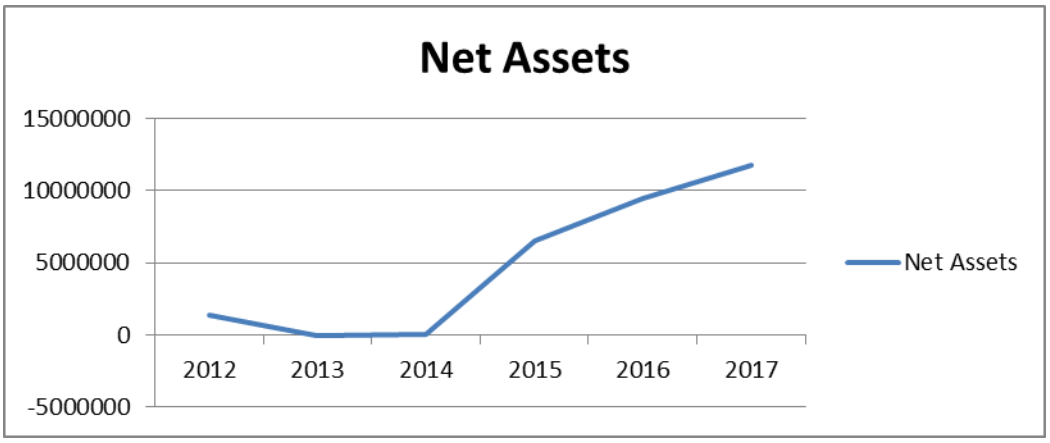
In order to safeguard savings made through the capital markets, government continues to support the Commission in meeting operational costs. The Commission however continues to generate revenues that support budget implementation and thus ensure long-term savings were protected and also grow the market to a size that supported economic growth and development. Therefore, as the Commission's mandate is largely investor protection, financial performance indicators are mainly on account of the Commission managing to meeting operating costs. We report in a later section on some of the non-financial activities that the SEC is required to do as part of its mandate.

In the period under review ending 31st December 2017, the Commission recorded an operating surplus of K 2,282,100 from a combined income of K 15,883,223 against total operating costs of K 13,601,123 for the year. However, compared to the year to 31st March 2016, the Commission's recorded surplus is 22% lower. This was due to a decrease in market activities with respect to the registration and trade commission's income lines.

# *Secretary and Chief Executive's Statement*

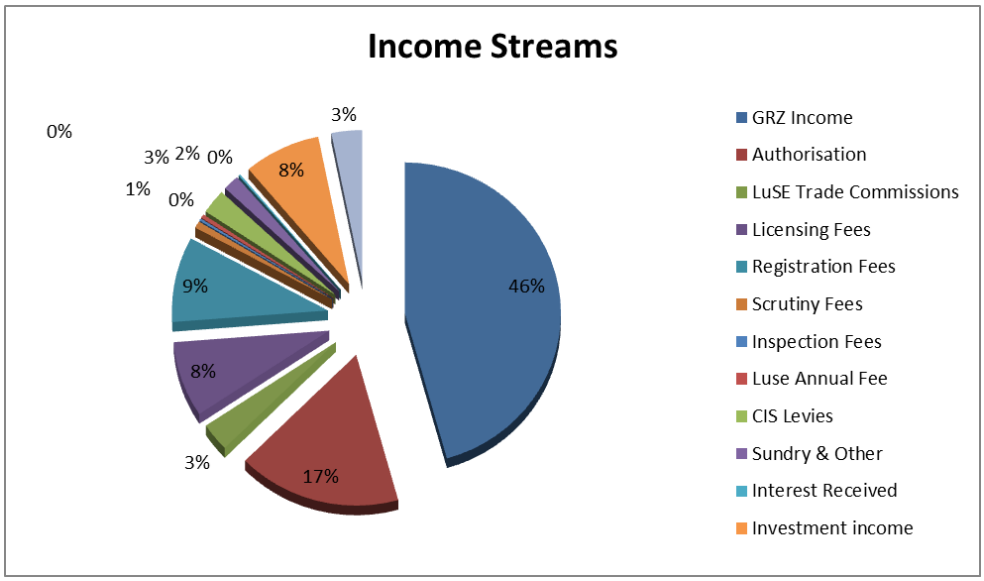
### *Accumulated Fund*

The Commission's Accumulated fund position at 31st December 2016 stood at K 11,782,267 in contrast to K 9,500,167 recorded at 31st March 2016. The diagram below shows since 2012, the Commission has managed to contain costs and thus improve on its net assets position, which shows that the commission has for the last five years, managed to keep its costs within its purse limits. The Commission has struggled to achieve this without compromising its core mandate of investor protection.




### *Income Earned*

During the year ended 31st December 2016, the SEC to generated 54% of its income and GRZ grant support accounted for 46%. This is on the backdrop of subdued market activities as explained above We show below the activities that earned the Commission income as the Law stipulates. This is as follows:



### *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 2016, the Commission's total staff costs were 52.4% of its total expenditure while employee costs accounted for 51.8% of total costs for the period to 31st March 2016. Being a service oriented organization, 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 staffed number of committees of the Board, which have a good representation of various required professions.

### *Capital Expenditure*

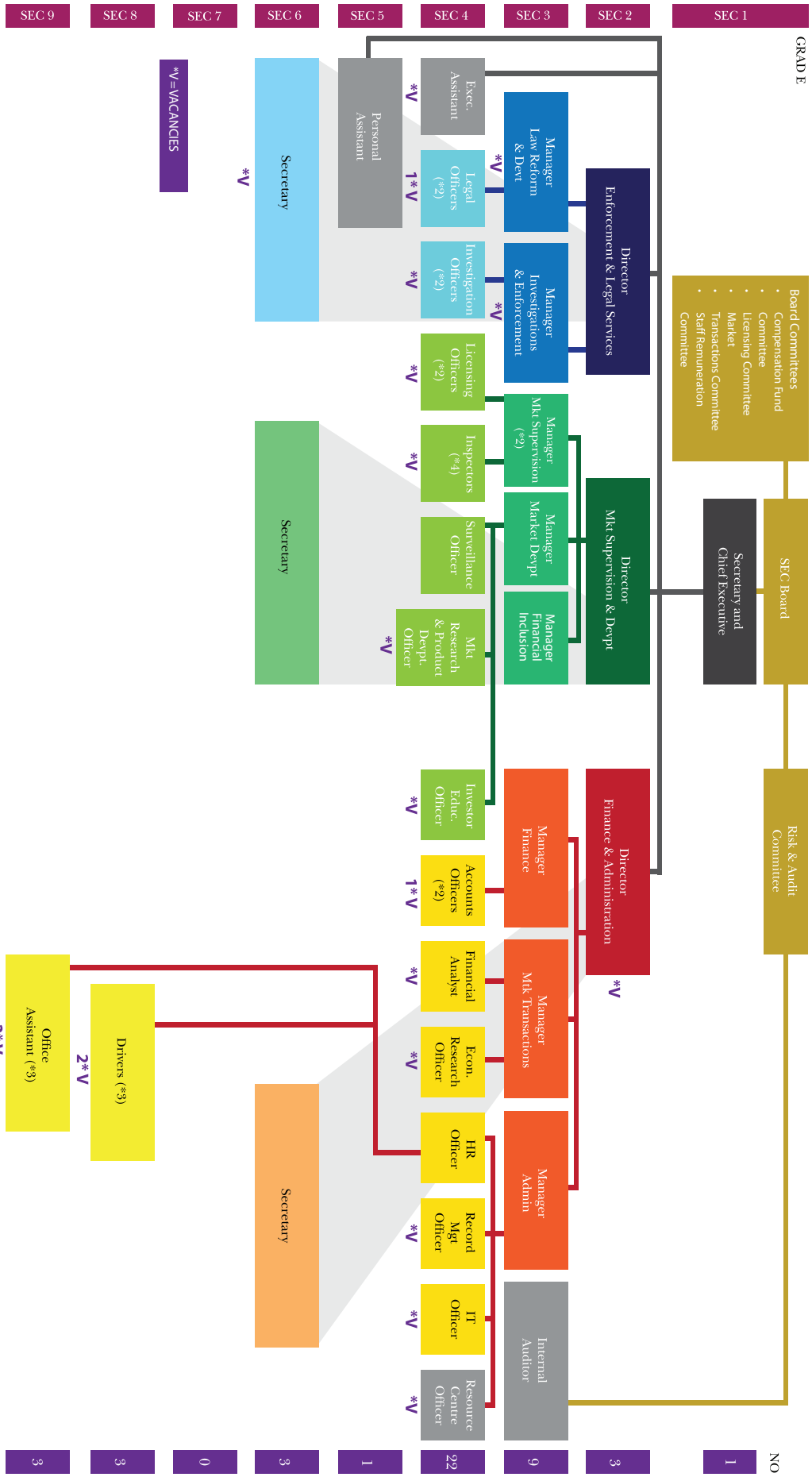
During the period under review, the Commission's capital expenditure was as follows:

| | 9 months ending 31st December 2016 | 9 months ending 31st March 2016 |
|---|---|---|
| **Type** | **ZMW** | **ZMW** |
| Computer hardware | 51,934 | 63,123 |
| Office equipment | - | 2,751 |
| Office furniture | 21,910 | 8,329 |
| Motor vehicles | 405,429 | 210,806- |
| Total | 479,273 | 285,009 |

The 68% increase in capital expenditure during the period under review was due to the purchase of a motor vehicle meant for the Director- Market Supervision and Development.

## 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 the next page:


SEC 9
SEC 8
SEC 7
SEC 6
SEC 5
SEC 4
SEC 3
SEC 2
SEC 1
GRAD E
*V = VACANCIES
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
Secretary
Personal Assistant
Exec. Assistant
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)
NO
=45

## 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 Southern African Development Community (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 2016, Commission staff attended the following trainings, conferences, meetings and workshops.

| Course and Location | Dates | Attended by |
|---|---|---|
| SPPRC-CISNA Bi-Annual Meeting, Zimbabwe | 3 - 4 March, 2016 | Secretary and Chief Executive |
| ESAAMLG Meeting, Tanzania | 9 - 16 April, 2016 | Manager Supervision |
| ACCA, CIMA and ZICA Annual Business Conference, Livingstone | 15 - 19 August, 2016 | Managers Supervision, Manager Transactions & Manager Finance |
| FSC Familiarisation and Training of Capital Markets, Mauritius | 11 - 15 July, 2016 | Director Market Supervision & Development and Manager Finance, Manager Supervision and Manager Enforcement and Legal Services |
| ESAAMLG Meeting, Zimbabwe | 29 August– 3 September, 2016 | Manager Supervision |
| Advanced Company Secretary Master class, Lusaka | 19 - 20 September, 2016 | Director Enforcement & Legal Services |
| Financial Education Seminar, South Africa | 29 - 30 September, 2016 | Manager Market Development |
| CISI Training, Lusaka | 26th to 28th Sept, 2016 | Chief Executive Officer, Director Market Supervision, Director Enforcement & Legal Services & Development and Managers Supervision, Manager Transactions |
| IOSCO/PIFS-HLS Global Certificate Program for Regulators, Spain | 17 - 28 October, 2016 | Director Market Supervision & Development |
| Bi-Annual CISNA, Lesotho | 25 - 29 October, 2016 | , Director Enforcement & Legal Services and Manager Transactions |
| Peer to Peer Study Tour, Tanzania | 26 - 28 October, 2016 | Manager Supervision and Legal Officer |
| FSB Familiarisation Tour, South Africa | 21 - 25 November, 2016 | Manager Administration, PA Market Supervision/Development, Legal Officer and PA to Secretary and Chief Executive |
| Annual African Capital Markets Conference, South Africa | 30 November – 1 December, 2016 | Chief Executive Officer and Manager Transactions |

# *Secretary and Chief Executive's Statement*

## Strategic Plan Overview

The Commission has identified and charted objectives that are being pursued during the 2015 -2018 strategic planning period. 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 identified goals and activities have been allocated to specific Directorates.

The above identified objectives are expected to help the Commission achieve its goal of increasing 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.

# *Secretary and Chief Executive's Statement*

## 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 use of the equity and CIS savings and investment options by the public.

**Phillip K. Chitalu**
**SECRETARY AND CHIEF EXECUTIVE**

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**SECURITIES AND EXCHANGE COMMISSION**

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# CORPORATE GOVERNANCE

As the capital markets regulator in Zambia, the Commission aims at promoting, maintaining and achieving the highest standards of corporate governance and adheres to the governance principles of transparency, responsibility, accountability and fairness. The Commission has placed high value on governance and requires all senior management staff to be members of the Institute of Directors of Zambia.

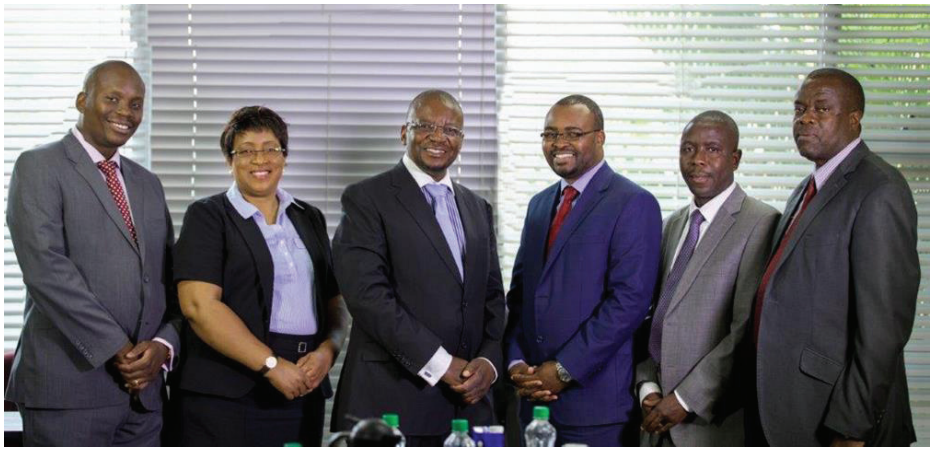
In addition, the Commission has established a Code of Conduct applicable to the Commission staff as well as a Board Charter that guides the Board in the conduct of Board business. Both the Code of Ethics and the Board Charter have enshrined provisions and procedures on the declaration of interest and 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.

The Board Charter prescribes the Board's responsibilities as specified in the Securities Act, Cap. 354 of the Laws of Zambia and ensures that there is a right balance between the oversight role of the Board and the managerial function of the Commission Management.

## Board Composition

During the period under review, the Commission was composed of a six-member Board of Commissioners consisting of nominees from –

a. the Bank of Zambia;
b. the Law Association of Zambia;
c. the Zambia Institute of Chartered Accountants;
d. the Zambia Chamber of Commerce and Industry;
e. the Non-Governmental Organisations Coordinating Council; and
f. the Ministry of Justice.



***Commission Board***

The Minister appoints the members of the Commission Board as nominated by the respective organisations. The Board membership reduced in number after changes to the Law and the expiry of a member's term.

# *Corporate Governance*

## Board Meetings

The Board held four scheduled meetings in February, May, September and December. The nature of business that the Board is required to deliberate on such as those of market transactions (registration of securities for capital raising) are time-sensitive and cannot usually wait for a scheduled meeting to be convened four times a year. Therefore, the Board met seven times at special meetings to make urgent Board decisions.

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

| NAME | INSTITUTION | SCHEDULED MEETING | SPECIAL MEETING |
|---|---|---|---|
| Dr. Jonathan Chipili | BoZ | 4 | 7 |
| Mr. Amos Siwila | LAZ | 4 | 5 |
| Mr. Chintu Y. Mulendema | ZICA | 3 | 6 |
| Mr. George Nonde | ZACCI | 4 | 7 |
| Ms. Gloria Munkombwe | NGOCC | 4 | 5 |
| Mr. Joe Simachela | MoJ | 4 | 7 |

## 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 five Board Committees namely –

a. the Compensation Fund Committee;
b. the Market Transactions Committee;
c. the Licensing Committee;
d. the Risk and Audit Committee; and
e. the Staff and Remuneration Committee.

The Commission has also constituted an ad hoc Property Acquisition and Development 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 Secretary and Chief Executive, in accordance with the Public Procurement Act, No. 12 of 2008.

## Committees and Committee Members

The Committees were composed of the following members:

| COMMITTEE | REPRESENTATIVE | MEMBERSHIP REPRESENTATION |
|---|---|---|
| LICENSING COMMITTEE | Mr. Joe Simachela | Ministry of Justice |
| | Mr. Amos Siwila | Law Association of Zambia |
| | Dr. Leonard Kalinde | Bank of Zambia |
| | Ms. Chiluba Mumba | Energy Regulation Board |
| | Mrs. Namakau Mundia-Ntini | Pensions and Insurance Authority |
| MARKET TRANSACTIONS COMMITTEE | Mr. Chintu Y Mulendema | Zambia Institute of Chartered Accountants |
| | Dr. Jonathan Chipili | Bank of Zambia |
| | Mr. George Nonde | Zambia Chamber of Commerce and Industry |
| | Mr. Chilufya P. Sampa | Competition and Consumer Protection Commission |
| | Mr. Anthony Bwembya | Patents and Companies Registration Agency |
| | Mr. Patrick D. Chisanga | Zambia Development Agency |
| STAFF AND REMUNERATION COMMITTEE | Mr. Amos Siwila | Law Association of Zambia |
| | Mr. Joe Simachela | Ministry of Justice |
| | Ms. Gloria Munkombwe | Non-Governmental Organisations Co-ordinating Council |
| RISK AND AUDIT COMMITTEE | Mr. Chintu Y Mulendema | Zambia Institute of Chartered Accountants |
| | Mr. Joe Simachela | Ministry of Justice |
| | Mr. George Nonde | Zambia Chamber of Commerce and Industry |
| | Ms. Gloria Munkombwe | Non-Governmental Organisations Co-ordinating Council |
| | Dr. Fortune Kamusaki | Ministry of Finance |
| COMPENSATION FUND COMMITTEE | Dr. Jonathan Chipili | Bank of Zambia |
| | Mrs. Priscilla Sampa | Lusaka Securities Exchange Plc |
| | Mr. Leonard Mwanza | Bankers Association of Zambia |
| | Dr. Francis M Ndilila | Zambia Chamber of Commerce and Industry |
| | Ms. Abigail Chimuka | Law Association of Zambia |
| PROCUREMENT COMMITTEE | Mr. Phillip Chitalu | SEC Secretary and Chief Executive |
| | Mr. Mwawi Phiri | MTN Limited |
| | Mr. Charles Ng'andu | Procurement specialist |
| | Mrs. Diana Sichone | SEC |
| | Ms. Mutumboi Mundia | SEC |
| | Mr. Mateyo Lungu | SEC |
| PROPERTY ACQUISITION AND DEVELOPMENT COMMITTEE | Mr. Joe Simachela | Ministry of Justice |
| | Mr. Geoffrey C. Phiri | Ministry of Works and Supply |
| | Mr. Gary E. Simbeye | G.E.S. Architects |

# *Corporate Governance*

## Commission Secretary

The Secretary and Chief Executive of the Commission is the Secretary to the Board and performs all Secretarial functions for the Board. The Secretary is responsible for the implementation of the policy decisions made by the Board. All Commissioners have direct access to the Secretary and Chief Executive.

## 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 undertook 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.

## Board Performance Self-Evaluation

The Commission has undertaken a number of measures to ensure effective and efficient performance of the Board. A performance evaluation of the Board was undertaken during the period under review and a Board performance self-evaluation was done for the following seven major areas:

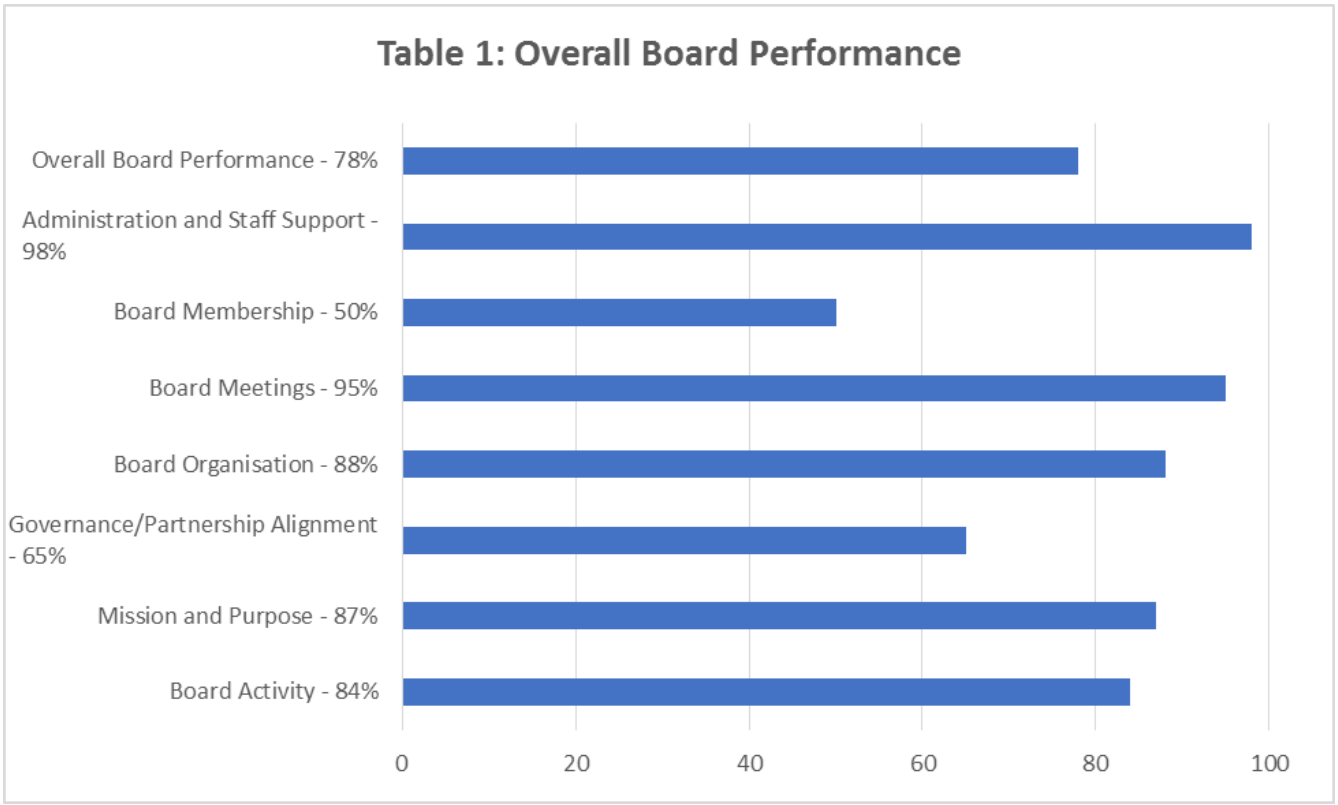
a. Board Activity;
b. Mission and Purpose;
c. Governance/Partnership Alignment;
d. Board Organisation;
e. Board Meetings;
f. Board Membership; and
g. Administration and Staff Support.

The analysis of each of these areas was done and the results for each area assessed. The exercise had indicated an overall Board performance of 78% with the lowest rating being the assessment of Board Membership at 50% and the highest being the assessment of Administration and Staff Support at 98%.

The Board membership assessment revealed that the Board was the right size and the members possessed the necessary talents, experience and knowledge that were needed to oversee the SEC's operations. The assessment however, indicated that the Board had a gender imbalance with no female representation on the Board.

Regarding Administration and Staff Support, the assessment indicated that there was adequate contact between Management and Board Committees. Further, there was clear and strong communication between the Board and Management and that the Board received effective support from staff not only during the Board meetings but also before and after the meetings.

Overall, the Board had performed commendably well as summarized by Table 1 below.




**Phillip K. Chitalu**
**SECRETARY AND CHIEF EXECUTIVE**

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## SECURITIES AND EXCHANGE COMMISSION

*Protecting investors in the capital markets.*

# OPERATIONAL ACTIVITIES

The Securities Act, Cap. 354 of the Laws of Zambia 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 ensure 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 depository, issuers, fund managers, credit rating agencies and investment banks, 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 focal point between the SEC and the market players so as 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 SEC 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 and guidance notes issued by the SEC. At Licensing, the SEC has in place a transparent and well-established set of procedures leading to the issue of a licence or the rejection thereof.

# Operational Activities

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 authorized 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 SEC 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 2016. 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 9 months ending 31st December 2016, the Commission had issued 174 licenses which expired on 31st December, 2016. The full list of these licensees is provided in Appendix II.

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

| License Type | Number of licenses 9 months ended 31st December 2016 | Number of licenses for the year ended 31st March, 2016 |
|---|---|---|
| Dealer's License | 28 | 27 |
| Dealer's Representative License | 109 | 113 |
| Investment Advisor's License | 11 | 7 |
| Investment Advisor's Representative License | 23 | 18 |
| Securities Exchange License | 3 | 3 |
| Total | 174 | 168 |

### *Compliance*

Compliance entails ensuring that persons authorized/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 of SEC's Anti-Money Laundering & Counter-Terrorism Financing Rules and other related laws. The SEC works closely with the Financial Intelligence Centre in coordinating all Anti-Money Laundering & Counter-Terrorism Financing related matters.

# *Operational Activities*

Capital markets players are required to submit monthly/ quarterly/yearly returns. Taking the example of CISs, fund managers are required to submit monthly and quarterly returns, which the SEC 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 SEC collates data that is useful for assessing the growth or otherwise of the CIS market.

As at 31st December 2016, the funds held under management were distributed as follows:

| Name of fund | Name of fund manager | 31-Dec-16 Market share % | 31-Mar-16 Market share % |
|---|---|---|---|
| Mpile Unit Trust | African Life Financial Services Limited | 60% | 59% |
| Madison Unit Trust | Madison Asset Management Company Ltd | 15% | 15% |
| ABC Unit Trust | ABC Investment Services Limited | 14% | 14% |
| Kukula Fund 1 | Kukula Capital Plc | 6% | 6% |
| Intermarket Unit Trust | African Life Financial Services Limited* | 2% | 2% |
| Laurence Paul Unit Trust | Laurence Paul Investment Services Limited | 1% | 2% |
| Mukuyu Growth Fund | AON Zambia Pension Fund Administrators Ltd | 1% | 1% |
| Equity Capital Resources Unit Trust | Equity Capital Resources Plc | 1% | 1% |
| **Total** | | **100%** | **100%** |

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

# Operational Activities

## Inspections

The SEC carried out annual inspections for the year ended 31st December, 2016. Inspections were carried out on dealers, Investment advisors and securities exchanges. Depending on the risk rating, inspections were either done on-site or off-site. The approach adopted involved undertaking a desk review of each licensee's file, conducting face to face interactions with officers of the licensees, examination of documents and finally the production of an inspection report with recommendations.

For the period under review, 50 entities licensed were inspected as follows:

| License type | Number of licensees | Number inspections conducted | % Inspected |
|---|---|---|---|
| Dealers | 28 | 17 | 61% |
| Investment advisors | 11 | 6 | 55% |
| CISs | 8 | 8 | 100% |
| Securities Exchanges | 3 | - | - |
| Total | 50 | 31 | 62% |

## Surveillance

Market surveillance is 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 market operators to the SEC rules and regulations, in order to regulate the market and provide the necessary protection to investors.

As part of surveillance, the Commission attends, in an observer capacity, Annual General Meetings (AGMs) of listed and registered entities. During the year our market surveillance team attended AGMs for most of the listed companies and the following items were 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 fully participated in the deliberations of the meetings and almost of issues raised were well responded to by most companies. Most investors seemed well involved in the monitoring of the performance of the companies in which they have invested.

### *Complaints Handling*

During the year the Commission continued to receive from members of the public in relation to securities. During the period, the Commission received two (3) complaints. The Complaints related to delays in payment of dividends, claims for request for a refund on termination of an off-shore investment product and a claim for an unfulfilled order to purchase shares from a broker. Two (2) of the cases were closed while one (1) remains under investigation.

# Operational Activities

## Market Development

### *Capital Markets One-Day Master Class on Alternative Finance*

SEC facilitated a thought leadership masterclass in Alternative Finance designed to be highly interactive and providing insights into the subject matter through the expertise of Professor Raghavendra Rau, the Sir Evelyn de Rothschild Professor of Finance at Cambridge Judge Business School in the UK and Head of the Cambridge Centre for Alternative Finance.

Alternative Finance is a relatively new area of Finance that is creating a global shift through how Finance is provisioned. It includes financial channels and instruments that emerge outside of the traditional financial system that is, outside the regulated banks and capital markets. There is an increasing proliferation of alternative channels that include online 'marketplaces' such as equity-based and reward-based crowd funding, peer-to-peer (P2P) consumer/business lending, and third-party payment platforms. Empirical evidence has confirmed alternative finance to be a fast-growing area of the financial services sector poised to be providing solutions in meeting the funding gaps especially for small and medium entities who ordinarily have difficulties accessing funding from traditional financial institutions such as banks and stock exchanges.

On the backdrop of the masterclass, SEC further organised and hosted a series of other events which included a lecture at the University of Zambia Business School, a panel discussion in partnership with the British Chamber of Commerce and an essay writing competition covering topics surrounding the study of Alternative Finance.

*Charles Carey, MD of Cavmont Capital Holdings and Nasir Ali, MD of Pricewaterhouse Coopers Zambia. ChibambaLopa of Grofin moderated.*

*Prof Raghu Rau presenting the Capital Markets Master Class on Alternative finance*

*A participant in the Capital Markets Master Class receive a Certificate of Attendance from SEC Commissioner George Nonde and Prof Raghu Rau.*

# Operational Activities

## *Inaugural Train-the-Trainer Training for the Chartered Institute for Securities and Investment (CISI)*

The inaugural training-the -trainer held from 26th to 27th September, 2016 marked the beginning of the implementation of a partnership between the CISI and SEC that will ensure that CISI qualifications were offered locally. Participants were drawn from different tertiary training institutions as well as regulatory bodies in the financial sector. The training was a success as demonstrated by the impressive 90% pass rate recorded. It is anticipated that institutions such as ZIBCT will in the near future secure accreditation with CISI to be able to offer the programmes locally.

*Participants in the Train-the Trainer class pose for a photo with course facilitation Mr. Craig Rod.*

## *Essay Writing Competition on the subject of Alternative Finance*

Essay writing competition on the subject of Alternative Finance was held, which attracted participation from several institutions and saw three top winners. To further demonstrate our commitment to building capacity, the winners of the essay writing competition were sponsored to participate in the inaugural train-the-trainer training for CISI. In addition to the sponsored training, the winners were awarded cash prizes as follows:

- 1st prize of K5, 000.00 to Byrne Kaulu of Copperbelt University
- 2nd prize of K3, 000.00 to Thokozane Muzumara of Mulungushi University
- 3rd prize of K2, 000.00 to Niza Siwale of Zambia Centre for Accountancy Studies

# Operational Activities

## Agricultural and Commercial Show

SEC participated in provincial shows around the country together with the Bank of Zambia and the Pensions and Insurance Authority. At the Agricultural and Commercial Show Society of Zambia in Lusaka, SEC participated in collaboration with players in the capital markets pitching the capital markets as an enabler to managing the environment for growth.

*SEC Team at the ACSZ*

*Market Players engaging with show goers*

*SEC CEO Mr Phillip Chitalu and Director-Market Supervision and Development, Ms. Mutumboi Mundia engage with show goers*

*SEC Manager-Market Development Dingase Nunkwe Makumba engages show goers as they visit the stand*

## Engagement with Professional Bodies

The SEC was a co-sponsor of the 2016 Annual Business Conference for accountants at which a presentation was made with the aim of engaging accountants over the importance of their contribution to the growth of the capital markets. The theme of the conference was 'Leadership and Corporate Governance.' The SEC believes leadership and corporate governance are pertinent for transforming companies and positioning them to become the key players in the capital markets.

# Operational Activities

In addition, the SEC engaged the Law Association of Zambia where a presentation on the role of lawyers in the capital markets was made. The presentation focused on the regulatory environment for capital markets and the role lawyers can play in the market as legal advisors, transaction advisors, in-house counsel and transfer secretaries, among other roles.

The SEC organized through a sponsorship package a speaking engagement at the Zambia Institute of Marketing Annual Conference and Awards Gala held in Livingstone. Being the first engagement with marketers, the SEC sponsored the Lusaka Securities Exchange to co-present a pitch for capital markets that highlighted the opportunities of raising finance through the capital markets. The theme of the conference was 'disruptive thinking in a changing technological environment.'

*Director – Market Supervision and Development, Ms. Mutumboi Mundia making a presentation at the ABC conference*

*SEC employees interact with participants of the Annual Business Conference*

## *Let's Talk Capital Markets Campaign: 13 Week Series of Television Drama Programs*

The Commission continued with the Let's Talk Capital Markets Campaign by producing and airing a series of drama programs aimed at influencing behaviours based on financial management principles. Emphasis was placed on the need for creating awareness and sensitization to unit trusts as an avenue through which individuals can save and invest for themselves and their family's financial wellbeing. The programmes were aired on ZNBC TV1 and MUVI TV.

In line with the Commission's mandate to provide, promote or otherwise support financial education, awareness and confidence with regard to financial products, institutions and services, we undertook an investor awareness campaign depicted in advertorial form. Additionally, the campaign was motivated by cognizance of the fact that an informed investor is empowered to make sound investment decisions for his/her financial well-being.

# Operational Activities

### *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, we 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 we were given the opportunity to suggest areas of knowledge within the existing scope. The knowledge area provided will assist the writers of books for the current syllabus.

We also noted that the revision of the syllabus will be undertaken in 2018. The Commission has planned to hold a workshop together with the Capital Markets Association of Zambia where we will study the current syllabus and then agree on the topics that are relevant to capital markets for different age groups of our school curriculum.

### *Media Engagement*

In order to effectively use the media as a tool for awareness, the Commission engages the media at various briefings. On 29th November, 2016, SEC held the second media briefing for the year where the following was shared:

- capital markets performance for 2016
- capital markets outlook for 2017
- strategic interventions 2015 – 2018

*Acting Secretary and Chief Executive Mrs. Diana Sichone addresses the Media during a Media Briefing held at the end of 2016*

## 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, the perusal and clearance of contracts and Memoranda of Understanding before they are signed by the Commission as well as ensuring that the Commission is given sound legal advice. DELS also provides corporate legal and secretarial services

# Operational Activities

## *Enactment of the Securities Act, No. 41 of 2016*

The Securities Act, Cap. 354 of the Laws of Zambia was, on 27th December 2016 repealed and replaced by the Securities Act, No. 41 of 2016. The new law has introduced a number of changes taking into account regulatory best practice as well as mandatory requirements for the operation of the securities industry. The reforms include, among others, the :

### *Introduction of Perpetual Licenses*

The Act has introduced the grant of a one-off or perpetual licence which will be subject to the terms and conditions attached to it and shall be valid until revoked, cancelled or surrendered. Despite it being a perpetual licence, the licensee is required to make payment of an annual licence fee. The rationale for this provision is to make it easier to administer the Commission's licensing regime and reduce the licensees' annual application requirements.

### *Extension of regulatory mandate to new market players*

The Securities Act brings the Credit Rating Agencies, Clearing and Settlement Agencies and Transfer Agents in the regulatory ambit of the Commission. Prior, to the enactment of the Securities Act, there were no provisions regulating the said market players.

### *Creation of a Capital Markets Tribunal*

The Securities Act has created the Capital Markets Tribunal which is a specialised body with jurisdiction to hear and determine, inter alia, appeals from decisions of the Commission and proceedings relating to misconduct in the securities market. The Tribunal will be headed by a Chairman who should be a lawyer qualified to be appointed Judge of the High Court. However, the Tribunal is not yet operational and its members are yet to be appointed.

### *Commission's Power to vet Directors*

The Securities Act endows the Commission with power to vet and approve the Directors and senior Management appointed to serve on an exchange (s). The Act also introduces fitness standard for members and directors of the exchange (s).

### *Enhanced powers of information gathering*

The Commission is empowered to request and obtain information from a capital markets operator, or any person or authority who the Commission considers has relevant information. In instances where the person fails to furnish the Commission with the information requested, the Commission can seek a court order to compel the submission to it of such information.

In addition, where an investigator of the Commission suspects a person to have possession or control of any record or document which contains, or which is likely to contain, information relevant to an investigation, that person is mandated to produce the said information to the investigator within the time and at the place the investigator directs. A person commits an offence if, without reasonable excuse, that person fails to produce any information requested by the investigator.

### *Commission's Power to Impose Administrative Penalties*

The Commission is empowered, through the Chief Executive Officer, to compound an offence and impose an administrative penalty where the Commission is satisfied, after due investigation, or where a person admits that the person has committed an offence under this Act or regulations or rules made thereunder.

# Operational Activities

*Commission's Power to make Rules widened*

The Securities Act has widened the Commission's authority to make rules. Not only can the Commission make rules which the Act permits it to, but the Commission can now also make rules that are necessary to be prescribed for purposes of carrying out or giving effect to this Act. The widening of the Commission's power to make rules is of utmost importance because it will make the Commission more proactive in responding to what is prevailing in the market or patching up any lacunae in the law.

## *Regulatory compliance*

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.

*Regulatory Actions Taken*

The Securities Act provides the Commission with a wide range of enforcement actions to take against any licensee or person that breaches its provisions. The Commission has recourse to these options when there are grounds and circumstances meriting the specific action. It must be noted that no cases were prosecuted during the period under consideration, however, the Commission undertook a number of administrative actions against licensees and persons to ensure that the provisions of the Securities Act were complied with.

## *IOSCO MMOU Compliance*

The Commission is a member of IOSCO, an international standard setting organisation for capital market regulation. IOSCO requires all capital market regulators to be signatories to the 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.

The Securities Act now qualifies the Commission to apply to be a signatory of the IOSCO MMoU.

## 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/acquisitions involving entities whose securities are registered with the SEC. During the 9 months ending 31st December 2016, the Commission through the Directorate of Market Transactions received and approved applications from companies including 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.

# *Operational Activities*

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 |
|---|---|---|---|---|
| 16.05.2016 | Finance Bank Plc | 110,000,000 ordinary shares | 20.05.2016 | Consideration for the de-registration of Finance Bank shares |
| 27.06.2016 | LafargeHolcim | Application for a waiver | 30.06.2016 | Consideration for the application for a waiver from making a mandatory offer to LafargeHolcim minority shareholders |
| 12.09.2016 | Zambeef Plc | 452,021,805 ordinary shares | 15.09.2016 | Consideration of the application for the registration of shares |
| 12.09.2016 | LafargeHolcim | Application for a waiver | 15.09.2016 | Consideration of application for a waiver of takeover authorization fee |
| 16.10.2016 | Zambia Consolidated Copper Mines Investment Holdings | Application for a waiver | 19.10.2016 | Consideration for the application for a waiver from making a mandatory offer to Investrust Plc minority shareholders |
| 12.12.2016 | Anheuser Busch InBev | Application for a waiver | 15.12.2016 | Consideration for the application for a waiver from making a mandatory offer to Zambian Breweries Plc and National Breweries Plc minority shareholders |
| 12.12.2016 | Associated British Foods Plc | Application for a waiver | 15.12.2016 | Consideration for the application for a waiver from making a mandatory offer to Zambia Sugar minority shareholders |

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**SECURITIES AND EXCHANGE COMMISSION**

*Protecting investors in the capital markets.*

# 2016 FINANCIAL STATEMENTS

## Securities and Exchange Commission
## Financial statements
## December 2016

Grant Thornton

# *2016 Financial Statements*

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## 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 2016, 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**

02 JUN 2017

## 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 2016, 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 2016, 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 2016 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.

.

**Chartered accountants**

**Wesley Beene (AUD/F000465)**
**Name of partner signing on behalf of the firm**
**Lusaka**

**Date** 02 JUN 2017

## STATEMENT OF COMPREHENSIVE INCOME
## FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2016

| | Note | 9 months ended 31 December 2016 ZMW | 12months ended 31 March 2016 ZMW |
|---|---|---|---|
| **Income** | | | |
| Grants and other income | 6 | 15,883,223 | 17,347,216 |
| | | | |
| **Expenditures** | | | |
| Employee benefits costs | | (7,128,227) | (7,424,317) |
| Depreciation | | (196,663) | (363,015) |
| Other operating expenses | | (6,276,233) | (6,633,425) |
| | | (13,601,123) | (14,420,757) |
| | | | |
| **Surplus for the period** | 7 | 2,282,100 | 2,926,459 |
| **Other comprehensive income** | | - | - |
| **Total comprehensive income** | | 2,282,100 | 2,926,459 |

## STATEMENT OF CHANGES IN EQUITY
## FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2016

| | Accumulated reserves ZMW | Total ZMW |
|---|---|---|
| At 1 April 2015 | 6,573,708 | 6,573,709 |
| Total comprehensive income for the year | 2,926,459 | 2,926,459 |
| At 31 March 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 |

## STATEMENT OF FINANCIAL POSITION – 31 DECEMBER 2016

| | Note | 31 December 2016 ZMW | 31 March 2016 ZMW |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Motor vehicles, furniture and equipment | 9 | 658,391 | 421,953 |
| | | 658,391 | 421,953 |
| **Current assets** | | | |
| Short term deposit | 10 | 10,500,000 | 6,250,000 |
| Trade and other receivables | 12 | 2,845,248 | 3,204,874 |
| Cash and cash equivalents | 13 | 2,647,155 | 3,031,684 |
| | | 15,992,403 | 12,486,558 |
| **Total assets** | | 16,650,794 | 12,908,511 |
| **EQUITY AND LIABILITIES** | | | |
| **Funds and reserves** | | | |
| Accumulated reserves | | 11,782,267 | 9,500,169 |
| | | 11,782,267 | 9,500,169 |
| **Current liabilities** | | | |
| Trade and other payables | 15 | 4,868,527 | 3,408,342 |
| | | 4,868,527 | 3,408,342 |
| **Total equity** | | 16,650,794 | 12,908,511 |

The financial statements on page 51 to 71 were approved by the Board of Commissioners on
and were signed on its behalf by:

) **CHAIRMAN**

) **COMMISSIONER**

02 JUN 2017

## STATEMENT OF CASH FLOWS
## FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2016

| | 9 months ended 31 December 2016 ZMW | 12 months ended 31 March 2016 ZMW |
|---|---|---|
| **Cash flows from operating activities** | | |
| Surplus for the period | 2,282,100 | 2,926,459 |
| Depreciation | 196,663 | 363,015 |
| Interest received | (32,478) | (613,463) |
| Decrease/(increase) in trade and other receivables | 359,626 | (700,776) |
| Decrease/(increase) in trade and other payables | 1,460,185 | (3,120,509) |
| **Net cash (outflow/inflow (on)/from operating activities** | 4,266,096 | 3,120,509 |
| **Investing activities** | | |
| Purchase of property, plant and equipment | (479,273) | (285,009) |
| Investments purchased | (6,500,000) | (6,250,000) |
| Interest received | 32,478 | 613,463 |
| Investments redeemed | 2,198,480 | 2,738,157 |
| Proceeds from disposal of assets | 97,690 | 15,914 |
| **Net cash outflow on investing activities** | (4,650,625) | (3,167,475) |
| **Financing activities** | | |
| Financing lease payments | - | (152,695) |
| **Net cash outflow on financing activities** | - | (152,695) |
| **Decrease in cash equivalents** | (384,529) | (4,465,444) |
| **Cash and cash equivalents at beginning of the period** | 3,031,684 | 7,497,128 |
| **Cash and cash equivalents at end of the period** | 2,647,155 | 3,031,684 |
| **Represented by:** | | |
| Cash in hand and at bank | 2,647,155 | 3,031,684 |

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

### 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 2016*

The Commission has not adopted any new standards or amendments that have a significant impact on the Commission's results or financial position.

The standards and amendments that are effective for the first time in 2016 (for entities with a 31 December 2016 year end) and could be applicable to the Commission are:

- 'Annual Improvements to IFRSs' 2012-2014 cycle
- 'Disclosure Initiative' (Amendments to IAS 1)
- 'Clarification of Acceptable Methods of Depreciation and Amortisation' (Amendments to IAS 16 and IAS 38)
- 'Accounting for Acquisitions of Interests in Joint Operations' (Amendments to IFRS 11)
- 'Equity Method in Separate Financial Statements' (Amendments to IAS 27)
- 'Investment Entities: Applying the Consolidation Exception' (Amendments to IFRS 10, IFRS 12 and IAS 27).

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

In addition, IFRS 14 'Regulatory Deferral Accounts' is also effective from 1 January 2016.

However, it is only applicable to first time adopters of IFRS and therefore is not applicable to the Commission.

*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 accounting.

Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

- the classification and measurement of the Commission's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed
- an expected credit loss-based impairment will need to be recognised on the Commission's trade receivables and investments in debt-type assets currently classified as Available For Sale (AFS) and Held To Maturity (HTM), unless classified as at fair value through profit or loss in accordance with the new criteria
- it will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless the Commission makes an irrevocable designation to present them in other comprehensive income.
- if the Commission continues to elect the fair value option for certain financial liabilities, fair value movements will be presented in other comprehensive income to the extent those changes relate to the Commission's own credit risk.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018

**IFRS 15 'Revenue from Contracts with Customers'**
IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018.

IFRS 15 introduces new guidance that will require the Commission to evaluate the separability of multiple elements based on whether they are 'distinct'. A promised good or service is 'distinct' if both:

- the customer benefits from the item either on its own or together with other readily available resources, and
- it is 'separately identifiable' (i.e. the Commission does not provide a significant service integrating, modifying or customising it).

The subsequent allocation of arrangement consideration to individual performance obligations is based on their relative stand-alone selling prices.

The Commission is currently in the process of reviewing all its contracts to ascertain how the new requirements will impact the identification of distinct goods or services and the allocation of consideration to them.

- loss contracts – Under existing IFRSs, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately in profit or loss. When a contract covers a number of assets, the construction of each asset is treated as a separate contract for this purpose if the segmentation criteria in IAS 11 'Construction Contracts' are met.

IFRS 15 does not include any guidance on how to account for loss contracts. Accordingly, such contracts will be accounted for using the guidance in IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. Under IAS 37, the assessment of whether a provision needs to be recognised takes place at the contract level and there are no segmentation criteria to apply. As a result, there may be some instances where loss provisions recognised in the past will not be recognised under IFRS 15 because the contract as a whole is profitable. In addition, when IFRS 15 requires the Commission to combine two or more contracts that are entered into at or near the same time, the assessment of whether the contract is onerous will be performed at the level of the combined contracts. Lastly, the Commission notes that a loss contract under IAS 11 is measured using an estimate of the total contract costs including, for example, an appropriate allocation of construction overheads. This is likely to be greater than the 'unavoidable costs' identified under IAS 37.

The Commission is currently in the process of reviewing all its customer contracts to ascertain the extent to which the new requirements will impact the recognition and measurement of loss provisions.

**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) Grants*

Government grants are accounted for when there is reasonable assurance that the Commission will comply with the conditions attaching to them and that the grants will be received. Grants that relate to specific capital expenditure are treated as capital grants. Capital grants are deferred and amortised to the statement of comprehensive income in equal annual instalments over the expected useful lives of the assets to which they relate. Grants included in the statement of financial position represent total grants received to date less amounts so far transferred to statement of comprehensive income. Other grants are credited to the statement of comprehensive income in the period in which they are received.

*e) 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.

f) *Interest*

Interest income is recognised on an accrual basis

g) *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.

*h) 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.

i) *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.

j) *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.

*(k) 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).

*l) 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.

*(m) 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.

*(n) Employee benefits*

(i) Provision for retirement benefits

The Commission has a plan with National Pension Scheme 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.

*(o) 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:

| | 9 months ended 31 December 2016 ZMW | % | 12 months ended 31 March 2016 ZMW | % |
|---|---|---|---|---|
| Grants from GRZ | 7,251,004 | 47 | 9,668,004 | 56 |
| Registration of securities | 1,453,303 | 9 | 2,407,500 | 14 |
| LuSE trade commissions | 486,321 | 3 | 1,173,519 | 17 |
| Other fees and revenues | 6,692,595 | 42 | 4,098,193 | 23 |
| | 15,883,223 | | 17,347,216 | |

## 7. Surplus for the period

| | | | | |
|---|---|---|---|---|
| Surplus for the year is stated after charging:- | | | | |
| Depreciation | 196,663 | | 363,015 | |
| Auditor's remuneration: | | | | |
| Internal audit | 87,000 | | - | |
| External audit | 66,574 | | 84,370 | |
| | 153,574 | | 84,370 | |
| Commissioners' and committee expenses | 902,085 | | 1,093,623 | |

### 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 2015 | 1,307,103 | 79,197 | 276,133 | 337,976 | 2,000,409 |
| Additions | 210,806 | 2,751 | 8,329 | 63,123 | 285,009 |
| Disposal | (376,813) | - | - | - | (376,813) |
| At 31 March 2016 | 1,141,096 | 81,948 | 284,462 | 401,099 | 1,908,605 |
| Additions | 405,429 | - | 21,910 | 51,934 | 479,273 |
| Disposals | (184,687) | - | - | - | (184,687) |
| At 31 December 2016 | 1,361,838 | 81,948 | 306,372 | 453,033 | 2,203,191 |
| | | | | | |
| **Depreciation** | | | | | |
| At 1 April 2015 | 978,354 | 57,925 | 184,482 | 263,775 | 1,484,536 |
| Charge for the year | 252,403 | 9,696 | 51,934 | 48,981 | 363,014 |
| Disposal | (360,898) | - | - | - | (360,898) |
| At 31 March 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 |
| Disposals | (138,515) | - | - | - | (138,515) |
| At 31 December 2016 | 851,831 | 75,996 | 269,977 | 346,996 | 1,544,800 |
| | | | | | |
| **Net book value** | | | | | |
| At 31 December 2016 | 510,007 | 5,952 | 36,395 | 106,037 | 658,391 |
| | | | | | |
| At March 2016 | 271,237 | 14,327 | 48,046 | 88,343 | 421,953 |

| | 31 December 2016 ZMW | 31 March 2016 ZMW |
|---|---|---|
| ***10. Short term deposit*** | | |
| Standard Chartered Bank PLC | 4,500,000 | 2,250,000 |
| Barclays Bank PLC | 6,000,000 | 4,000,000 |
| | 10,500,000 | 6,250,000 |
| ***11. Investments*** | | |
| **Madison – Gratuity Investment Fund** | | |
| At the beginning of the year | - | 578,157 |
| Redeemed during the year | - | (578,157) |
| At the end of the year | - | - |

The Fund was held with Madison Asset Management Company's Collective Investment Scheme – Gratuity Fund. In the opinion of the directors, the value of the above investment was not less than the carrying amounts at which it has been included in the financial statements.

| | 31 December 2016 ZMW | 31 March 2016 ZMW |
|---|---|---|
| ***12. Trade and other receivables*** | | |
| GRZ Grant | 805,667 | 805,668 |
| Issuers fees | 184,708 | 732,173 |
| Sundry debtors | 8,900 | 10,030 |
| Accrued income - interest | 1,380,889 | 472,889 |
| Prepayments and deposits | 470,750 | 1,295,798 |
| | 2,850,914 | 3,316,558 |
| Staff debtors | 82,334 | 17,073 |
| Provisions for doubtful debts | (88,000) | (128,757) |
| | 2,845,248 | 3,204.874 |
| ***13. Cash and cash equivalents*** | | |
| Cash in hand and at bank | 2,647,155 | 3,031,684 |
| ***14. Financial Lease obligations*** | | |
| At 1 April | - | 152,695 |
| Payments made during the period | - | (152,695) |
| At 31 December | - | - |

| | 31 December 2016 ZMW | 31 March 2016 ZMW |
|---|---|---|
| ***15. Trade and other payables*** | | |
| Provisions and accruals | 3,285,880 | 1,934,557 |
| Market Development Fund | 718,847 | 801,231 |
| Amount due to Compensation Fund | 121,859 | 37,478 |
| Due to Zambia Revenue Authority | 741,941 | 635,076 |
| | 4,868,527 | 3,408,342 |

## *16. 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 2016 ZMW | 31 March 2016 ZMW |
| Short term deposit | 10,500,000 | 6,250,000 |
| Trade and other receivables | 2,845,248 | 3,204,874 |
| Cash and cash equivalents | 2,647,155 | 3,031,684 |
| | 15,992,403 | 12,486,558 |

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:-

| | 31 December 2016 ZMW | 31 March 2016 ZMW |
|---|---|---|
| **Days** | | |
| 0 – 30 | 35,910 | 101,496 |
| 31 -60 | 18,031 | 129,621 |
| 61 – 90 | 61,917 | 173,077 |
| Over 90 | 68,850 | 327,979 |
| | 184,708 | 732,173 |

*(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 (March 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 |
| 31December 2016 | - | - | - | - |
| 31 March 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 2016 is summarised below:

*At 31 December 2016:*

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

*At 31 March 2016:*

| | Within 6 Months ZMW | Within 6 to 12 Months ZMW | 1 to 5 Year ZMW |
|---|---|---|---|
| **Non – derivative Financial liabilities** | | | |
| Trade and other payables | 2,367,460 | 1,040,882 | - |
| **Total** | 2,367,460 | 1,040,882 | - |

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 2016 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 2016*

| | Receivable ZMW | Fair value ZMW |
|---|---|---|
| **Financial assets** | | |
| 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 positions | 11,123,876 | 11.123.876 |

*At 31 March 2016*

| | Loan and Receivables | Fair value |
|---|---|---|
| Receivables | 3,204,874 | 3,204,874 |
| Short term deposit | 6,250,000 | 6,250,000 |
| Cash and cash equivalents | 3,031,684 | 3,031,684 |
| Total financial assets | 12,486,558 | 12,486,558 |

| | Financial Liabilities at amortised Cost ZMW | Fair value ZMW |
|---|---|---|
| **Financial liabilities** | | |
| Trade payables | 3,408,342 | 3,408,342 |
| Total financial liabilities | 3.408,342 | 3,408,342 |
| **Net position** | 9,078,216 | 9,078,216 |

### 17. Related party transactions

The following transactions were carried out with related parties:

| | | 31 December 2016 ZMW | 31 March 2016 ZMW |
|---|---|---|---|
| *(i)* | *Key management compensation* | | |
| | Salaries and other short term benefits | 3,628,708 | 2,878,474 |
| | Defined contribution pension schemes | 72,581 | 29,093 |
| | | 3,701,289 | 2,907,567 |
| *(ii)* | *Commissioners' remuneration* | | |
| | Fee for service as Commissioners | 902,085 | 1,093,624 |
| *(iii)* | *Loans to key management* | - | - |

### 18. Capital commitments

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

### 19. Contingent liabilities

The Commission has engaged a legal Counsel to represent it in litigation against the Commission. The Counsel estimate legal fees of ZMW155,000, which are yet to be agreed with the Commission - (31 March 2016: ZMW155,000. This amount has not been provided for in these financial statements

### 20. 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.

SCHEDULE

# DETAILED STATEMENT OF COMPREHENSIVE INCOME
# FOR THE NINE MONTHS PERIOD ENDED 31 DECEMBER 2016

| | 9 months ended 31 December 2016 ZMW | 12 months ended 31 March 2016 ZMW |
|---|---|---|
| **INCOME** | | |
| **Grants** | | |
| Revenue grants | 7,251,004 | 9,668,004 |
| **Fees and other income** | | |
| Authorisation fees | 2,692,099 | 311,114 |
| Commission- LuSE trades | 486,321 | 1,173,518 |
| Licensing fees | 1,288,166 | 1,410,674 |
| Registration fees | 1,453,303 | 2,407,500 |
| Scrutiny fees | 116,668 | 288,891 |
| Sundry income | 267,602 | 9,887 |
| Interest received | 32,478 | 613,463 |
| Issuers fees | 505,333 | 515,916 |
| Investment income | 1,265,629 | 380,375 |
| Inspection fees | 40,530 | 124,363 |
| Annual fees | 67,224 | 115,451 |
| Levy on Collective Investment Schemes (CIS) | 416,783 | 326,427 |
| Interest staff loans | 83 | 1,633 |
| | 8,632,219 | 7,679,212 |
| **Total Income** | 15,883,223 | 17,347,216 |
| | | |
| **EXPENDITURE** | | |
| Advertising expenses | 143,846 | 181,998 |
| Audit fees | 153,574 | 84,370 |
| Bank charges | 47,749 | 51,097 |
| Bad debts provision | 88,000 | 128,757 |
| Board and committee expenses | 902,085 | 1,093,624 |
| Consultancy fees | 156,561 | 404,360 |
| Cisna | 528,632 | - |
| Depreciation | 209,898 | 363,014 |
| Employee benefits costs | 7,128,227 | 7,424,316 |
| Entertainment | 2,003 | 11,912 |
| Finance charges | 43,347 | 39,363 |
| Insurance | 397,590 | 506,607 |
| Motor vehicle expenses | 233,278 | 228,387 |
| Office operational costs | 238,091 | 227,340 |
| Postage and telephones | 256,164 | 298,492 |
| Electricity and water | 25,745 | 57,555 |
| Printing and stationary | 128,130 | 185,889 |
| Publicity and Education | 970,890 | 581,864 |
| Rent | 840,965 | 954,312 |
| Repairs and maintenance | 21,396 | 68,304 |
| Security | 95,819 | 97,232 |
| Subscription and publications | 34,106 | 344,427 |
| Workshop and seminars | 955,027 | 1,087,537 |
| | 13,601,123 | 14,420,757 |
| **Surplus for the year** | 2,282,100 | 2,926,459 |

# APPENDICES

## Appendix I

### *The SEC Staff, (Past and Current)*

| Name | Position | Date left |
|---|---|---|
| Mr Phillip K. Chitalu | Secretary and Chief Executive | |
| Ms Mutumboi Mundia | Director - Market Supervision and Development | |
| Mrs Diana Sichone | Director – Enforcement and Legal Services | |
| Mr Bruce Mulenga | Manager - Market Transactions and Investments | |
| Mr Mateyo Lungu | Manager – Finance | |
| Mr Glory Chipoya | Manager – Enforcement and Legal Services | 15.08.2016 |
| 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 | |
| Ms Yvonne Mpumpo | Secretary – Market Transactions and Investments | |
| Mrs Glendajoelinda C. Ng'andwe | Secretary – Market Supervision and Development | |
| Mr Saviour Mooya | Driver | |
| Mr Alexander Tondo | Office Assistant | |

# Appendices

## 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 | 2017 | | 2016 | |
|---|---|---|---|---|---|
| | | 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. | AON Zambia Pension Funds Administrators Limited | | √ | √ | |
| 10. | Barclays Bank Plc | √ | | √ | |
| 11 | Citibank Zambia Limited | √ | | √ | |
| 12. | Credit Rating Agency (Z) Limited | | √ | √ | |
| 13. | Equity Capital Resources Plc. | √ | | √ | |
| 14. | Finance Bank Zambia Limited | | √ | √ | |
| 15. | Finance Securities Limited | √ | | √ | |
| 16. | First National Bank Zambia Limited | √ | | √ | |
| 17. | Focus Financial Services Limited | | √ | √ | |
| 18. | Grofin Zambia Limited | √ | | √ | |
| 19. | Intermarket Securities (Z) Limited | √ | | √ | |
| 20. | Investrust Bank Plc | √ | | √ | |
| 21. | Kukula Capital Plc | √ | | √ | |
| 22. | Laurence Paul Investment Services Ltd | √ | | √ | |
| 23. | Madison Asset Management Company Ltd | √ | | √ | |
| 24. | Pangaea Renaissance Securities Ltd | √ | | √ | |
| 25. | Prudential Life Assurance Limited | √ | | √ | |
| 26. | Stanbic Bank (Z) Limited | √ | | √ | |
| 27. | Standard Chartered Bank (Z) Limited | √ | | √ | |
| 28. | Stockbrokers Zambia Limited | √ | | √ | |
| 29. | Zambia National Commercial Bank Plc. | √ | | √ | |

# *Appendices*

### *Dealer's Representative Licenses*

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

| Item | Name of Representative | Dealer | 2017 | | 2016 | |
|---|---|---|---|---|---|---|
| | | | YES | NO | YES | NO |
| 1. | Mukudzei-Ishe Zhou | Aflife Capital | √ | | √ | |
| 2. | Anura Jayanath Karunaratne | Aflife Holdings | | √ | √ | |
| 3 | Fortunate Ngatsha | Aflife Holdings | √ | | √ | |
| 4. | Fumanikile Bbuku | Autus Securities Limited | √ | | √ | |
| 5. | Joseph Simate | Autus Securities Limited | √ | | √ | |
| 6. | Sherry Mary-Anne Thole | Autus Securities Limited | | √ | √ | |
| 7. | Danny Mulenga | African Banking Corporation Investment Services Limited | √ | | √ | |
| 8. | Miyanda H Hamusankwa | African Banking Investments Services Limited | √ | | √ | |
| 9. | Christopher K Mwelo | African Banking Corporation (Z) Limited | √ | | √ | |
| 10. | Theresa Chiluba | African Banking Corporation Limited | √ | | √ | |
| 11 | Mubanga Bwalya | African Banking Corporation Limited | √ | | √ | |
| 12. | Namakau Matongo | African Banking Corporation Limited | | √ | √ | |
| 13. | Geoffrey Musekiwa | African Life Financial Services Limited | √ | | √ | |
| 14. | Jones Phiri | African Life Financial Services Limited | √ | | √ | |
| 15. | Muuka Mukongolwa Banda | African Life Financial Services Limited | √ | | √ | |
| 16. | Pethel Chambwe Phiri | African Life Financial Services Limited | √ | | √ | |
| 17. | Ms. Wane Chirwa | African Life Financial Services Limited | √ | | √ | |
| 18. | Mr. Ken Simwaba | Altus Capital Limited | √ | | √ | |
| 19. | Munyumba Mutwale | AON Zambia Pension Fund Administrators Limited | | √ | √ | |
| 20. | Maron Mwangala | AON Zambia Pension Fund Administrators Limited | | √ | √ | |
| 21. | Boston Nkuname | Barclays Bank Zambia | √ | | √ | |
| 22. | Lesa Mulenga | Barclays Bank Zambia | √ | | √ | |
| 23. | Hanakoma Hamubwatu | Barclays Bank Zambia | √ | | √ | |
| 24. | Mudenda Sikapoto | Barclays Bank Zambia | √ | | √ | |
| 25. | Tiyezyeko Chilembo | Barclays Bank Zambia | √ | | √ | |
| 26. | Carmen K. Hachani | Citibank Zambia Limited | | √ | √ | |
| 27. | Geofrey Mchangila | Citibank Zambia Limited | √ | | √ | |
| 28. | Ngosa Mary Kafwembe | Citibank Zambia Limited | √ | | √ | |
| 29. | Obert Kamuwanga Limbani | Citibank Zambia Limited | | √ | √ | |

# Appendices

| Item | Name of Representative | Dealer | 2017 | | 2016 | |
|---|---|---|---|---|---|---|
| | | | YES | NO | YES | NO |
| 30. | Wilson Kalumba | Credit Rating Agency (Z) Limited | | √ | √ | |
| 31. | Steven Chitete | Citibank Zambia Limited | √ | | √ | |
| 32. | Cornwell Fungai Musana | Equity Capital Resource Plc | √ | | √ | |
| 33. | Peter Mutale Kang'ombe | Equity Capital Resources Plc. | | √ | √ | |
| 34. | Sabera Khan | Equity Capital Resources Plc | √ | | √ | |
| 35. | Chilemba Zulu | Finance Bank Zambia Plc | | √ | √ | |
| 36. | Mungala Chiboola Matongo | Finance Bank Zambia Plc | | √ | √ | |
| 37. | Tushar Thaker | Finance Securities Limited | √ | | √ | |
| 38. | Gerald Ndhlovu | First National Bank | √ | | √ | |
| 39. | Kapumpe Chola Kaunda | First National Bank | √ | | √ | |
| 40. | Llewellyn Foxcroft | First National Bank | √ | | √ | |
| 41. | Naomi Hara Palale | First National Bank | √ | | √ | |
| 42. | George Mubipe | Focus Financial Services | | √ | √ | |
| 43. | Francis Mandona Mwape | Focus Financial Services | | √ | √ | |
| 44. | Sitshengisiwe Limbikani Ngwenya | Focus Financial Services | | √ | √ | |
| 45. | Aakash Gupta | Focus Financial Services | | √ | √ | |
| 46. | Kadidja Mudenda Sidibe Banda | Focus Financial Services | | √ | √ | |
| 47. | Chibamba Kizito Lopa | Grofin Zambia Limited | √ | | √ | |
| 48. | Enerst Kando | Grofin Zambia Limited | √ | | √ | |
| 49. | Robinson Daka | Grofin Zambia Limited | √ | | √ | |
| 50. | Harry Mafuta | Investrust Bank Plc Limited | √ | | √ | |
| 51. | Richard Mutukwa | Investrust Bank Plc Limited | √ | | √ | |
| 52. | Jito Kayumba | Kukula Capital Limited | √ | | √ | |
| 53. | Tue Nyboe Andersen | Kukula Capital Limited | √ | | √ | |
| 54. | Aaron Yobe Zulu | Lawrence Paul Investment Services Limited | √ | | √ | |
| 55. | Brian Chintu | Madison Asset Management Co. Limited | √ | | √ | |
| 56 | Likonge Banda | Madison Asset Management Co. Limited | √ | | √ | |
| 57. | Cecilia Kamba Siabusu | Madison Asset Management Co. Limited | √ | | √ | |
| 58. | Claire M Lungwe | Madison Asset Management Co. Limited | √ | | √ | |
| 59. | Muchindu Kasongolo | Madison Asset Management Co. Limited | √ | | √ | |
| 60. | Sipiwe Nkunika | Madison Asset Management Co. Limited | √ | | √ | |
| 61. | Mupanga Chilungu | Madison Asset Management Co. Limited | √ | | √ | |
| 62. | Blessing Chilombe | Madison Asset Management Co. Limited | √ | | √ | |

| Item | Name of Representative | Dealer | 2017 | | 2016 | |
|---|---|---|---|---|---|---|
| | | | YES | NO | YES | NO |
| 63. | Peter Zulu | Pangaea Securities Limited | √ | | √ | |
| 64. | Ceaser Siwale | Pangaea Securities Limited | √ | | √ | |
| 65. | Tidale Mwale-Chisunka | Pangaea Securities Limited | √ | | √ | |
| 66. | Wendy Nsamwa Nglaze Tembo | Pangaea Securities Limited | √ | | √ | |
| 67. | Derek John Haake | Pangaea Securities Limited | | √ | √ | |
| 68. | Matete M. Sichizya | Professional Life Assurance Ltd | √ | | √ | |
| 69. | Prabhleen Kohli | Professional Life Assurance Limited | √ | | √ | |
| 70. | Cheng Besa Mwenechanya | Stanbic Bank (Z) Ltd | √ | | √ | |
| 71. | Mwila Pascal Mwenya | Stanbic Bank (Z) Ltd | √ | | √ | |
| 72. | Dean Nathaniel | Stanbic Bank (Z) Limited | √ | | √ | |
| 73. | Musenge Komeki | Stanbic Bank (Z) Limited | √ | | √ | |
| 74. | Prudence Khumbo Mhango | Stanbic Bank (Z) Limited | √ | | √ | |
| 75. | Fred Siwila | Stanbic Bank (Z) Limited | √ | | √ | |
| 76. | Victor Chileshe | Stanbic Bank (Z) Limited | √ | | √ | |
| 77. | Veronica Sinkala | Stanbic Bank (Z) Limited | √ | | √ | |
| 78. | Aaron Phiri | Standard Chartered Bank (Z) Plc | √ | | √ | |
| 79. | Chimuka Muyovwe | Standard Chartered Bank (Z) Plc | √ | | √ | |
| 80. | Davy Nanduba | Standard Chartered Bank (Z) Plc | √ | | √ | |
| 81. | Derek Bobo | Standard Chartered Bank (Z) Plc | √ | | √ | |
| 82. | Donna Forte-Regis Muleba | Standard Chartered Bank (Z) Plc | √ | | √ | |
| 83. | Edna Towela Lungu | Standard Chartered Bank (Z) Plc | √ | | √ | |
| 84. | John Keyala | Standard Chartered Bank (Z) Plc | √ | | √ | |
| 85. | Keyaba Mwenechanya | Standard Chartered Bank (Z) Plc | √ | | √ | |
| 86. | Kabwe Mwaba | Standard Chartered Bank (Z) Plc | √ | | √ | |
| 87. | Mubanga Yvonne Mukuka | Standard Chartered Bank (Z) Plc | √ | | √ | |
| 88. | Muchindu Lombe | Standard Chartered Bank Plc | √ | | √ | |
| 89. | Mulolwa Nkata Kamana | Standard Chartered Bank (Z) Plc | √ | | √ | |
| 90. | Mwaka Kalengo Mfula | Standard Chartered Bank (Z) Plc | √ | | √ | |
| 91. | Mwali Chisala | Standard Chartered Bank Plc | √ | | √ | |
| 92. | Nana Mukwiza | Standard Chartered Bank Plc | √ | | √ | |
| 93. | Nana NkasahAsare | Standard Chartered Bank Plc | √ | | √ | |
| 94. | Sampa David Shiyunga | Standard Chartered Bank Plc | √ | | √ | |
| 95. | Tamara M. Bbuku | Standard Chartered Bank Plc | √ | | √ | |
| 96. | Mark Penyani Katemangwe | Standard Chartered Bank Plc | √ | | √ | |

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| Item | Name of Representative | Dealer | 2017 | | 2016 | |
|---|---|---|---|---|---|---|
| | | | YES | NO | YES | NO |
| 97. | Tsugai Mabuto | Standard Chartered Bank Plc | √ | | √ | |
| 98. | Wiggins Mupango | Standard Chartered Bank (Z) Plc | √ | | √ | |
| 99. | Chibwe Joseph Ngesa | Standard Chartered Bank (Z) Plc | | √ | √ | |
| 100. | Nicholas Chikumo | Standard Chartered Bank (Z) Plc | | √ | √ | |
| 101. | Stanley Kaweme Tamele | Standard Chartered Bank (Z) Plc | | √ | √ | |
| 102. | Florence Mkalipi Nyangu | Standard Chartered Bank (Z) Plc | | √ | √ | |
| 103. | Kalizya W. Zimba | Standard Chartered Bank (Z) Plc | | √ | √ | |
| 104. | Chanda Mutoni | Stockbrokers Zambia Limited | √ | | √ | |
| 105. | Jimmy Mwambazi | Stockbrokers Zambia Limited | √ | | √ | |
| 106. | Kamungoma Mate | Stockbrokers Zambia Limited | √ | | √ | |
| 107. | Austin Hamukonka Chijikwa | Zambia National Commercial Bank | √ | | √ | |
| 108. | Charles Kamungu | Zambia National Commercial Bank | √ | | √ | |
| 109. | Cliff George Sakala | Zambia National Commercial Bank | √ | | √ | |
| 110. | Fredrick Mulenga Kaputo | Zambia National Commercial Bank | √ | | √ | |
| 111. | Ignatius Innocent Kashoka | Zambia National Commercial Bank | √ | | √ | |
| 112. | Kunda Catherine Chikumbi | Zambia National Commercial Bank | √ | | √ | |
| 113. | Lishala Clarence Situmbeko | Zambia National Commercial Bank | √ | | √ | |
| 114. | Virginia Mwalilino | Zambia National Commercial Bank | √ | | √ | |
| 115. | Ausitin Hamukonka Chijikwa | Zambia National Commercial Bank | √ | | √ | |
| 116. | Gloria Kaluba Kaulungombe | Zambia National Commercial Bank | | √ | √ | |
| 117. | Charity Choombe | Zambia National Commercial Bank | | √ | √ | |
| 118. | Munakupya Hantuba | Aflife Private Wealth | √ | | √ | |
| 119. | Zangonse Mwanza | African Banking Corporation Investments Services Ltd | √ | | √ | |
| 120. | Mataka Nkhoma | Autus Securities | √ | | √ | |
| 121. | Joseph MazilaSiyawa | Intermarket Securities Limited | | √ | √ | |
| 122. | Misento Zibbowah | Intermarket Securities Limited | | √ | √ | |
| 123. | Busiwa Ndumba Kayira | Intermarket Securities Limited | | √ | √ | |

# Appendices

### *Investment Adviser's License*

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

| Item | Company Name | 2017 | | 2016 | |
|---|---|---|---|---|---|
| | | YES | NO | YES | NO |
| 1. | Allied Securities and Asset Management Limited | | √ | √ | |
| 2. | Benefits Consulting Services Limited | | √ | √ | |
| 3 | Charles Sichangwe | √ | | √ | |
| 4. | DeVere and Partners Investment Services (Z) Limited | √ | | √ | |
| 5. | Entrust Financial Services Limited | √ | | √ | |
| 6. | Imara ECR Asset Management Limited | | √ | √ | |
| 7. | Riscura Limited | √ | | √ | |
| 8. | Asset Protection International Limited | √ | | √ | |
| 9. | Selekane Asset Consultants Limited | √ | | √ | |
| 10. | Profin Limited | | √ | √ | |
| 11 | Enock Bwalya | | √ | √ | |
| 12. | Imara Africa Advisors 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 | 2017 | | 2016 | |
|---|---|---|---|---|---|---|
| | | | YES | NO | YES | NO |
| 1. | Victor P M Sondala | Allied Securities and Asset Management Limited | | √ | √ | |
| 2. | Errol Neal Molver | Asset Protection International Limited | √ | | √ | |
| 3. | Kennedy Kamfwa | Asset Protection International Limited | | √ | √ | |
| 4. | Collina Beena Hasalama Halwampa | Benefits Consulting Services Limited | | √ | √ | |
| 5. | Kandiye Theresa Liweleya | Benefits Consulting Services | | √ | √ | |
| 6. | Gift Kapande | deVere and Partners International Limited | √ | | √ | |
| 7. | Julian Visser | deVere and Partners International Limited | √ | | √ | |
| 8. | Lerato Siame | deVere and Partners International Limited | √ | | √ | |
| 9. | Lynda Syamunyangwa | deVere and Partners International Limited | √ | | √ | |

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| Item | Company Name | Investment Advisor | 2017 | | 2016 | |
|---|---|---|---|---|---|---|
| | | | YES | NO | YES | NO |
| 10. | Maureen Nabulyato | deVere and Partners International (Z) Limited | √ | | √ | |
| 11. | Muma Ng'ambi | deVere and Partners International (Z) Limited | | √ | √ | |
| 12. | Kabwe Chishimba Chikolwa | deVere and Partners International (Z) Limited | | √ | √ | |
| 13. | Musenge Kataya | deVere and Partners International (Z) Limited | √ | | √ | |
| 14. | Elizabeth Nampasa | deVere and Partners International (Z) Limited | √ | | √ | |
| 15. | Stella Nkole Sata | deVere and Partners International (Z) Limited | √ | | √ | |
| 16. | Gervase Saenela Phiri | deVere and Partners International (Z) Limited | √ | | √ | |
| 17. | Aubrey Mofya Mulopa | deVere and Partners International (Z) Limited | √ | | √ | |
| 18. | Albert Shawn Bowa | deVere and Partners International (Z) Limited | √ | | √ | |
| 19. | Mwila Bowa | deVere and Partners International (Z) Limited | √ | | √ | |
| 20. | Joseph Deass Chilepa | deVere and Partners International (Z) Limited | √ | | √ | |
| 21. | Mukelabai Luwabela | deVere and Partners International (Z) Limited | √ | | √ | |
| 22.. | Carol Kapesa Musonda | deVere and Partners International (Z) Limited | √ | | √ | |
| 23. | Chilando Muchuta | deVere and Partners International (Z) Limited | √ | | √ | |
| 24. | Chisala Mulemba | Entrust Financial Services Limited | | √ | √ | |
| 25. | David Brown | Entrust Financial Services Limited | √ | | √ | |
| 26. | Nathan De Assis | Imara ECR Asset Management Limited | | √ | √ | |
| 27. | Lance Roland Fraser | Profin | | √ | √ | |
| 28. | Simon Kalunga | Profin | | √ | √ | |
| 29. | Morgan Lungu | Profin | | √ | √ | |
| 30. | Dennis Nyirongo | Profin | | √ | √ | |
| 31. | Joost Hugo Van Son | Profin | | √ | √ | |
| 32. | Ethel Mwaba | Profin | | √ | √ | |
| 33. | Precious Mwila | Profin | | √ | √ | |
| 34. | Charity Siwale | Riscura Zambia Limited | √ | | √ | |
| 35. | Cindy Waheeb Taudrous | Riscura Zambia Limited | √ | | √ | |
| 36. | Joseph Lupupa Chikonde | Selekane Asset Consultants Limited | √ | | √ | |

### *Securities Exchange Licenses*

The following exchanges were operational during the period under review:

| Item | Company Name | 2017 | | 2016 | |
|---|---|---|---|---|---|
| | | YES | NO | YES | NO |
| 1. | Lusaka Securities Exchange PLC | √ | | √ | |
| 2. | Bonds and Derivatives Exchange of Zambia Limited | | √ | √ | |
| 3 | Pan African Exchange Zambia Plc | | √ | √ | |

# Appendices

## Appendix III

***Contact Details of Capital Market Players***

***Stock Exchange Details***

| LuSE PLC | BaDEx PLC | PANEX PLC |
|---|---|---|
| *Acting Chief Executive Officer:*<br>Mrs. Priscilla Sampa<br><br>*Address (physical):*<br>Lusaka Securities Exchange PLC<br>2nd floor, Mamco House<br>Plot 316B, Independence Avenue<br><br>*Address (postal):*<br>P.O. Box 34523<br>Lusaka Main<br>Lusaka<br><br>*Telephone:*<br>+260 (211) 228391/228537<br>Facsimile:<br>+260 (211) 225969<br>E-mail: info@luse.co.zm | *Chief Executive Officer:*<br>Mr. Peter Sitamulaho<br><br>*Address (physical):*<br>Bonds and Derivatives Exchange Zambia Plc<br>Plot No 7450, Katopola Road<br>Rhodespark, Off Great East Road<br><br>*Address (postal):*<br>Post. Net Box 334<br>Private bag E10Arcades<br>Lusaka<br><br>*Telephone:*<br>+260(211) 220537<br>Facsimile:<br>+260 (211) 220574<br>E-mail: info@badex.co.zm | *Chief Executive Officer:*<br>Mr. Jacob Maaga<br><br>*Address (physical):*<br>Pan African Exchange Zambia Plc<br>Unit No. 2 and 3B,<br>Manda Hill Shopping Centre<br>Stand 19255 Corner of Great East and Manchinchi Roads<br><br>*Telephone:*<br>+260975435589<br>E-mail: jmaaga@panexchange.com |

***Dealers' Details***

### a) Members of the LuSE

*African Alliance Zambia Securities Limited*
The Colosseum
Block A, Ground floor
Bwinjimfumu Road
Lusaka
P. O. Box 320308
Tel: +260 (211) 220460
Fax: +260 (211) 841033
Email:bbukuf@africaalliance.com

*Equity Capital Resources*
Musheme Road
Lusaka
Tel: +260 955 37 84 89
Email: fungai@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

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*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*
2nd Floor, Farmers House
P O Box 38956, Cairo Road
Lusaka
Tel: +260 (211) 227303/232456
Fax: +260 (211) 224055
Email: kmulenga@stockbrokerszambia.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.zm.barclays.com

*Citibank Zambia Limited*
Citibank House
Stand 4646,
Addis Ababa Round about,
Lusaka Zambia
Tel: +260 211 444400
Fax: +260 211 226264
Email: public.affairs.zambia@citi.com
Website: www.citigroup.com

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*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

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## 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 3827 Parliament Road
Olympia
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, LusakaTel: +260 (211) 262 773
Fax: +260 (211) 262 773
Email:Zambia@riscura.com
Website:www.risura.com

# Appendices

## 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*

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

*Metal Fabricators of Zambia (ZAMEFA) Plc*
Plot 1400 Cha ChaCha 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 1609, ShekiSheki Road
Lusaka
P.O. Box 35135
Tel: +260 (211) 246553
Fax: +260 (211) 246326
Website:www.sabmiller.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*

# *Appendices*

*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
Heavy Industrial Area
Lusaka
P.O. Box 30237
Tel: +260 (211) 246555
Fax: +260 (211) 242124
E-mail: zambrew@zambrew.com.zm
Website: www.sabmiller.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
*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*

# Appendices

## 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
Email: customerservice.zambia@barclays.com
Website: www.zm.barclays.com
*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*

# *Appendices*

*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*

# Appendices

## Details of Companies with Listed Debt Securities

*Bayport Financial Services - Debt securities listed on 24th April 2014*
Plot 68 Independence Avenue
Lusaka
P.O. Box 33819
Tel: +260 (211) 257243
Fax:+260 (211) 257432
E-mail: jchola@bayportfinance.com
Website: www.bayportfinance.com

*Focus Financial Services Limited - Debt securities listed on 24th April 2014*
1st floor, Building 3
Acacia Park
Thabo Mbeki Road
Lusaka
P. O. Box 345536
Tel: +260 (211) 291310-14
Fax: +260 (211) 291311
Website: www.focus.co.zm

*Izwe Loans Zambia Limited - Debt securities listed on 15th July 2013 and 1st August 2013*
Plot No. 471 Shop 3A
Cairo Road
Lusaka
P. O .Box 35087
Tel: +260 (211) 235273
Email: info@izwezambia.com
Website: www.izwezambia.com

*Real Estate Investments Zambia Plc - Debt securities listed on 12th November 2010*
(formerly Farmers House)
Farmers House, Central Park
Cairo Road
Lusaka
P.O. Box 30012
Tel: +260 (211) 227684-89
Fax: +260 (211) 222906
E-mail: robin.miller@zamsaf.co.zm
Website: www.reiz.co.zm

*Ulendo Road Infrastructure Road Programme (RINP) - Debt securities listed on 11th December, 2015*
2nd Floor, Pangaea Office Park
Stand No. 2374 Great East Road
Lusaka
P.O. Box 34536 (Lusaka)
Tel: +260 (211) 291310-14
Fax:+260 (211) 291312
Website: www.focus.co.zm

*Madison Finance Services Limited - Debt securities listed on 1st September, 2014*
Madison House
Plot 318, Independence Avenue
Thabo Mbeki Road
Lusaka
P. O. Box 34366
Tel: +260 (211) 252248/49
Email: customerservice@mfinance.co.zm
Website: www.mfinance.co.zm

*Stanbic Bank Zambia Limited Plc - Debt securities listed on 31st October, 2014*
Stanbic House
Plot 2375, Addis Ababa House
Lusaka
P O Box 31955 (Lusaka)
Tel: (0211) 370000
E-mail: zambiacallcentre@stanbic.om
Website: www.stanbic.co.zm

*International Finance Corporation (IFC) - Debt securities listed on 29th September, 2013*
746B Pyramid Plaza, Church Road
Lusaka
P. O .Box 35410
Tel: +260 (211) 373268
Fax: +260 (211) 373249
Email: gchisanga@ifc.org
Website: www.ifc.org

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info@seczambia.org.zm

SECURITIES AND EXCHANGE COMMISSION

*Protecting Investors in the Capital Markets*

Securities and Exchange Commission Zambia
Plot # 3827 Parliament Road, Olympia
P. O. Box 35165, Lusaka

Office: +260 211 222368 / 227012
**Email: info@seczambia.org.zm**
ww.seczambia.org.zm