

Securities (Central Securities Depositories) Rules, 2010

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FIRST SCHEDULE: Form of Application for Approval of Scheme to Operate Central Securities Depository.

SECOND SCHEDULE: Board and officers of Central Securities Depository.

IT is hereby notified that the Minister of Finance, in terms of subsection (6) of section 118 of the Securities Act [*Chapter 24:25*], has approved the following rules made by the Securities Commission in terms of subsection (1) of that section:—

PART I

PRELIMINARY

Title

1. These rules may be cited as the Securities (Central Securities Depositories) Rules, 2010.

Interpretation

2. (1) In these rules—

“depository rules” means rules made by a central securities depository under a provision of a scheme referred to in section 69(1)(n) of the Act;

“guarantee fund” means a guarantee fund established, in terms of section 69(1)(l) of the Act, by a scheme under which a central securities depository is established;

“nominee company”, in relation to a central securities depository, means a company that is incorporated and wholly owned by the depository and whose sole purpose is to hold the securities in the depository as a trustee on behalf of the depositors;

“Registration, Licensing and Corporate Governance Rules” means the Securities (Registration, Licensing and Corporate Governance Rules, 2010, published in Statutory Instrument 100 of 2010.

(2) Any word or expression that is defined in section 68 of the Act shall have the same meaning when used in these rules.

PART II

CENTRAL SECURITIES DEPOSITORIES

Application for approval of scheme to operate central securities depository

3. (1) An application for approval of a scheme to operate a central securities depository shall be submitted to the Commission in the form set out in the First Schedule and shall be accompanied—

- (a) the documents specified in that form; and
- (b) a fee of ... United States dollars.

(2) A person who has submitted an application under subrule (1) shall provide the Commission with any additional information that the commission may reasonably require for the purpose of considering the application.

Shareholding in operator of central securities depository

4. (1) No person, whether alone or with associates, may—

- (a) hold shares in the operator of a central securities depository if their total nominal value represents more than fifteen *per centum* of the nominal value of all the shares issued by the operator; or
- (b) hold shares in the operator of a central securities depository which entitle the person to exercise more than fifteen *per centum* of the voting rights attached to all the shares issued by the operator; or
- (c) have power to determine the appointment of more than fifteen *per centum* of the directors of the operator of a central securities depository, including the power to—
 - (i) appoint or remove, without the concurrence of another person, more than fifteen *per centum* of the directors; or
 - (ii) prevent a person from being appointed as a director without another person’s consent.

(2) Where the operator of a central securities depository is a body corporate other than a company, the references in subrule (1) to—

- (a) shares, shall be construed as references to rights or interests that allow the holder to influence the policy of the body corporate;
- (b) directors, shall be construed as references to the persons who exercise day-to-day control over the body corporate.

Board and officers of central securities depository

5. The scheme under which a central securities depository is established shall make provision, in accordance with the Second Schedule, for the appointment of the board and the officers specified in that Schedule.

Depository rules

6. Depository rules shall provide for the following matters, in addition to those mentioned in section 69(1)(n) of the Act—

- (a) the admission and functions of participants;
- (b) the circumstances in which participants may be suspended and their admission revoked, and the procedure for such suspension and revocation;
- (c) the appointment of a curator to administer the affairs of a suspended participant, in so far as they relate to the central securities depository;
- (d) the clearing and settlement of transactions;
- (e) the notification to issuers and the public when securities are dematerialised in the central securities depository;
- (f) the deposit with the central securities depository of certificates or other documents of title to certificated securities;
- (g) information to be contained in the record of depositors kept by the central securities depository;
- (h) the frequency at which statements of account must be issued to depositors by the central securities depository;
- (i) the mortgaging, hypothecation or attachment of deposited securities;
- (j) the circumstances when a book entry security in a securities account is in suspense in circumstances other than provided under the Act;
- (k) the circumstances in which transfers of deposited securities may be investigated or restricted;
- (l) the withdrawal of certificates and other documents of title from the central securities depository;
- (m) the handling of complaints from depositors and mechanisms for dispute resolution;
- (n) the extent to which the central securities depository is responsible for the actions of participants in their dealings with the public;
- (o) generally, the carrying on of business by the central securities depository with due regard to the interest of the investing public.

Capital adequacy requirements

7. (1) The Commission, in consultation with the operator of the central securities depository concerned, shall from time to time determine the paid-up capital and net capital to be maintained by any central securities depository, and shall notify the depository, in writing, of any such determination, giving the depository a reasonable time within which to comply with it.

(2) In determining the capital to be maintained by a central securities depository, the Commission shall take into account—

- (a) the operational costs of the depository; and
- (b) any capital expenditure to be undertaken by the depository; and
- (c) the risks necessarily incurred by the depository in the conduct of its business.

(3) A central securities depository shall take all appropriate steps to comply with every determination notified to it in terms of subrule (1).

Fees, charges, levies and penalties

8. (1) The fees, charges, levies and penalties charged by a central securities depository shall be those approved by the Commission.

(2) Subject to this rule, the Commission shall review the fees, charges, levies and penalties charged by a central securities depository two years after they were first approved following establishment of the depository and at two-yearly intervals thereafter:

Provided that the Commission may review them earlier if the central securities depository requests such a review or if the Commission considers such a review necessary in the light of—

- (a) a doubling of the rate of inflation in Zimbabwe; or
- (b) a doubling or halving of the depository's reported gross income

over the preceding twelve months.

(3) When reviewing the fees, charges, levies and penalties of a central securities depository, the Commission shall take into account all relevant factors, including the following—

- (a) the rate of inflation; and
- (b) market turnover; and
- (c) overall transaction fees in the market; and
- (d) the viability and sustainability of the central securities depository; and
- (e) the general interest of the investors; and
- (f) the views of other market participants;

and shall ensure that the operator of the central securities depository is afforded an adequate opportunity to make representations on any proposed changes to the fees, charges, levies and penalties.

(4) To facilitate the Commission's monitoring and assessment of its fees, charges, levies and penalties, a central securities depository shall furnish the Commission, at six-monthly intervals, with information on the following—

- (a) the depository's actual and projected volumes of trade; and
- (b) the depository's actual and projected revenue; and
- (c) measures taken or to be taken by the depository to maintain or improve efficiency; and
- (d) any major capital expenditure to be undertaken by the depository.

(5) If a central securities depository is not satisfied with the outcome of a review by the Commission in terms of this rule, it may refer the matter to the enforcement committee established in terms of the Seventh Schedule to the Registration, Licensing and Corporate Governance Rules, and the enforcement committee may confirm, vary or set aside the

Commission's decisions in the review, in whole or in part, as the committee considers appropriate.

(6) The Seventh Schedule to the Registration, Licensing and Corporate Governance Rules shall apply, with any necessary changes, to the procedure to be adopted in a review under subparagraph (5).

(7) A central securities depository and all its participants shall display prominently at their business premises all the fees, charges and levies and penalties that they are entitled to impose in terms of this section.

(8) An operator or participant who contravenes subrule (7) shall be guilty of an offence and liable to a fine not exceeding level five or to imprisonment for a period not exceeding six months or to both such fine and such imprisonment.

Records to be maintained by central securities depository

9. (1) The operator of a central securities depository shall maintain and preserve for seven years the following records, accounts and documents—

- (a) minutes of all meetings of—
 - (i) its board of directors and its shareholders; and
 - (ii) every standing committee of its board of directors;
 and
- (b) its register of shareholders, showing the full names and physical addresses of all its directors and shareholders and the percentage of their shareholding; and
- (c) a register of the depository's representatives and participants; and
- (d) records of securities transactions; and
- (e) statistical information on depository, clearing and settlement activities; and
- (f) a register of all account-holders; and
- (g) the depository's annual audited accounts; and
- (h) financial records of all the depository's transactions; and
- (i) any other records, accounts and documents that the Commission may direct.

(2) The records, accounts and documents referred to in subrule (1) shall be produced in legible form to the Commission on demand.

(3) An operator that contravenes subrule (1) or (2) shall be guilty of an offence and liable to a fine not exceeding level five or to imprisonment for a period not exceeding six months or to both such fine and such imprisonment.

Reporting obligations

10. (1) The operator of a central securities depository shall—

- (a) within one month from the commencement of its operations, provide the Commission with a list of the depository's participants showing their names and addresses; and
- (b) within forty-eight hours after admitting a participant, provide the Commission with the participant's name and address; and

- (c) at least seven days before any dematerialised securities are deposited with the depository, notify the Commission of that fact; and
 - (d) by the 31st March in each year, provide the Commission with the depository's financial statements audited by an independent auditor registered in terms of the Public Accountants and Auditors Act [*Chapter 27:12*], and a report of its activities during the preceding calendar year, which report shall contain information on—
 - (i) any changes in membership of its board of directors; and
 - (ii) the composition and mandates of all committees required to be set up under the depository's rules; and
 - (iii) all admissions of participants, and any suspension or revocation of the admission of a participant; and
 - (iv) all securities that have been dematerialised; and
 - (v) the arbitration or settlement of disputes; and
 - (vi) any other information that the Commission may request;
 and
 - (e) immediately report to the Commission whenever—
 - (i) there is a default on settlement and delivery of securities; or
 - (ii) to its knowledge, any contraventions of the Act or these rules occur;
 and
 - (f) within ten days before any annual or special general meeting, provide the Commission with all documents, notices and material information that it issues or provides to its shareholders in connection with the meeting.
- (2) An operator that contravenes subrule (1) shall be guilty of an offence and liable to a fine not exceeding level five or to imprisonment for a period not exceeding six months or to both such fine and such imprisonment.

PART III

PARTICIPANTS

Admission of participants

11. (1) An application for admission as a participant shall be submitted to the operator of the central securities depository concerned in a form prescribed by the depository's rules.
- (2) A central securities depository may admit only the following persons as participants—
- (a) holders of securities (custody) licences; and
 - (b) holders of securities (trustee) licences; and
 - (c) holders of securities (transfer) licences; and
 - (d) the Reserve Bank of Zimbabwe.

Participants to disclose holders of beneficial interests in accounts

12. Every participant who is a member of a securities exchange or the holder of a securities (dealers) licence shall disclose to the central securities depository concerned, in accordance with its rules, the identity of every person who holds a beneficial interest in any account which the participant opens and operates with the central securities depository.

Participants to keep and preserve records, etc.

13. (1) Every participant shall maintain and preserve for seven years records, accounts and other documents relating to transactions in deposited securities, which records, accounts and documents shall provide information on—

- (a) certificates and other documents of title submitted to the central securities depository of certificates for the purposes of dematerialising the securities concerned; and
- (b) the withdrawal of certificates and other documents of title relating to securities that have been dematerialised; and
- (c) the opening, maintenance and closing of accounts relating to deposited securities; and
- (d) the collection of fees and charges imposed by the central securities depository.

(2) The records, accounts and documents referred to in subrule (1) shall be produced in legible form to the Commission on demand.

(3) A participant who contravenes subrule (1) or (2) shall be guilty of an offence and liable to a fine not exceeding level five or to imprisonment for a period not exceeding six months or to both such fine and such imprisonment.

Access to participants' records, accounts and documents

14. (1) The Commission may, without notice, require a participant—

- (a) to produce to it or to an inspector any records, accounts or other documents relating to any transactions in deposited securities; or
- (b) to allow an inspector access to the participant's computer terminals and equipment and to any data, record or information in respect thereof;

where the Commission considers such documents or access to be necessary for the purposes of any audit, investigation or review.

(2) The operator of a central securities depository may, without notice, require any of the depository's participants—

- (a) to produce to it, or to a person authorised by it, any records, accounts or other documents relating to any transactions in deposited securities; or
- (b) to allow a person authorised by it to have access to the participant's computer terminals and equipment and to any data, record or information in respect thereof;

where the operator considers such documents or access to be necessary for the purposes of any audit, investigation or review.

(3) A participant who without just cause fails or refuses to comply with a requirement under subrule (1) or (2) shall be guilty of an offence and liable to a fine not exceeding level five or to imprisonment for a period not exceeding six months or to both such fine and such imprisonment.

PART IV
GUARANTEE FUND

Assets of guarantee fund

15. The assets of a guarantee fund shall consist of—
- (a) an initial contribution of at least five hundred thousand United States dollars, made by the central security depository concerned; and
 - (b) contributions by participants of the central securities depository concerned, which contributions shall be determined by the operator of the depository and approved by the Commission; and
 - (c) all levies and penalties imposed by the central securities depository concerned; and
 - (d) income from investments of the guarantee fund; and
 - (e) such contributions from the revenue of the central securities depository concerned as its board may from time to time determine; and
 - (f) such other funds as the board of the central securities depository concerned, with the approval of the Commission, may determine; and
 - (g) any other money that may lawfully vest in or accrue to the guarantee fund.

Expenditure of guarantee fund

16. There shall be paid from a guarantee fund—
- (a) any costs, charges and expenses incurred by the central securities depository concerned in establishing, maintaining, administering and applying the guarantee fund; and
 - (b) any payments made to indemnify persons in accordance with the scheme under which the central securities depository concerned was established; and
 - (c) any premiums on insurance policies effected on behalf of the guarantee fund; and
 - (d) any sums required for the repayment of moneys borrowed on behalf of the guarantee fund and for the payment of any interest thereon; and
 - (e) any other sums that may be prescribed in the rules of the central securities depository concerned; and
 - (f) any other sums which the Commission may approve.

Management of guarantee fund

17. The scheme under which a central securities depository is established shall make provision to the Commission's satisfaction for the proper operation and maintenance of its guarantee fund.

Accounts of guarantee fund

18. (1) The scheme under which a central securities depository is established shall provide for its guarantee fund to be managed as a separate fund and disclosed as such in the depository's annual balance sheet.

(2) The operator of a central securities depository shall keep proper accounts and records of its guarantee fund and, in every financial year, prepare a statement of accounts showing the movement and financial position of the guarantee fund.

(3) The accounts referred to in subrule (2) shall include all sources of income and the contributions to and expenses or disbursements of the guarantee fund and any investments of the guarantee fund.

(4) The operator of a central securities depository shall ensure that the guarantee fund's accounts and records are audited annually by an external auditor who is registered as a public auditor in terms of the Public Accountants and Auditors Act [*Chapter 27:12*] and is approved by the Commission.

PART V

INSURANCE

Insurance policies to be maintained by central securities depository

19. (1) A central securities depository shall at all times maintain one or more insurance policies to cover loss or damage arising from—

- (a) computer crime, involving theft or criminal damage to the depository's computer system; and
- (b) theft, damage, falsification or alteration of any record or data kept within the depository's computer system; and
- (c) loss of documents of title to certificated securities for which the depository is responsible, whether such documents are kept on its premises or are in transit; and
- (d) loss of any records for which the depository is responsible; and
- (e) negligence, fraud or dishonesty on the part of any employee, agent or participant of the depository or its operator; and
- (f) public liability.

(2) A central securities depository shall maintain, at reasonable and competitive cost, an insurance policy to cover the liabilities of its guarantee fund.

(3) A central securities depository shall notify the Commission and its participants of any material reduction in the coverage or amount of any policy of insurance it maintains.

Inspection of insurance policies

20. The operator of a central securities depository shall ensure that the insurance policies maintained by it are available for inspection by the Commission and its inspectors at all reasonable times.

PART VI
GENERAL

Central securities depository responsible for safe custody of certificated securities

21. A central securities depository shall ensure the safe custody of documents of title to certificated securities that have been entrusted to it, and shall assume liability for their loss or destruction.

Participants to limit access to central securities depository

22. (1) Every participant shall ensure that only persons whom he or she has authorised to transact business with the central securities depository have access to the computer or other system by which such business is transacted with the depository.

(2) A participant who contravenes subrule (1) shall be guilty of an offence and liable to a fine not exceeding level five or to imprisonment for a period not exceeding six months or to both such fine and such imprisonment.

Access to computer system of central securities depository

23. (1) The operator of a central securities depository may permit the following persons to have access to the depository's computer system and terminals—

- (a) a systems provider, for the purpose of maintaining the system; and
- (b) a vendor of the computer system, pursuant to the contract under which the system was sold; and
- (c) an inspector, in the course of his or her duties; and
- (d) a participant, for the purpose of carrying on his or her legitimate business with the depository; and
- (e) any other person who is authorised by the Commission or by the rules of the depository to have such access.

(2) An operator who permits any person other than a person specified in subrule (1) to have access to a depository's computer system or terminals shall be guilty of an offence and liable to a fine not exceeding level five or to imprisonment for a period not exceeding six months or to both such fine and such imprisonment.

Linkages between central securities depositories

24. At the request of the operator of a central securities depository, the Commission may approve—

- (a) a computer linkage between the operator's depository and any other securities depository or securities exchange, whether inside or outside Zimbabwe; and
- (b) the admission to the operator's depository of participants outside Zimbabwe;

if the Commission is satisfied that it would promote development of the capital markets and would be in the interest of the public.

Off-site business continuity plan

25. The operator of a central securities depository shall, prior to the commencement of its operations, make arrangements for an off-site business continuity plan and notify the Commission of the plan.

Amendment of S.I. 100 of 2010

26. The Securities (Registration, Licensing and Corporate Governance) Rules, 2010, published in Statutory Instrument 100 of 2010, is amended—

- (a) by the repeal of rule 48;
- (b) by the repeal of the Fifth Schedule;
- (c) in the Sixth Schedule, by the repeal of paragraph 3.

FIRST SCHEDULE (*Rule 3*)

FORM OF APPLICATION FOR APPROVAL OF SCHEME TO OPERATE CENTRAL SECURITIES DEPOSITORY

APPLICATION FOR APPROVAL TO OPERATE A CENTRAL SECURITIES DEPOSITORY

(Rule 3 of the Securities (Central Securities Depositories) Rules, 2010)

Notes:

- 1. If space is insufficient to provide details, please attach annexure(s). Any annexure(s) should be identified as such and signed by the signatory of this application.
- 2. Information provided should be as at the date of the application.

- 1. Name of company that will operate the central securities depository (*the operator*):
-
- 2. Address of operator’s registered office:.....
-
- 3. Date of incorporation of operator:
- 4. Address of operator’s principal office:
-
- 5. Operator’s e-mail address:
- 6. Telephone number of operator’s principal office:
- 7. Location, address and telephone number of operator’s branch offices and nominee companies (if any)
-
-
-

8. Details of operator’s capital structure:

- (a) nominal capital:
- (b) issued capital:
- (c) paid-up capital:

9. Details of operator’s shareholders (*Please attach a list where necessary*):

Name	Address and telephone Number	Number of Shares Held

10. Officers of operator:

(a) Directors:

Name	Identity Card or Passport number	Date of Appointment	Date of Birth	Permanent Address and telephone number	Academic or professional qualification	Number of Shares held in the Company

(b) Operator’s secretary:

Name:

Address:

.....

(c) Chief executive officer and other key personnel:

Name	Identity Card / Passport Number	Date of Appointment	Date of Birth	Permanent address and telephone number	Academic or professional qualification	Number of shares held in the company

11. Particulars of other directorship(s) of the directors:
-
-
12. Particulars of shares held by directors in other companies:
-
-
13. Has the applicant or any of its directors or members of its senior management at any time been placed under curatorship , declared bankrupt, or compounded with or made an assignment for the benefit of creditors, in Zimbabwe or elsewhere – **Yes / No**.
- If yes, give details:
-
14. Has any director of the applicant or member of its senior management been a director of a company:
- (a) that has been denied any licence or approval by any regulator? (Yes/no):
- If yes, give details:
-
-
- (b) providing banking, insurance, financial or investment advisory services whose licence was revoked by the appropriate authority? (Yes/no):
- If yes, give details:
-
-
15. Has a director of the applicant or member of its senior management been subjected to any form of disciplinary action by any professional body of which he or she or the applicant was a member? (Yes/no):
- If yes, give details:
-
-
16. Has the applicant or any person associated with the applicant:
- (a) been convicted of any offence (other than a traffic offence) in Zimbabwe or elsewhere, or are there any proceedings now pending which may lead to such a conviction? (Yes/No):
- If yes, give details:
-
-

(b) been known by any name other than the name or names shown in this application?

(Yes/no):

If yes give details:

.....

17. (a) Is the applicant, or any shareholder or director of the applicant, a member or director of a member company of any securities exchange? (Yes/no):

If yes give details:

.....

.....

(b) Have any of the above persons been refused membership of any securities exchange?

(Yes/no):

If yes give details:

.....

.....

18. Particulars of two business referees of the applicant:

Name	Address	Telephone Number(s)	Occupation

19. Attach a profile of the applicant's chief executive officer and key employees, setting out their educational and professional qualifications and work experience.

Name	Post	Qualification	Experience

20. List the office facilities of the applicant:

.....

.....

.....

.....

21. Any other additional information considered relevant to this application:

.....

.....

We, the undersigned, declare that all the information given in this application and in the attached documents is correct.

Dated at this day of , 20 ...

Signed:

Director of Applicant:

.....
Name in block letters

.....
Signature

Secretary of Applicant:

.....
Name in block letters

.....
Signature

PLEASE ATTACH THE FOLLOWING DOCUMENTS:

1. One copy of the operator's registration certificate, memorandum and articles of association.
2. A copy of the scheme under which the central securities depository is to be established.
3. The proposed rules of the central securities depository.
4. The business plan and marketing plan of the proposed central securities depository.
5. Profiles of the chief executive officer and other key employees of the proposed central security depository.
6. The applicant's last audited balance sheet and profit and loss statement.
7. A clearance certificate for the applicant from the Zimbabwe Revenue Authority.
8. Certified copies of any certificates evidencing the qualifications or training of the applicant's directors and secretary.
9. Proof of the paid-in capital of the operator.
10. Proof of money set aside for the guarantee fund of the central securities depository.

SECOND SCHEDULE (*Rule 5*)

BOARD AND OFFICERS OF CENTRAL SECURITIES DEPOSITORY

1 Board of central securities depository

(1) The board of a central securities depository must consist of at least eleven and not more than twelve members, of whom—

- (a) two must be participants of the central securities depository; and
- (b) one must represent the Commission; and
- (c) one must represent the investing public; and
- (d) one must be a registered legal practitioner of at least ten years' standing; and
- (e) one must be a person who has had at least ten years' experience in a banking institution, of which at least six years were at a senior management level, and who

holds a bachelor's degree in any of the following fields: banking, finance, economics, commerce, accounting or business administration; and

- (f) one must be a person who has had at least ten years' experience in company secretarial work, of which at least six years were at a senior management level, and who is at least an associate member of the Institute of Secretaries and Administrators of Zimbabwe or a lawyer with corporate governance experience; and
- (g) one must be a person who has had at least ten years' experience in an asset management company or transfer secretarial company or in a short-term or long-term insurance company, of which at least six years were at a senior management level, and who—

- (i) holds a bachelors degree in any of the following fields: economics, finance, business administration; or
- (ii) is a Chartered Financial Analyst;

and

- (h) one must be the financial director or chief financial officer of the company that is the operator of the central securities depository, and must—

- (i) be registered as a public accountant in Zimbabwe with at least ten years' experience, of which at least six years were at a senior management level, in the accounting field; and
- (ii) be a member of the Institute of Chartered Certified Accountants or the Chartered Institute of Management Accountants or the Institute of Chartered Accountants of Zimbabwe or the Institute of Chartered Secretaries and Administrators of Zimbabwe;

and

- (i) one must be a registered public accountant who has had at least ten years' experience in the accounting field, of which at least six years were at a senior management level, and who is a member of—

- (i) the Association of Chartered Certified Accountants (A.C.C.A.); or
- (ii) the Chartered Institute of Management Accountants (C.I.M.A.); or
- (iii) the Institute of Chartered Accountants in Zimbabwe (I.C.A.Z.); or
- (iv) the Institute of Chartered Secretaries and Administrators of Zimbabwe (I.C.S.A.Z.); and

- (j) one must be appointed by the Minister responsible for finance to represent the Government.

- (2) Of the board members referred to in subparagraph (1)—

- (a) the members referred to in subparagraphs (a) and (d) to (i) must be—

- (i) elected in terms of the articles, constitution or rules of the central securities depository; and
- (ii) approved by the Commission, either before or after their election, as fit and proper persons to serve on the board of the Central Securities Depositories concerned;

- (b) the member referred to in subparagraph (b) must be appointed by the Commission;
- (c) the member referred to in subparagraph (c) must be elected by a panel nominated by the Commission, and must be a person who is in a position of leadership in a shareholders' association or who, in the Commission's opinion, has ability and experience in administration or professional qualifications which render him or her suitable for election to the board.

(3) If, within fourteen days after being requested to do so, the panel referred to in subparagraph (2)(c) fails to submit a name of a qualified person wishing to be considered for appointment, the Commission must forthwith appoint a suitable person to the board of the central securities depository.

(4) The Commission may refuse to approve a person for appointment to the board of a central securities depository if he or she—

- (a) would be disqualified for appointment to the Commission in terms of section (1)(b) to (e) of the Act; or
- (b) has within the previous five years contravened any term or condition of his or her licence or any provision of the Act and, in the Commission's opinion, the contravention involved dishonesty or serious negligence.

(4) Where the Commission refuses to approve a person's appointment or election to the board of a central securities depository, the person's appointment or election becomes void.

(5) Members of the board of a central securities depository serve on the board for not longer than four consecutive years, and after that period are ineligible for re-election or re-appointment to the board until a further two years has elapsed.

(6) The board of a central securities depository must observe the guidelines on corporate governance set out in the Fourth Schedule to the Registration, Licensing and Corporate Governance Rules.

(7) The Commission may in particular cases waive any of the requirements of subparagraphs (1) and (2).

2 Chairperson of board of central securities depository

(1) The chairperson of the board of a central securities depository must be independent, non-executive and elected by the board in compliance with internationally accepted corporate governance practices and principles.

(2) The chairperson of the board of a central securities depository may not hold office as such for longer than three consecutive years.

3 Chief executive of central securities depository

A central securities depository must be under the control of a person who has the following qualifications and experience—

- (a) at least five years' experience at senior management level in any one or more of the following fields: law, finance, accounting, economics, banking or insurance; and
- (b) expertise in matters relating to money, capital markets or finance; and
- (c) any of the following degrees or qualifications awarded or issued by a reputable institution of higher learning—

- (i) B.Com.;
- (ii) B.Sc. (Economics);
- (iii) B.B.S.;
- (iv) B. Acc.;
- (v) M.B.A.;
- (vi) a business diploma or H.N.D.;

or any other qualification which, in the Commission's opinion, is equivalent to any of those qualifications; and

- (d) membership of any of the following professional bodies—
 - (i) the Institute of Chartered Secretaries and Administrators of Zimbabwe (I.C.S.A.Z.);
 - (ii) the Chartered Institute of Management Accountants (C.I.M.A.);
 - (iii) the Association of Chartered Certified Accountants (A.C.C.A.);
 - (iv) the Institute of Chartered Accountants in Zimbabwe (I.C.A.Z.);
 - (v) the Institute of Chartered Financial Analysts (C.F.A.);
 - (vi) the Institute of Internal Auditors (I.I.A.);
 - (vii) the Securities and Investment Institute (S.I.I.).

4 Compliance officer of central securities depository

(1) A central securities depository must appoint a person who is approved by the Commission and is qualified under subparagraph (2) to be a compliance officer with responsibility for—

- (a) promoting and monitoring compliance by the firm and its employees with the Act, these rules and any requirements of the Commission; and
- (b) reporting to the firm's risk, audit and compliance committee on all compliance issues as required by the Act; and
- (c) ensuring that the holder's staff comply with all directives and requirements of the Commission; and
- (d) reporting to the Commission on the holder's compliance with all directives and requirements of the Commission.

(2) The compliance officer appointed under subparagraph (1) must possess a degree obtained from a reputable university or institution of higher learning in any of the following areas—

- (a) economics;
- (b) law;
- (c) accounting;
- (d) banking and finance;
- (e) business studies;
- (f) business administration;

(g) risk management;
and must not be related to the chief executive or managing director or be involved in any other company in which the chief executive or managing director has five *per centum* or more of the shares.

(3) If the compliance officer appointed under subparagraph (1) resigns his or her post, the central securities depository must—

- (a) without delay, inform the Commission of the resignation and the reasons for it; and
- (b) ensure that the compliance officer has an opportunity to inform the Commission of the reasons for his or her resignation;

and the central securities depository must ensure that any vacancy in the compliance officer's post, whether arising through resignation or any other reason, is filled by a substantive appointment within three months, and that in the interim the post is temporarily filled by a senior employee of the depository who is not the chief executive or managing director.