



DIRECTIVE NUMBER: SECZ/SS18/03/21

DIRECTIVE TO ALL SECURITIES MARKET INTERMEDIARIES ON ML/TF RISK ASSESSMENT REQUIREMENT ON INTRODUCTION OF VIRTUAL ASSETS AND NEW TECHNOLOGIES

This Directive is issued pursuant to the FIRST SCHEDULE (Section 4(3)), paragraph 21 of the Securities and Exchange Act [Chapter 24:25] which authorises the Securities & Exchange Commission of Zimbabwe (SECZ) to formulate guidelines and notices for the Securities Market. The Directive is in line with Financial Action Task Force (FATF) Recommendation 15 (Attached) on new technologies which were issued in response to heightened Money Laundering/Terrorist Financing (ML/TF) risks related to virtual assets. The directive may be reviewed from time to time whenever necessary.

All Securities Market Intermediaries (SMLs) are directed in terms of the money laundering or terrorist financing risks to do the following:

- I. **With regards to the development of new products and new business practices, including new delivery mechanisms:** -SMLs are required to undertake a risk assessment on modern and new products, business practices or the use of new or developing technologies.
- II. **Regarding the ML/TF risk assessment:**-ML/TF risk assessment should take place prior to the launch of the new products, business practices or the use of new or developing technologies.
- III. **With regards to Regulation and Supervision:** -Virtual Asset Service Providers (VASPs) and Virtual Assets (VA) are regulated for Anti-Money Laundering and Combating the Financing of Terrorism and Proliferation (AML/CFT/PF) purposes, and subject to effective systems for monitoring.

- IV. In light of the above requirements, whenever a new product or technology is introduced in the Securities sector, the ML/TF risk assessment should be conducted, and the report shared with the Commission. As such, the Securities and Exchange Commission of Zimbabwe hereby requests compliance with this requirement with immediate effect. Those who already launched or embraced virtual assets and did not conduct ML/TF risks assessment, are required to conduct the assessment, and file the reports with the SECZ.

Please be guided accordingly.

For and on behalf of the Securities and Exchange Commission of Zimbabwe



Tafadzwa Chinamo

Chief Executive Officer

18 March 2021