



THE CAPITAL MARKET QUARTERLY NEWSLETTER

VOLUME 1 of 2023



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Editor Snippets



Anne Nyakunu - Editor

Greetings and welcome to the first quarter issue of the Capital Markets Newsletter for 2023. The Capital market has seen continued growth in investor base and in the number of capital markets intermediaries. The economic overhang of Covid-19 pandemic persists. Needless to say, the Victoria Falls Stock Exchange (VFEX), which for a long time had one active counter has experienced steady growth since its establishment. With three listings in the first quarter 2023 alone, this bodes well for both local and foreign investors.

The industry has continued to introduce new products which have created interest amongst investors and other stakeholders. The Statutory Instrument 240 of 2019 introduced Real Estate Investment Trusts (REITS) and Exchange Traded Funds (ETF) as registrable classes of Collective Investment Schemes. To date, SECZim has registered 10 Exchange Traded Funds with 5 that are currently trading.

The market has also registered Derivatives, and we have witnessed the promoters educating the public on this development.

SECZim had a change in leadership at the end of January 2022 when the former Chief Executive Officer, Tafadzwa Chinamo retired from the Commission after having been at the helm of the regulatory body for 10 years. The Commission wishes him well. In this issue we feature the new Chief Executive, Anymore Taruvinga, who joined the Commission in September 2022. We welcome him and wish him a fruitful tenure at the Commission.

At the end of December 2021, SECZim was accorded Associate Membership status by the International Organisation of Securities Commissions (IOSCO). The commission is pleased with this achievement which gives us a seat in the IOSCO Presidents' Committee.

Investor Education activities continue to focus on National Financial Inclusion (NFIS) 2 where SECZim is a member of the financial markets' regulator steering committee. The Commission has made in-roads in the translation of the Investment 101 handbook to ChiShona and IsiNdebele and to engage with relevant ministries for its adoption and adaptation for use in schools. Plans are underway to extend to Braille for the visually impaired and possibly to other dialects in the not-too-distant future.

The newsletter team would love to hear from you the reader. We welcome contributions and comments and would like to make this publication as interactive as possible. Contact us on seczim@seczim.co.zw.

Enjoy your read.

Capital Market Quarterly Bulletin

31 December 2022

Q4 2022

Capital market Synopsis

1 Introduction

The capital market remained stable for the year ended 31 December 2022 with an all-time high market capitalisation of ZWL 3.72 trillion recorded on the 27th of April 2022. Capital markets continue to be a haven for investors with excess liquidity as witnessed by the increased participation in the market and increased range of products including Exchange Traded Funds (ETFs) and Real Estate Investment Trusts (REITS).

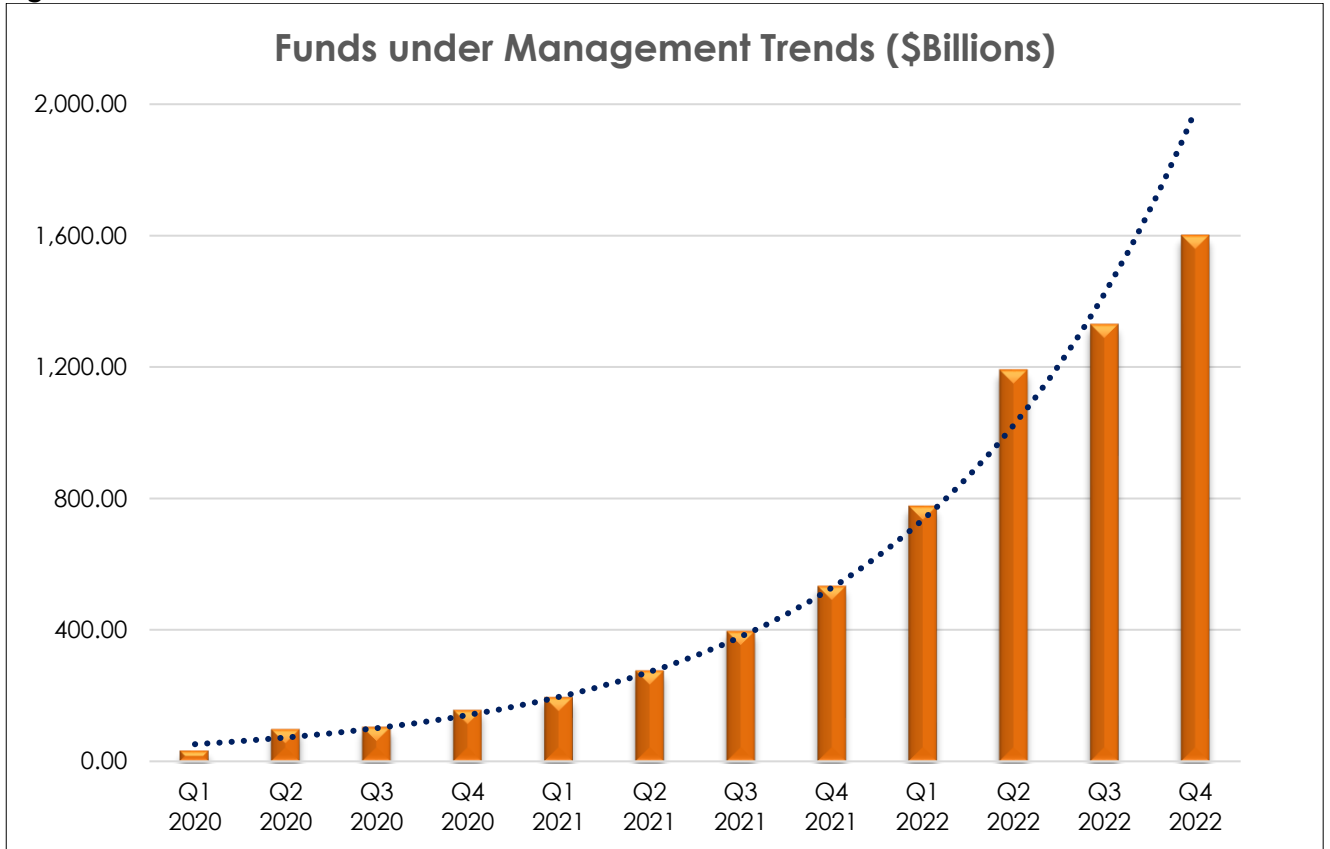
Fifteen (15) new securities market intermediaries were licensed during the year ended 31 December 2022 with the majority being Securities Investment/Asset Management firms.

Licence Category	Q 1 2022	Q 2 2022	Q 3 2022	Q 4 2022
Dealing firms	20	21	21	21
Investment advisers	56	56	58	62
Investment managers	25	28	30	30
Securities exchanges	3	3	4	4
CSDs	2	2	2	2
Trustees	4	4	4	4
Custodians	5	6	6	6
Transfer secretaries	3	3	3	3
Total SMIs	118	123	128	133
Total CIS	61	63	64	64
GRAND TOTAL (SMIs & CIS)	178	186	192	197
Unit Holders	78,099	78,965	80,276	80,938

2 ASSET MANAGERS PERFORMANCE

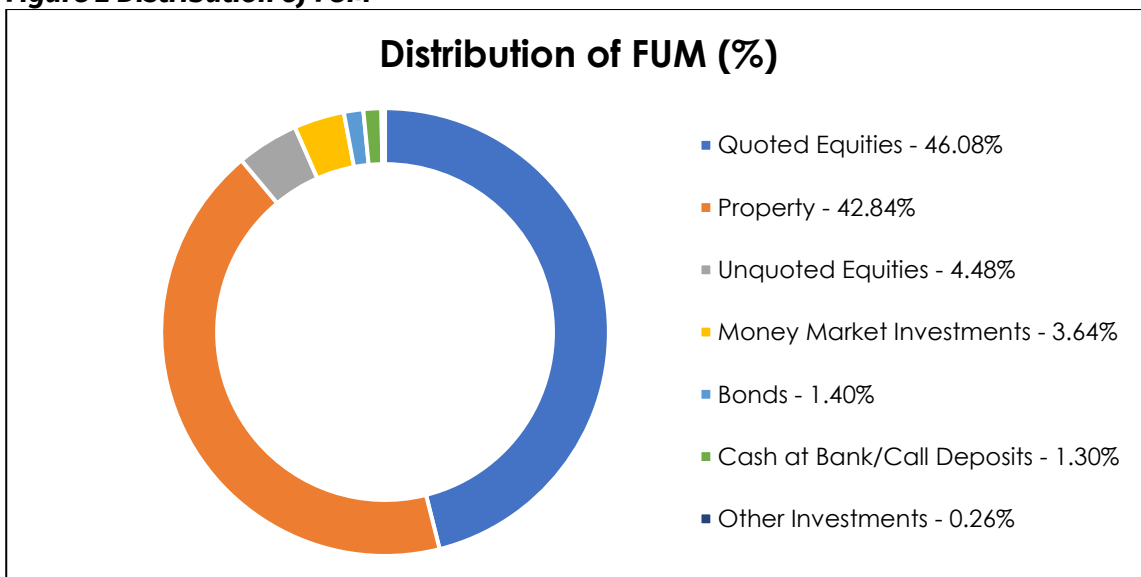
Funds Under Management (FUM) for the investment management industry as at 31 December 2022 stood at ZWL 1.60 trillion representing a quarter-on-quarter increase of 20.39% from ZWL 1.33 trillion reported as at 30 September 2022 and a 199.73% increase from the ZWL534.07 billion reported on 31 December 2021. Figure 1 shows the trend of FUM from 31 March 2020 to 31 December 2022.

Figure 1 FUM Trend



The funds were invested in the following asset classes: Equities (Quoted and Unquoted), Property, Money Market, Bonds and Cash. The industry’s exposure to the stock markets was 46.08% in December 2022 down from 74.97% in December 2021. The decrease in quoted equity investments was mainly due to increased investments in the property and revaluations which increased property investments from 18.20% to 42.84%.

Figure 2 Distribution of FUM



3 CUSTODIAN PERFORMANCE

As at 31 December 2022, Total Assets under Custody (AUC) for Securities Custodians amounted to ZWL 1.44 trillion signifying a 170.13% increase from ZWL 533.26 billion reported as at 31 December 2021. Local clients held 80.11% (ZWL 1.15 trillion) of AUC whilst foreign clients accounted for 19.89% (ZWL 286.47 billion) of the assets.

4 SECURITIES EXCHANGES PERFORMANCE

Total turnover for both the equities and ETFs markets on the ZSE amounted to ZWL 135.87 billion. FINSEC recorded a total of ZWL 290.43 million worth of trades. VFEX recorded US\$ 12.30 million from 1,396 trades that went through the foreign currency denominated exchange during the year ending 31 December 2022. **Table 1** details the turnover statistics.

Table 1 Turnover Statistics

	ZSE Equities	ZSE ETFs	FINSEC	VFEX
Total Traded Value	ZWL 135,150,501,771	ZWL 723,493,294	ZWL 290,432,781	US\$12,299,483
Total Traded Volume	2,294,799,462	228,048,813	2,193,751	142,653,702
Number of Trades	70,127	20,339	431	1396

4.1 Market Capitalisation

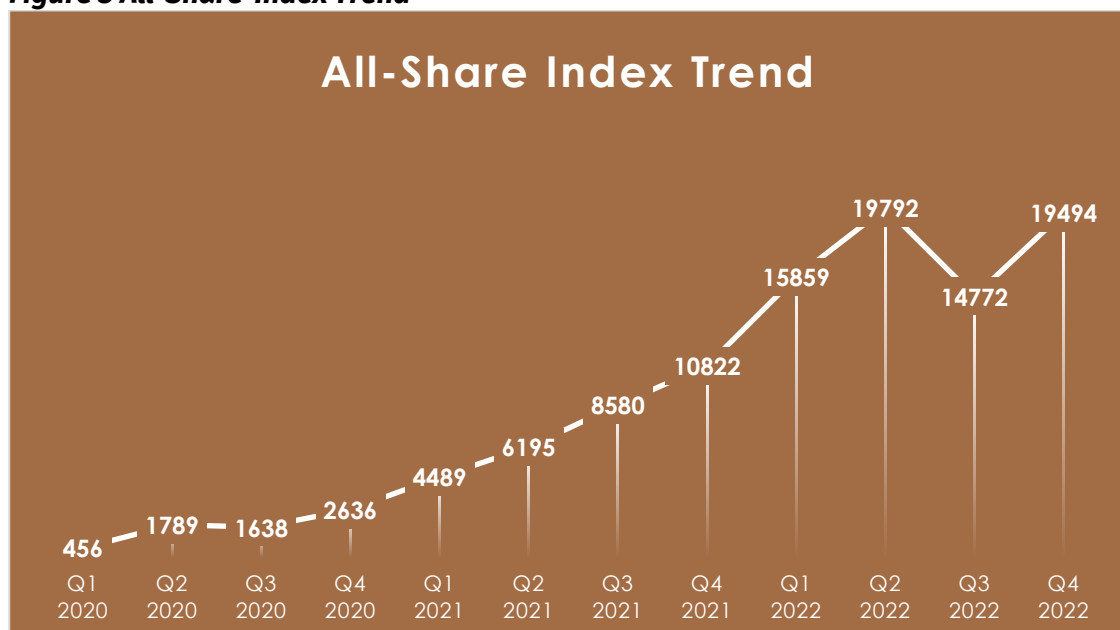
The Zimbabwe Stock Exchange (ZSE) closed the year 2022 with a Market Capitalisation of ZWL 2.04 trillion ¹(US\$ 3.05 billion) up 55.24% from ZWL 1.32 trillion reported on 31 December 2021. Financial Securities Exchange (FINSEC) had a Market Capitalisation of ZWL 10.79 billion up 30%, from ZWL 8.30 billion recorded on 31 December 2021. The Victoria Falls Stock Exchange (VFEX) had a Market Capitalisation of US\$ 565.99 million on 31 December 2022 up 117.91% from US\$ 259.74 million reported on 31 December 2021.

4.2 All Share Index

As at 31 December 2022 the ZSE All-Share-Index was reported at 19,493.85 points up 80.13% from 10,822.36 points reported as at 31 December 2021. Figure 3 shows the trend of the ZSE All-Share-Index.

¹ ZWL 671.45: 1 USD midrate as at 31 December 2022

Figure 3 All-Share-Index Trend



5 Investor Activity

During the year 2022, a total of ZWL135 billion worth of trades were settled through the CDC and the ZSE Depository. Corporations accounted for 57.95% (ZWL 78.79 billion) of the total shares bought, followed by Pension Funds which accounted for 16.08% (ZWL 21.86 billion). Individual investors accounted for 4.70% (ZWL 6.40 billion) as shown in Table 2 below.

Table 2 Investor Activity by Category (buying investors)

#	Type of Investor	Traded (ZWL)	Value	% Of Total Value
1	Corporation	78,793,611,621		57.95%
2	Pension Fund	21,860,580,936		16.08%
3	Nominee Account	20,028,330,850		14.73%
4	Individual	6,396,172,798		4.70%
5	Governmental	3,976,500,553		2.92%
6	Insurance	3,238,616,629		2.38%
7	Trust Companies	1,000,112,096		0.74%
8	Investment Managers	650,478,067		0.48%
9	Unclaimed Shares	16,867,234		0.01%
	Total	135,961,270,784		100.00%

On the sell side, Corporations disposed the highest value of shares accounting for 53.80% (ZWL 73.15 billion) followed by Pension funds who sold shares worth ZWL 25.39 billion (18.68%).

Table 3 Investor Activity by Category (Selling-Investor)

#	Type of Investor	Traded Value (ZWL)	% Of Total Value
1	Corporation	73,148,488,103	53.80%
2	Pension Fund	25,392,040,373	18.68%
3	Nominee Account	16,422,118,539	12.08%
4	Insurance	11,061,383,189	8.14%
5	Individual	7,822,564,206	5.75%
6	Trust Companies	1,184,231,251	0.87%
7	Investment Managers	925,593,335	0.68%
8	Unclaimed Shares	4,851,788	0.00%
	Total	135,961,270,784	100.00%

5.1 Investor Activity (Direct Market Access Platforms)

A total of 43,165 investors had active accounts on C-Trade and ZSE Direct. For the year ended 31 December 2022, Buy Trades worth ZWL 756.51 million and Sell Trades worth ZWL 322.55 million were recorded on these two platforms as shown in Table 4.

Table 4: Individual Investor Activity (Direct Access Platforms)

	C-Trade	ZSE Direct	Total
Total Buy Value	ZWL 283,783,642	ZWL 472,727,933	ZWL 756,511,575
Total Buy Volume	18,493,409	48,547,463	67,040,872
Number of Buy Trades	32,323	29,112	61,435
Total Sell Value	ZWL 123,117,990	ZWL 199,433,050	ZWL 322,551,040
Total Sell Volume	11,683,747	17,593,453	29,277,200
Number of Sell Trades	14,120	12,239	26,359
Number of Users	30,331	12,834	43,165

5.2 Unit Trusts Performance and Number of Unit holders

A total of 48 Active Unit Trust Funds worth ZW 50.68 billion were being managed by Investment Managers across the securities market for the period ended 31 December 2022. The funds had a total of 80,938 unit holders with funds invested in several instruments including equities, properties, and money market investments.

6 Performance of SMIs

6.1 Securities Market Infrastructures

Three (3) out of four (4) Securities Market Infrastructures were adequately capitalised as at 31 December 2022 with corrective actions being administered on the undercapitalised institution. Their overall rating is considered **satisfactory**.

	ZSE	FINSEC	CDC	VFEX
Assessment Metric	Rating	Rating	Rating	Rating
Earnings	Satisfactory	Satisfactory	Weak	Critical
Capital	Satisfactory	Strong	Weak	Satisfactory
Liquidity	Weak	Satisfactory	Satisfactory	Weak
Solvency	Satisfactory	Satisfactory	Strong	Strong
Overall Rating	Satisfactory	Satisfactory	Satisfactory	Fair

6.2 Securities Dealing Firms

The sector's earnings were rated **Fair** for the year ended 31 December 2022. Fifteen (15) out of twenty-one (21) operating securities dealing firms recorded positive earnings. The industry average earnings were ZWL 25.92 million with the best performing firm recording profit of ZWL 130.38 million. The capital for the sector as at 31 December 2022 was rated **Satisfactory** as shown in Table 5 below where only two institutions were not adequately capitalised.

Table 5: Securities Dealing Firms Capital Adequacy as at 31 December 2022

Securities Dealing Firm	Adjusted Liquid Capital	Total Requirement	Capital Adequacy Ratio
ABC Securities	447,585,411	200,569,453	2.23
Akribos Securities	66,006,764	63,493,558	1.04
Bethel Securities	10,618,392	6,350,134	1.67
EFE Securities	126,949,173	36,951,026	3.44
FBC Securities	314,307,726	189,574,283	1.66
Fincent Securities	7,354,863	1,711,293	4.30
Ingenium	32,958,869	34,222,935	0.96
IH Securities	228,977,037	68,002,730	3.37
Imara Securities	65,151,819	61,878,468	1.05
Invictus Securities	52,443,893	31,169,427	1.68
Jemina Capital	37,798,285	22,362,701	1.69
L/Edwards Securities	109,187,696	62,582,990	1.74
MAST Stockbrokers	11,636,530	8,415,193	1.38
MMC Capital	132,855,792	42,874,898	3.10
Morgan & Co	101,089,928	74,648,131	1.35

Old Mutual Securities	107,473,070	76,960,028	1.40
Platinum Securities	41,893,849	32,722,115	1.28
Remo Securities	26,257,360	21,036,632	1.25
Sigma Capital	330,804	5,471,633.50	0.06
S/Trust Securities	57,106,432	14,760,836	3.87
Wealth Access	16,050,752	15,923,847	1.01
Total	1,994,034,444	1,069,858,434	
Average	94,954,021	50,945,640	1.88

6.3 Securities Investment Managers

The sector's earnings were rated **Satisfactory**. The industry average operating profit for the period under review amounted to \$ 373.09 million. As at 31 December 2022, the sector's capital was rated **Satisfactory** with two institutions not adequately capitalised as shown in Table 6.

Table 6: Securities Investment Managers Capital Adequacy

Name of Institution	Adjusted Liquid Capital	Total Requirement	CAR
ABC Asset Management	4,117,355,525	1,183,656,893	3.48
Akribos Wealth Managers	62,413,196	38,322,796	1.63
Alpha Asset Management	343,073,624	277,801,401	1.23
Atria Asset Management	14,208,907	3,430,622	4.14
Bard Santner Asset Management	16,495,777	3,820,370	4.32
Cass Saddle Asset Management	13,995,326	2,500,505	5.60
CBZ Asset Management	1,645,604,746	517,608,249	3.18
Equivest Asset Management	976,125,525	404,243,012	2.41
First Mutual Wealth Management	182,045,822	127,346,150	1.43
Fidelity Life Asset Management	305,756,090	96,561,496	3.17
Imara Asset Management	155,595,937	142,171,649	1.09
Invesci Asset Management	1,754,968,727	742,462,563	2.36
MHMK Capital	196,469,443	100,936,198	1.95
Nyaradzo Asset Management	170,275,676	32,150,442	5.30
Nurture Asset Management	18,111,831	2,047,448	8.85
Old Mutual Investment Group	1,588,471,063	1,148,830,829	1.38
Platinum Investment Managers	409,043,612	225,848,001	1.81
Purpose Asset Management	35,576,604	9,227,217	3.86
QuantAfrica Wealth Management	24,321,940	12,539,252	1.94
Simuka Asset Management	(27,598,652)	6,161,812	(4.48)
Smartvest Wealth Managers	503,663,978	270,115,491	1.86
Terrace Africa	20,844,914	315,778	66.01
TN Asset Management	67,540,575	72,726,318	0.93

Zimnat Asset Management	103,155,649	90,957,375	1.13
Total	12,697,515,835	5,511,781,867	
Average	507,900,633	220,471,275	5.19

7 AML/CFT/CPF Ratings

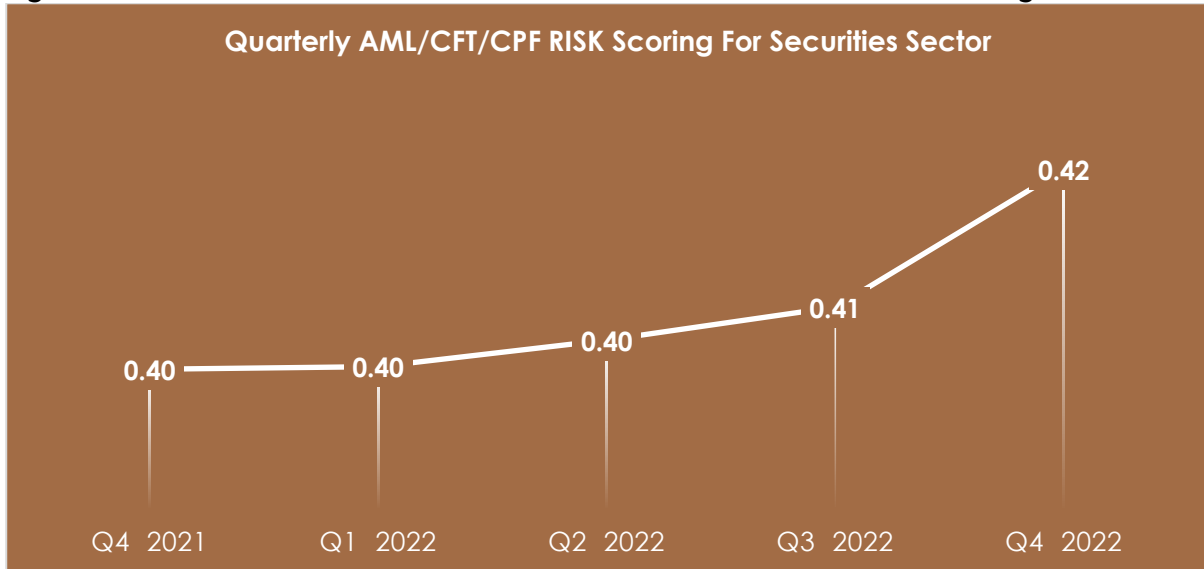
Securities Custodians, Securities Investment Management, Securities Dealing Firms and Securities Exchanges were assessed for ML/TF/PF risk for the quarter ended 31 December 2022. The result of the assessment for the four industries for the period is as shown in Table 7.

Table 7: Overall Rating and Scoring 1 October - 31 December 2022

CATEGORY	RATING	SCORE	WEIGHTING	OVERAL
Asset Managers	Medium	0.41	0.247	0.10
Securities Dealing	Medium	0.40	0.241	0.10
Custodians	Medium	0.41	0.247	0.10
Securities Exchanges	Medium	0.44	0.265	0.12
Overall			Medium	0.42

The overall rating of the securities sector was **medium** with a risk score of 0.42 for the quarter that ended 31 December 2022, a 0.02-point increase from a risk score of 0.40 reported for the quarter that ended 31 December 2021. ML/TF/PF overall risks for all securities sector institutions ranked between medium-low and medium. Figure 4 shows the trend in quarterly overall ML/TF/PF risk scoring for the securities sector between 31 December 2021 and 31 December 2022.

Figure 4: Year to Year Trend on Securities Sector AML/CFT/CPF Overall Scoring



8 New Licensees

Table 8 details new licensees for the year ending 31 December 2022.

Table 8 New Licensees

Securities Advisory Firms	<ul style="list-style-type: none"> • Switzview Investments (Private)Limited • Bard Santner Markets Inc • Noland Advisory Services • CBZ Bank Limited • Zunde Capital Private Limited
Securities Investment Manager	<ul style="list-style-type: none"> • Wealthaccess asset management • Terrace Africa asset management • Switzview Wealth Management • South People Capital Asset Management • Bard Santner Investors • Stratus Capital Partners (Private) Limited
Securities Dealing Firms	<ul style="list-style-type: none"> • Sigma Capital (Private) Limited
Custodians	<ul style="list-style-type: none"> • ZB Custodial
Trustee	<ul style="list-style-type: none"> • CBZ Bank Limited
Commodities Exchange	<ul style="list-style-type: none"> • Southern Africa Mercantile Exchange Limited

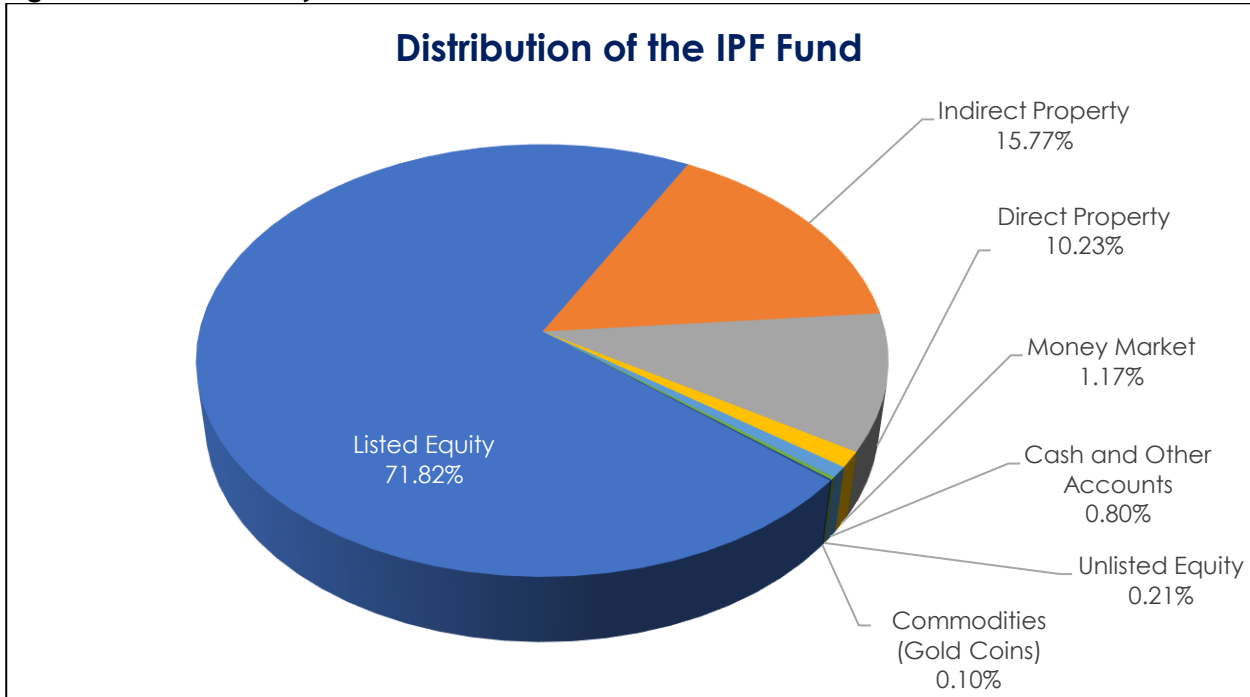
9 Unclaimed Dividends

A total of ZWL 1.33 billion, ZAR 4.85 million and US\$ 2.64 million in unclaimed dividends were sitting with the three licensed Transfer secretaries as at 31 December 2022.

10 Investor Protection Fund

As at 31 December 2022, the Investor Protection Fund was valued at ZWL 2.76 billion, a 24.68% growth compared with the fund's value as at 30 September 2022. The largest portion of the fund is invested in listed equities at 71.82% with property both direct and indirect constituting 26.00%. Distribution of the IPF Fund is shown in **Figure 5**. In the last quarter of the year, a total of 30 claims were made to the Unclaimed Shares Portfolio leaving the portfolio valued at ZWL 2.54 billion.

Figure 5: Distribution of the IPF Fund



A Day In the Life of the SECZim CEO



Anymore Taruvinga

CFA Charter holder, MSc (Finance and Investment), B. Com Finance

Anymore Taruvinga was appointed CEO of the Securities and Exchange Commission in September 2022. He is a CFA Charter holder with over 14 years of experience in the banking and capital markets sectors, including as Group Equities Market Analyst for Afrasia Bank, Investment Analyst for MMC Capital, and Group Research Analyst for Premier Finance group, now Ecobank.

His immediate past position was Head of the Zimbabwe Stock Exchange (ZSE) Markets responsible for ZSE operations, trading, and listings. Previously he has held the position of Head of Business Development and Marketing as well as Product Development Manager.

Apart from a wide network, Anymore brings a wealth of practical experience in capital markets, business development, strategy and financial analysis. He is a Non- Executive Director of the Investor Protection Board where he chairs the Investment Committee.

We had a one-on-one interview with the new CEO:

You have been at the helm of the Commission for close to six months – what is your regular day as the CEO. **The day normally starts with a sprint meeting with HODs to appraise each other on outstanding matters. Thereafter its usually stakeholder engagement (both internal and external).**

What developments have you witnessed during your six months tenure?

Q4 was marked by very low trades in October and November, followed by a significant jump in turnover in December (largely accounted for by the Lafarge transaction, otherwise trades remained suppressed) on the ZSE. 2023 started with notable trades in January and February on the ZSE, which is encouraging. Over the same period there have been notable migrations

from the ZSE to VFEX – which are understandable but of concern as we expect both exchanges to be growing.

What are the biggest challenges facing the industry?

It appears viability was a major issue across the industry players in 2022 following the slump in trading activity on the main exchange. We also noted compliance weaknesses, especially on AML. This could be a result of the fact that the regulator focused more on prudential compliance historically and therefore the market requires training to improve on AML/PF compliance.

What do you see as the next big trend in the industry/ market?

There appears to be a rush for new securities products, particularly of CIS nature. We expect continuous development on this front as market players seek diversification from traditional products.

What are the biggest growth obstacles in this industry?

Limited savings inhibit product uptake and limited skills also inhibit innovation.

What is the strategic thrust of the Commission? Any strategic alliances?

The strategy is to strengthen compliance on AML, develop a Capital Market Development Plan and encourage market development. We recently constituted a Capital Market Development Committee drawn from industry players and academia to be a consultative base for the commission. We will continue strategic alliances with other financial sector regulators locally and in the region.

Have you found the Commission to be living its mission and is the vision attainable.

The mission was recently revised to encompass market development and innovation and we look forward to living up to the new mission. As guided by Vision 2030 and NDS1, we remain on course towards assisting the nation to attain an upper middle-income status by 2030.

What is your prediction of the market five years from now?

Difficult to predict but as a country we are working on the Victoria Falls International Financial Services Centre which I expect will have taken shape to contribute to the deepening of our capital market. We also have commodity exchanges coming up and new securities that will diversify the investment products in the next 5 years.

What are your views on work-life balance and what are your hobbies/ interests?

The life of a CEO tends to be dominated by work and stakeholder engagement, but it is essential to reserve time for family and social life. I am a soccer fan, learning to play golf and interested in doing animal husbandry at some stage.

SECZim Conducts Anti-Money Laundering Training

The Securities and Exchange Commission recently held a training for the Securities Market Intermediaries on Anti Money laundering and Combating the Financing of Terrorism and Counter Proliferation Finance (AML/CPF/PFT) The training was conducted to impart knowledge and capacitate all the SMIs in understanding and implementing AML/CFT programmes aligned to the ML/TF risks specific to their institutions. The training had a good turn out with over 105 Principal and Compliance Officers of SMIs attending. The training covered areas such as: 1. SECZ AML/CFT Customer Acceptance Process Flow Guidelines; 2. SECZ new AML/CFT returns, and Institutional Risk Assessment templates; and 3. The penalty framework (AML/CFT DIRECTIVE No. 2/2014).

SECZim officials took turns to make presentations. This was the first of a series of training sessions which are lined up for this year.



**Licensing and Supervision Manager,
Tirivafi Nhundu unpacks the
AML regulations.**



Participants follow presentations delivered at the AML Training



Head of Licensing, Supervision and Surveillance, Norman Maferefa delivers closing remarks

IOSCO MEMBERSHIP FOR SECURITIES AND EXCHANGE COMMISSION OF ZIMBABWE



The Securities and Exchange Commission of Zimbabwe (SECZim) was in December 2021 accorded Associate membership status by the International Organisation of Securities Commissions (IOSCO). IOSCO is an international organisation that brings together the world's securities regulators and is a global standard setting body in capital markets. IOSCO develops, implements and promotes adherence to internationally recognised standards for securities regulation.

IOSCO associate membership gives SECZim a seat on the IOSCO Presidents Committee and enables the Commission to participate in the IOSCO's Africa/ Middle East Regional Committee. The Commission was also admitted as a member of IOSCO Growth and Emerging Markets Committee.

IOSCO membership means global visibility for Zimbabwe capital markets. It is a significant step towards international recognition from other international bodies and regulators across the globe as a jurisdiction committed to improving investor protection and cooperation through seamless interaction with other regulators.

IOSCO membership presents opportunities to the Commission. Firstly, this development is aligned to goals articulated in the National Development Strategy 2021-2025 (The NDS1) to ensure high, accelerated, inclusive and sustainable economic growth as well as socio-economic transformation and development, underpinned by sound financial markets, including strong capital markets, with local participation and the ability to attract foreign investment.

Further, IOSCO membership supports Zimbabwe's national priorities namely on image building, international engagement and re-engagement driven by economic diplomacy to improve the country's image, strengthen relations with the international community and to boost trade and investment.

SECZ is also a member of the Committee of Insurance, Securities and Non-Banking Authorities (CISNA). CISNA was established in 1998 to bring together the SADC region's non-banking financial regulators. It is made up of SADC member states and its main purpose is to encourage cooperation and harmonisation of laws and regulations so that capital market intermediaries and investors can seamlessly traverse all markets in the region.

ZB Transfer Secretaries Survival Against All Odds



Robert Mutakwa – Managing Director – ZB Transfer Secretaries

There has been depressed listings and corporate actions in the Zimbabwean capital market which has resulted in the transfer secretaries' industry remaining small as there were a few delistings by some companies from the Zimbabwe Stock Exchange (ZSE). Most listed companies have been sceptical on paying dividends trying to preserve the little profit they had earned in the past year as paying dividends would leave them vulnerable. Dividends made up the largest number of corporate actions that the industry participated in as a few notable companies declared and paid dividends.

Exchange Traded Funds (ETFs) created a business opportunity for the transfer secretaries industry. Moreover, the introduction and subsequent licensing of Real Estate Investment Trusts (REITS) by the Securities and Exchange Commission of Zimbabwe (SECZim) has brought some hope to the industry as most of them are looking forward to listing on the ZSE or Victoria Falls Exchange (VFEX). This again, means more business for the transfer secretaries industry. The Tigere REIT was the first to list on the ZSE in November 2022 and has given hope to other REITS to follow.

It remains a strategic imperative for Transfer Secretaries to continually review and align their business models to the evolving circumstances. The digital strategy becomes focal going forward, as electronic channels continue to grow in importance. A key strategic response for the Transfer Secretaries is continual encouragement of investors and issuers to make use of available digital platforms to engage. Such engagements include AGMs, EGMs and analyst briefings.

Some notable major developments have happened in the equity market and are summarized as follows:

- As at 31 December 2022 the Victoria Falls Stock Exchange (VFEX) had a total of 8 listed counters namely Seed Co International Limited, Padenga Holdings, Caledonia Mining Corporation, Bindura Nickel Corporation, National Foods, Simbisa, Innscor, Nedbank Depository Receipts and Karo Mining Holdings Plc as the exchange continues to generate interest from both local and international companies.
- The listing of Tanganda Tea Limited and the Tigere REIT on the ZSE
- The Morgan & Company Made in Zimbabwe ETF, Datvest Modified Consumer Staples ETF, Cass Saddle Agriculture ETF were listed on the ZSE
- The Karo Bond listed on the VFEX

The coming of the VFEX got the transfer secretaries temporarily hyped up but there has been low uptake on fresh listings on the foreign currency denominated exchange. “We understand that a number of mining companies are contemplating listing and hence traction on the VFEX would be key in proving an alternative home for foreign funds as well as growing the transfer secretarial industry.”, said Robert Mutakwa, Managing Director of ZB Transfer Secretaries. “Our message to the investors and issuers is that the equities market remains your best investment and capital raising vehicle”, he added.

Is There a Place for Derivatives in Zimbabwe's Economy?



Sandra Tsitsi Kawenda – Head PR and Communications, Escrow Group

In comparison to other securities that are traded on a stock exchange, derivatives are viewed as relatively new and more complicated financial instruments. Trading in derivatives on international stock exchanges became mainstream only around the year 2000, with trading restricted to equity derivatives until a few years ago, when other types of derivatives, such as currency derivatives, were introduced. Until recently, the concept was primarily theoretical in Zimbabwe, with no formal trading of such assets on a regulated market. FINSEC stepped up to provide a transparent and fully automated trading platform for derivative instruments.

Some have questioned whether the local market is prepared for these ostensibly complicated financial instruments and whether market participants and investors possess the required abilities to trade in derivatives profitably. This is a review of some of the major milestones that the FINSEC has achieved in preparation for the formal launch of derivatives trading.

Regulatory Framework

Hitherto, the lack of a clear legal framework to control the issuance, listing, trading, and settlement of Derivatives has been a significant impediment to the growth of the market. Despite past attempts to establish derivatives trading in Zimbabwe, this notion has remained mostly dormant, with most Zimbabweans only learning about derivatives in class and reading about them in other markets, but without the opportunity to trade them locally.

A crucial condition for the establishment of a successful derivative exchange is the legal authorization of the activity and the legal enforceability of derivative contracts. The Financial Securities Exchange (FINSEC) drafted trading regulations. These regulations regulate the issue, listing, trading, and settlement of derivatives, as well as the activities and behaviour of participants throughout the whole trading chain.

Automation

FINSEC has automated the entirety of the Derivatives trading process, from account opening to contract writing, trading, and settlement, to increase transparency and investor confidence. The system incorporates price calculators to provide investors with indicative prices, allowing them to trade from an informed position. This program simplifies derivatives and is one of FINSEC's efforts to dispel the myth that derivatives trading is the exclusive domain of sophisticated investors. Via mobile and internet platforms, derivatives traders can monitor the performance of their portfolio and take suitable positions as necessary.

Exchange Trading

Derivatives are either Exchange Traded or can be traded Over The Counter (OTC).

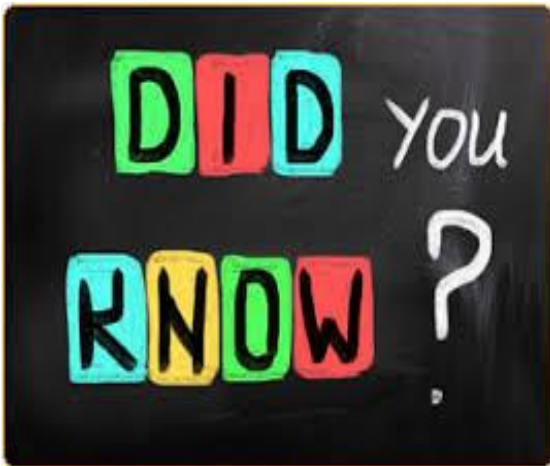
An over-the-counter Derivative is a financial contract that is arranged between two counterparties but with minimal intermediation or regulation. Unlike Exchange Traded Derivatives, OTC Derivatives do not have standardised terms and they are not listed on a securities exchange. FINSEC derivatives are standardised and have the added advantage of no default risk due to guaranteed settlement through the FINSEC Clearing infrastructure. Exchange traded Derivatives benefit from enhanced liquidity as compared to OTC Derivatives.

Knowledge Transfer

The complexity of Derivatives trading requires more knowledge about the basics, trading mechanics and valuation methods used in these financial instruments. FINSEC in partnership with the Harare Institute of Technology and supported by the Securities and Exchange Commission of Zimbabwe carried out free online masterclasses to provide training on Derivatives trading. The masterclasses were open to investors, market participants and any interested individuals. Ahead of the launch, the exchange offered simulated Derivatives trading where participants were able to simulate Derivatives trading in a controlled environment. To date, all the initiatives are ongoing to ensure the market is well knowledgeable on the product.

FINSEC's model for Derivatives trading was developed with the investor risk exposures in mind that the contracts should be transparent and fully automated for efficiency. The Financial Securities Exchange (FINSEC) continues to be the torch bearer in deepening and broadening the local capital markets through product and service innovation.

It starts With Investor Education



History of the Stock Exchange²

After World War II a new exchange was founded in Bulawayo and dealing started in 1946.

After all the necessary consultation, the Rhodesian Stock Exchange

(RSE) was officially opened with the blessing of the government, the support of the Industrial Development Commission (IDC) and the recommendation of the mining commission as well as the pledge of support from the business community. The Exchange was established in Bulawayo because the initiative to set up a new Exchange had begun in the city.

All members of the RSE had to be above 21 years of age and had to be British.

The RSE was made up of members who were brokers, dealers, or non-trading members. All members of the RSE had to be above 21 years of age and “no one other than an individual who [was] a British subject” was eligible for membership. What was not said but was a strictly followed rule was the condition that all members had to be white.

² Extracted from Investment 101 Handbook published by SECZim in 2019

INVESTING TIPS



1. Know why you are investing

Before you start investing you must set your investment goals. Knowing your goals keeps you focused on the big financial picture.

2. Seek Advice

Only follow advice from investors who are doing well with their investments. However, you can also learn from those who are struggling. If you do not know any investors, feel free to consult an Investment Advisor. Visit www.seczim.co.zw for a list of licensed Investment Advisors.

3. Learn the basics

For beginners, investing can seem like a new language. There is a lot to learn when it comes to securities and financial markets. It can be intimidating but go for it! Read as much as you can about the basics to investing. Information about investing in capital markets will soon be available in ChiShona and IsiNdebele.

4. Don't worry about starting small

Regardless of the amount you are investing, putting your money in a position where it has growth potential can not only increase your wealth, but also help establish financial habits that can benefit you throughout your life. Investing requires patience. Investing small amounts regularly will eventually add up over time.

5. Invest Early

The earlier you start investing, the more experienced you will become as an investor, and with each investment you will get better. Investing at an early age allows your investments more time to grow. Invest Now!



GLOBAL MONEY WEEK 2023

“Plan your money, Plant your
Future”

The 11th edition of Global Money week ran from 20-26 March 2023 under the theme “**Plan your Money, Plant Your Future**”. SECZim in partnership with the Reserve Bank of Zimbabwe (RBZ), Insurance and Pensions Commission (IPEC) and other key stakeholders conducted GMW campaigns throughout March 2023, instead of confining themselves to the designated week only, to increase outreach. RBZ and IPEC successfully conducted exhibitions in all four provinces, i.e. Matabeleland North, Matabeleland South, Mashonaland Central and Harare whilst SECZim participated in two provinces, Matabeleland South and Harare. Two SMIs participated in this year’s GMW activities alongside SECZIM. The Financial Securities Exchange sponsored the SECZim activities and participated in Matabeleland North, Matabeleland South and Harare exhibitions whilst EFE Securities joined the Harare exhibition. SECZim also participated in the CEO’s Roundtable sessions which were held on 21st and 23rd March 2023 at the Reserve Bank of Zimbabwe Sports Club.

Global Money Week 2023 in Pictures

Matabeleland South, Bulilima Mangwe – Plumtree High School



Primary school and secondary school students from various schools follow proceedings



Head of Investor Education, Farai Mpfu speaks about how the capital market works



Sandra Kawenda – Head PR and Communications FINSEC attending to students at their stand.



IE team Farai Mpfu and Precious Hassen surrounded by students in a Q&A at the SECZim stand

Matabeleland South, Matobo – Shashane Adventist High School



Students participate in a Q & A session led by IE Officer, Precious Hassen

Matabeleland South – National University of Science and Technology



NUST and Bulawayo Polytechnic students follow proceedings



Students share their experiences and concerns with Farai Mpfu, Investor Education at SECZim

Harare Exhibitions at the RBZ Sports Club 20-25 March 2023





Primary and Secondary school students visit the SECZim stand, one of over 20 exhibitors

CEO's Round Table



Deputy Governor (RBZ) – Dr. JT. Chipika delivers keynote address



Head Investor Education – Farai Mpfu gives opening remarks on behalf of SECZim CEO



CEO's from the financial sector follow proceedings





Mrs. Mushosho (RBZ), Mr. A. Taruvinga (CEO-SECZim)



SECZim CEO Anymore Taruvinga delivering his opening remarks at second session of CEO's Round Table.

Investor Education Projects

Investment 101 Handbook



**First of its kind in the Capital Markets:
Investment 101 Handbook, Now Available in ChiShona and IsiNdebele**

Ndiyani wandinga vimba naye neruzivo kana cherjedzo yema Capital Markets?
Ngizakwazi njani ukuthi imali engiyibekele ama investments ngiyibeke ngokuhlakanipha?

Investor Protection...
What is that?
What type of investment leads to financial independence?

Collaborating to Empower Investors

The Investor Protection Fund (IPF) and the Securities and Exchange Commission of Zimbabwe (SECZ) have collaborated in an investor education initiative to equip Zimbabweans with knowledge on Capital Markets. The Investment 101 Handbook is a recommended starting point for all Zimbabweans considering their first step into investing in the Zimbabwe Capital Markets. The Investment 101 Handbook, is now available in ChiShona and IsiNdebele. The aim is to promote Investor confidence in order to stimulate participation in Capital Markets, as this contributes to the development of our economy.

For more information visit: www.seczim.co.zw

In collaboration with:
SECURITIES AND EXCHANGE COMMISSION OF ZIMBABWE
INVESTOR PROTECTION FUND

The Investment 101 handbook was summarised and translated into ChiShona and IsiNdebele and the books will soon be available.

GroWealth Monthly Publication and Annual Survey



Monthly reports continue to be published showcasing the performance of different funds. Production of the 2022 Annual Survey is complete.

What to look forward to

Investment 101 Toolkit

The Investor Education department is in the process of creating an Investment 101 toolkit for teachers, learners and communities which will be used during the outreach programmes to be conducted throughout the year. SECZim is working with relevant ministries for guidance and support.

Links to educational content

Follow links to access investor education content:

Grain of Fortune Video:

https://drive.google.com/drive/folders/12XWFeN1PhtncvF5mgUyCFcAl2KE-NOSc?usp=share_link

Investment 101:

https://drive.google.com/file/d/1UVc1E3pnTn9K8EWBSS6vC6jXbWbyrSUQ/view?usp=drive_web

Ayoba Mkoba Radio Drama:

<https://drive.google.com/drive/folders/1YtkZLQg5E4pVXvzfXng3RWf5rgjB2xbC?usp=sharing>

The SECURITIES AND EXCHANGE COMMISSION OF ZIMBABWE (SECZim) Participates In the National Environment Clean-Up Day

The Securities and Exchange Commission of Zimbabwe (SECZim) joined the rest of the nation in being responsible for cleaner environments by participating in the monthly National Environment Clean-Up Campaign in 2023. The National Clean-Up Day is a step in the right direction as it aims at curbing problems arising from waste; since the world is moving towards the achievement of the Sustainable Development Goals (SDGs) by 2030, Zimbabwe also contributes to this vision as shown by the government-led National Clean-Up Day. National Environment Clean-Up Day started in November 2018 and all citizens are encouraged to clean up their environments from 0800hrs – 1000hrs on the first Friday of each calendar month.

The National Clean-Up exercise which is in the spirit of creating a clean, safe, and healthy environment states that it is the duty of every individual across the country to clean their surrounding areas be it places of work, education, religion, recreational and residential premises to engage in good waste management practices.

In joining the rest of the nation in commemorating the National Clean-Up Day, the regulator of capital markets seeks to achieve cleaner environments for everyone.

Cleanliness around every environment is an obligation for everyone, everywhere.

The Commission hopes to resume the clean-up days in the second quarter of 2023. Capital Markets players are invited to join the regulator in this monthly exercise.

SECZim staff in Clean-up Campaign





