



Innovation Office

Guidelines

April 2021

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Definitions

In these Guidelines –

Fintech	technology enabled innovations that are applied to securities market activities, resulting in new business models, applications, processes, products and services with an associated disruptive effect on the market
Innovation Office	a dedicated function within the Commission primarily meant to engage, communicate as well as guide innovators on issues relating to the securities market.
Innovator	a person who introduces fintech ideas, products and services
Regulatory Sandbox	a formally tailored regulatory environment that is meant to test identified fintech products and services under live but controlled conditions.

Background

- i. The Innovation Office is a tool for the Commission to communicate, engage and guide innovators.
- ii. Part of the Securities and Exchange Commission’s mandate is to promote the breadth and depth of the securities market. The Office is therefore set to facilitate the growth and development of the Zimbabwe securities market in line with changing technological developments.
- iii. The Innovation Office shall act as a steppingstone towards the Commission’s long-term plan to establish a regulatory sandbox.

1. Purpose

The overarching purpose of the Innovation Office is to facilitate regulatory communication, engagement and guidance to securities market related innovations. This initiative should ensure a quicker, easier and mutually beneficial regulator to industry dialogue. The office is therefore intended to be the main tool for broad based dissemination of the Commission’s pro innovation stance and subsequent fintech related developments.

2. Objectives

The main objective for establishing the Innovation Office is to:

- 2.1 Contribute towards the National Development strategy 1 (2021 – 25) in support of the National Vision of an empowered and prosperous upper middle-income society by the 2030
- 2.2 Promote market development in line with the changing operating environment.
- 2.3 Promote market inclusivity through investor centric products.
- 2.4 Complement ongoing National Fintech Steering Committee (NFSC) efforts
- 2.5 Facilitate regulatory innovation balanced with investor protection, market stability and integrity.
- 2.6 Stay abreast of fintech developments to better inform policy and regulatory reform.

3. Proposed Approach

The Innovation Office shall –

- 3.1 facilitate and complement ongoing efforts at the NFSC level.
- 3.2 allow for the assessment of eligible innovations. Innovations that are specific to the securities market shall be assessed internally while hybrid ones shall be assessed in collaboration with peer regulators in line with the National Fintech Policy. This should provide a unified criterion towards embracing fintech solutions.
- 3.3 be interlinked with and publicise the Commission’s internship innovation challenge as the Commission endeavours to incubate growing innovative ideas in tertiary institutions. SECZ has no capacity to absorb all innovative students and the outbreak of the pandemic has limited the securities market’s capacity to take on more students on attachment.
- 3.4 funds permitting, be a steppingstone towards the establishment of a regulatory sandbox.

4. Structure of the Innovation Office

The Commission’s Innovation Office is comprised of a link on the main website. The site contains:

- 4.1 Contact details including SECZ physical address (Block C, Ground Floor, Smatsatsa Office Park, Borrowdale, Harare), email (fintech@seczim.co.zw) and phone numbers (+263 242 870042 – 46) to be used by innovators to engage the regulator.

- 4.2 Relevant regulatory information to guide innovators activities as they navigate the securities market regulatory system.
- 4.3 FAQs demystifying some of the commonly misunderstood areas of the securities market regulatory system.
- 4.4 An assessment form for innovators to briefly introduce themselves to the Commission.

5. Envisaged Functions

The core functions of SECZ Innovation Office include:

5.1 Engagement and guidance

The Innovation Office shall afford SECZ an opportunity to engage with innovators for mutual dialogue purposes. The office also has a virtual presence 24/7 thereby enabling the Commission to exchange information with innovators anytime and from anywhere. An innovation office therefore has a wider audience reach compared to in-person engagements. By engaging innovators, SECZ shall stay abreast of fintech developments. Innovators shall also receive guidance from SECZ which will enable them to navigate the securities market regulatory system.

5.2 Education and Awareness

Like other educational and awareness initiatives by SECZ, effort shall be focused on:

- Broad based dissemination of the Commission's pro innovation stance and
- Empowering innovators with edifying knowledge on applicable fintech related securities market issues

5.3 Advisory Service

The SECZ innovation office plays an advisory role to innovators by clarifying applicable regulatory requirements including:

- Eligibility criteria
- Licensable activities
- Licensing process

5.4 Internal co-ordination

The Commission shall use the Innovation Office to champion and spearhead SECZ's regulatory approach in Fintech related activities. The Innovation Office shall allow the Commission to gain clearer insights into the fintech space for informed regulatory initiatives.

5.5 Inform Policy

The innovation Office shall be an evidence-based resource for broader fintech related policy reforms in the securities market. The office shall also facilitate policy testing.

6. Eligibility Criteria

- 6.1 Practices in other jurisdictions indicate that regulators often come up with specific themes to filter / streamline the volume of enquiries / traffic that flows through the innovation office upon engagement with innovators.
- 6.2 SECZ has however taken a decision to adopt an open - door approach to all securities market related fintech activities in order to avoid premature obstruction of potential market innovations.
- 6.3 The Commission thus welcomes all securities market related innovations with characteristics akin to conventional licensable securities market activities in terms of the Securities Act [Chapter 24:25].
- 6.4 This should pave way for all potential innovations to be brought to the Commission's attention. An open-door approach should also help the Commission stay abreast of all innovative developments on the market.
- 6.5 Fintech promoters shall submit to SECZ a completed assessment form as set out in annexure 3 together with relevant supporting documents.
- 6.6 Innovations that are submitted to the Commission shall be assessed on a rolling basis.

7. Confidentiality

Section 21 of the Securities and Exchange Act [Chapter 24:25] requires SECZ to take reasonable measures to prevent unauthorised use and disclosure of information received in confidence in connection with any statutory function. SECZ shall therefore treat all non-public information received as confidential and proprietary to the promoter. The Commission shall not disclose such information to third parties unless required to do so by law or allowed in writing by the promoter. SECZ may however disclose anonymized data on the number and types of firms that would have been assessed at any point in time.

8. Effective Date

The Innovation Office guidelines are effective 30 May 2021. The Guidelines are subject to review on an annual basis. The review can be more frequent as and when there are any material changes to be addressed.

9. Submission

The assessment form and any supporting documents may be submitted online or to The Securities and Exchange Commission of Zimbabwe offices in Block C, Ground Floor, Smatsatsa Office Park, Borrowdale Harare or electronically by e-mail to fintech@seczim.co.zw

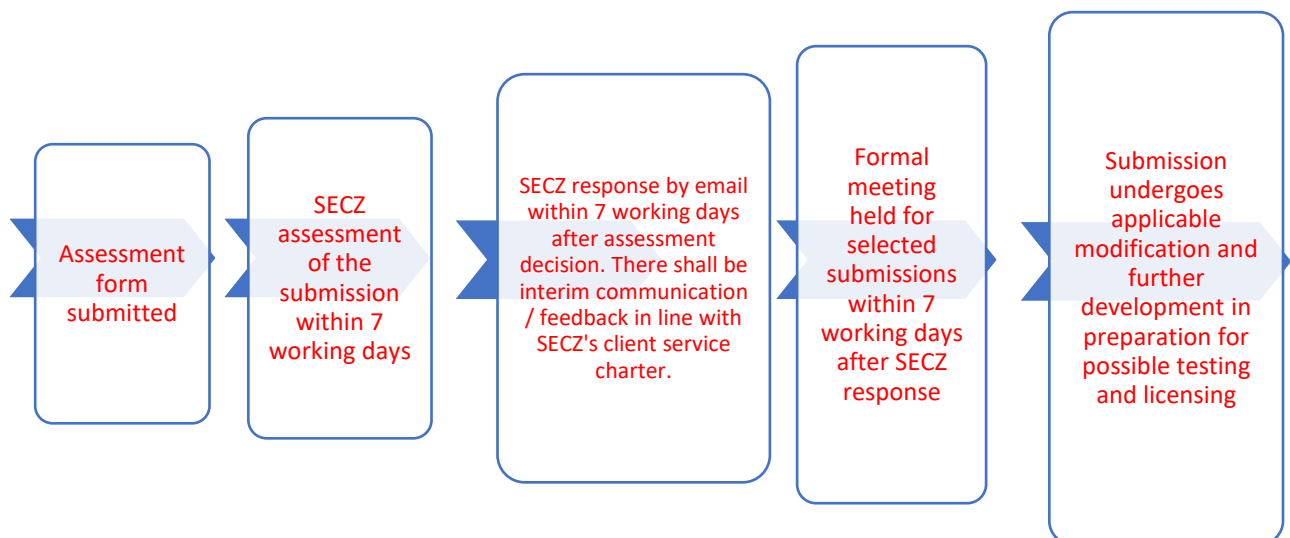
10. Annexure 1

Process Flow

a) Stage 1 – Functional



b) Stage 2 – Fintech submission assessment



11. Annexure 2

Frequently Asked Questions

1. Is SECZ trying to stifle innovation?

No, SECZ is in fact trying to create an enabling operating environment in support of all securities market related innovations for broad based market development and the economy at large.

2. Does SECZ have a framework in place to regulate fintech related activities?

SECZ may need to amend certain provisions of the existing market legislation in order to effectively accommodate Fintechs. Your input through SECZ's innovation office, together with the Commission's guidance in consultation with other key stakeholders should assist in coming up with the necessary improvements towards a balanced framework.

3. What is an Innovation Office?

An Innovation Office is a dedicated function within the Commission primarily meant to engage, communicate as well as guide innovators on issues relating to the securities market.

4. What is SECZ going to use in assessing my submission if there are no regulatory requirements?

The Commission has come up with a simplified eligibility criterion to kickstart the selection and assessment process

5. Which activities are eligible for SECZ assessment?

SECZ is open to assess any securities market related Fintech activities.

6. What is Fintech?

Fintech is technology enabled innovations that are applied to securities market activities, resulting in new business models, applications, processes, products and services with an associated disruptive effect on the market

7. What makes my submission stand out for selection amongst other submissions?

Your submission has got to be a potentially ground - breaking innovation with the potential to provide better outcome for the securities market and investors

8. How much business information should I provide?

You are encouraged to provide as much material information regarding your business as you can. Please explain exactly how the product/service works, including each step involved in users obtaining the product/service, and the role your business plays in providing it. Highlight any potential risks and suggested mitigants you can think of.

9. Does SECZ have a checklist for information to be submitted?

Below is guidance on the information to be provided but not limited to:

- Nature of your business
- its stage of innovation
- Customer profile
- the product /service you will be providing and how
- description of the payment modalities for your service or product
- other businesses you will work with and how
- How your product or service is ground - breaking
- Benefits and or risks (to investors) associated with your product or service
- Mitigants to potential risks

10. Will my information be kept confidential?

Yes, the law (section 21 of the Securities and Exchange Act [Chapter 24:25]) requires SECZ to take reasonable measures to prevent unauthorised use and disclosure of information received in confidence in connection with our statutory functions.

12. Annexure 3

SECZ Fintech Assessment Form

(complete applicable sections)

A. Designated Person Contact Details

Name	
Title	
Phone Number	
Email	

Fintech is a broad topic covering a wide range of technically driven products and services some of which do not fall under the SECZ regulatory ambit. To help us assess and position your business within the securities market landscape, please provide the information requested below.

B. Company Background Information / Details

Company Name	
Date of incorporation	
Registration Number	
Company Head office and address	
Phone number	
Company website	
Is your business currently registered / licensed / supervised by any other regulatory Authority in Zimbabwe	(Please keep response below 200 words)
Company size / scale (for existing operations)	
Annual turnover (USD equivalent)	
Annual Income (USD equivalent)	
Total staff complement and breakdown	
Founders / Key Management Details	(Please keep response below 200 words).
Shareholder details	(Please keep response below 200 words)

C. About the Product, Service or Solution

Name	
Nature	
Type of customers / investors you are targeting	
How is your service, product plan or solution innovative	(Please keep response below 200 words) Attach business model
Explain associated benefits to the market / investors (e.g efficiency, risk management etc)	(Please keep response below 200 words)
Explain any potential risks to the market / investors and proposed mitigants	(Please keep response below 200 words)

Describe the technology and/or methodology that you are planning to use in offering your product, solution or service to the market.	
Where does the IT infrastructure reside	
How are you planning to deploy the product, service or solution to the market	
Attach your Business Plan	

D. Collaboration with existing Financial institutions

Are you in / planning to collaborate with any existing financial institution	
Provide details of the nature and arrangement of the collaboration (e.g. outsourcing of service, equity stake participation, joint venture etc.)	(Please keep response below 200 words)