



Annual
Report
2022







CONTENTS

Chairman’s Statement	6
Chief Executive Officer’s Report	12
Licensing, Supervision and Surveillance	15
Corporate Finance and Market Development	32
Investor Education	37
Legal Affairs	35
Information and Communication Technology	40
Annual Financial Statements	43

Our Vision, Mission & Values

Our Vision is to be:

A regulator of a diverse and efficient capital market anchored on robust institutions by 2030.

Our Mission is:

To promote innovation and protect investors through effective regulation of the capital market.

Our Values are:

Fairness: Just, consistent, open, and impartial in all our actions and decisions.

Accountability: Stewardship and transparency in the use of resources and powers entrusted to us.

Competence: Continually upgrading our skills to keep abreast with market developments and best practice.

Integrity: Upholding the highest standards of professionalism.

Teamwork: Cohesive and high performing team that delivers its mandate.

Innovation: Practical implementation of ideas that result in the introduction of new products and services in the capital market we regulate.



GENERAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2022

REGISTERED OFFICE

20 York Avenue
Newlands
Harare

AUDITORS

Grant Thornton
Camelsa Business Park
135 Enterprise Road
Highlands
Harare

ATTORNEYS

Scanlen & Holderness
CABS Centre
74 Jason Moyo Ave
Harare

Mawere Sibanda

10th Floor Chiedza House
Corner 1st Street/ Kwame Nkrumah Ave
Harare

BANKERS

Stanbic Bank Zimbabwe Limited
Nelson Mandela Branch
64 Nelson Mandela Ave
Harare

NMB Bank Limited

First Floor, Unity Court
Cnr Kwame Nkrumah Ave/First Street
Harare

The People's Own Savings Bank

Causeway Branch
Cnr. 3rd St. & Central Ave
Harare

CONTACT DETAILS

Ground Floor, Block C
Smatsatsa Office Park
Borrowdale Road
Borrowdale
Harare
E-mail: seczim@seczim.co.zw
Website: www.seczim.co.zw

STATUTORY AUDITORS

Office of the Auditor General
5th Floor, Burroughs House
Cnr. Fourth Street/ George Silundika Avenue
Harare

Coghlan, Welsh & Guest

Cecil House
2 Central Ave
Harare

CBZ Bank Limited

Kwame Nkrumah Branch
60 Kwame Nkrumah Ave
Harare

Nedbank Limited

Jason Moyo Branch
99 Jason Moyo Avenue
Harare

Central African Building Society

3 Northend Close
Northridge Park
Highlands
Harare



ORGANISATIONAL OVERVIEW

The Securities and Exchange Commission of Zimbabwe (SECZIM) is an independent regulatory body that is responsible for overseeing and regulating the securities market in Zimbabwe. The SECZIM was established in 2008 under the Securities and Exchange Act (Chapter 24:25) and operates under the oversight of the Ministry of Finance and Economic Development.

The primary goal of the SECZIM is to promote transparency and fairness in the securities market, protect investors, and ensure that the market operates in a stable and efficient manner. To achieve these goals, the SECZIM licenses and registers market participants, regulates public offers and listings, oversees the conduct of market participants, and enforces compliance with securities laws and regulations.

The SECZIM is headed by a board of commissioners, whose responsibility is to set policy and oversee the operations of the commission. The day-to-day operations of the SECZIM are managed by a Chief Executive Officer, who is appointed by the board. The SECZIM's primary source of funding is through fees and levies charged to market participants for services such as registration of exchanges and licensing of market intermediaries. The commission may also receive funding from the government and other sources, such as donor agencies, to support specific initiatives or programs.

SECZIM has been working to improve the regulatory framework for the capital markets and to enhance investor protection. The commission approved regulations aimed at improving transparency and efficiency for the Alternative Trading Platform as well as Membership Rules for the main exchanges.

Overall, the SECZIM's success is measured by the effectiveness of its regulatory oversight and its ability to promote investor confidence in the securities market.

Strategic Direction

The Securities and Exchange Commission of Zimbabwe (SECZIM) has identified a number of strategic priorities, in line with the country's National Development Strategy 1 and Vision 2030, to guide its activities and promote the development of a dynamic and sustainable securities market in Zimbabwe. Generally, these priorities include:

1. Enhancing regulatory compliance:

The SECZIM aims to improve regulatory compliance by market participants and ensure that the securities market operates in a transparent and fair manner. This involves strengthening the regulatory framework, monitoring market conduct, and taking enforcement action where necessary.

2. Strengthening investor protection:

The SECZIM is committed to protecting the

interests of investors and enhancing their confidence in the securities market. This involves improving disclosure requirements and promoting financial literacy through investor education campaigns.

3. Promoting market development:

The SECZIM aims to promote the development of a vibrant and sustainable securities market in Zimbabwe. This involves attracting new issuers and investors, promoting the listing of new securities, and facilitating the development of new financial products and services.

4. Enhancing institutional capacity:

The SECZIM aims to build its institutional capacity and improve its organizational effectiveness. This involves investing in human resources, technology, and infrastructure, and developing partnerships with other regulatory bodies and stakeholders.

5. Fostering regional integration:

The SECZIM aims to promote regional integration and cooperation in the securities market. This involves engaging with other regional regulatory bodies, harmonizing regulatory frameworks, and promoting cross-border investments.

The commission's priorities are aligned with its mission to regulate the securities market, protect investors, and promote the development of the market. By pursuing these priorities, the SECZIM aims to ensure that the securities market in Zimbabwe operates in the best interests of all stakeholders, including issuers, investors, and market intermediaries.



ORGANISATIONAL OVERVIEW

Risks and Opportunities

The Securities and Exchange Commission of Zimbabwe (SECZIM) faced a number of risks in executing its mandate. Some of the key risks include:

1. Limited resources:

The SECZIM faces constraints in terms of financial and human resources, which could limit its ability to effectively regulate and monitor the securities market.

2. Limited capacity of market participants:

The SECZIM also faces challenges in regulating market participants who lack the necessary capacity, knowledge, or resources to comply with regulatory requirements.

To mitigate these risks, the SECZIM is capitalizing on a number of opportunities, including:

1. Developing partnerships:

The SECZIM has developed partnerships with other regulatory bodies, market participants, and stakeholders to share resources, knowledge, and expertise.

2. Enhancing technology:

The SECZIM is leveraging technology to improve its regulatory capabilities and streamline its operations,

such as by implementing online registration and reporting systems.

3. Promoting financial literacy and Investor Education:

The SECZIM promotes financial literacy and investor education among investors and market participants to improve compliance and promote investor protection.

4. Strengthening regulatory framework:

The SECZIM continues to strengthen the regulatory framework, including introducing new regulations that enhance transparency and disclosure requirements, and by increasing the penalties for non-compliance.

5. Developing new products and services:

The SECZIM works with market participants to develop new financial products and services that meet the needs of investors and promote market development.

6. Engaging with regional bodies:

The SECZIM continues to engage with other regional regulatory bodies to promote cross-border investments and harmonize regulatory frameworks.



CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2022



BOARD CHAIRPERSON
YONA BANDA



LIKE MANY OTHER ECONOMIES ACROSS THE GLOBE, ZIMBABWE WAS NOT SPARED FROM THE GLOBAL HEADWINDS.

INTRODUCTION

I am privileged and honoured to present the Securities and Exchange Commission of Zimbabwe's annual report for the year 2022.

Global Economic Developments

Whilst still trying to come to terms with spillovers from negative aftermaths of past geopolitical tensions between the United States and China, the United States and Iran, and the devastating Covid-19, the global economy was disrupted further by an intensified Russian invasion of Ukraine. The conflict has had massive repercussions on the global economy at a time when everyone was looking forward to recovering from the aftermath of this array of exogenous shocks. The Ukraine crisis exerted downside pressure on most economies through intensified supply chain disruptions, humanitarian crisis, damaging economic sanctions, reduced trade activity, quantitative easing, and price shocks. The war fueled inflation and dampened financial confidence resulting in the gradual waning in global economic recovery prospects.

Domestic Economic Developments

Like many other economies across the globe, Zimbabwe was not spared from the global headwinds. As such, the RBZ had to swiftly adopt a contractionary monetary policy

approach in a bid to combat threatening inflationary pressure as well as stabilize the exchange rate. The policy stance resulted in a hike in the bank policy rate to 200% and introduction of gold coins. Fiscal measures were also introduced on the capital market including introduction of capital gains tax of 40% and a vesting period of 180 days. Annual inflation closed the year at 243.8% having opened the year at 60.6% as the local currency depreciated 84% to ZWL671.4/USD during the year.

Organisational Transformation

The Commission held a strategic review workshop with key stakeholders in Kariba in May 2022 and another review was done in November by management. The outcome of the two sessions resulted in the revised and improved vision, mission and value statements.

The Audit and Risk Management Committee was disbanded, in order to separate the two, in compliance with S.I. 168/2018. Resultantly, standalone Audit, Risk Management & Compliance and Finance & Strategy Committees were established.

The Board executed the 2022 contract with



CHAIRMAN'S STATEMENT (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2022

the Minister and it in turn executed one with the CEO. Quarterly performance appraisal of the Board, CEO and all staff were performed, in accordance with the CGU requirements.

Challenges were faced on the human resources front due to the increasing inflation and depreciation of the local currency. The Commission lost three (3) members of staff during the year. The Commission also lost its inaugural driver/ messenger Mr. Sifiso Mahaka, on the 11th of September 2022. He had become an integral part of the entity and the loss was sorely felt at all levels of the Commission. May his dear soul continue to rest in peace.

To improve the systems and controls in the workplace, the local travel policy was reviewed and amended, while the promotions policy was adopted. The integrity strategy was also finalised, as well as the establishment of the Integrity Committee in compliance with the Zimbabwe Anti-Corruption Commission requirements.

Financial Performance

The financial results of the Commission reflect the decreased trading activity on the local market due to restrictive measures meant to reduce inflation and exchange rate volatility. The Commission recorded an inflation adjusted loss of \$36.5 million for the year and revenue of \$1.53 billion. Revenue was up 268% in nominal terms to \$1.16 billion driven by the securities levy and fair value gain in property. A revenue grant of \$150 million was

received from treasury in September 2022 to augment the Commission's resources.

Directorate

The Board welcomed Mr. W. B. Manhimanzi and Prof. M. Sibanda, following their appointments with effect from 08 June 2022. This brought the membership to six (6), one short of the stipulated statutory minimum of seven (7). The Board continued to engage the Ministry regarding the appointment of additional Commissioners.

I was honoured to be appointed the Commission's Chairman with effect from 01 July 2022. Commissioner E.R. Chitanda was appointed the Vice Chairman with effect from the same date.

The Board welcomed Mr. A Taruvinga as the new CEO on 01 September, following the retirement of Mr. T. Chinamo on 31st January 2022, after serving the mandatory ten (10) year tenure. I would like to convey the Board's appreciation to Mr. Chinamo for his dedication, hard work and invaluable contribution to the Commission.

Appreciation

I would like to acknowledge the continued unwavering support from the Hon. Minister of Finance and Economic Development and the Ministry officials in all aspects and in particular the grant of \$150 million extended

to the Commission in September 2022. In the same vein, the support in ensuring that subsidiary legislation submitted by the Commission was promulgated is also highly appreciated.

I wish to extend my profound gratitude to my fellow Commissioners for their continued guidance and oversight on management, as well as management and staff for their resilience and dedication to duty in an increasingly tough operating environment.



Y. Banda
Chairman



SECZIM GOVERNANCE

Board Composition

The year started with the SECZim's board membership at four (4), being Commissioners Banda, Chitanda, Mphambela and Paradza. This was three (3) below the minimum stipulated membership of seven (7). The situation improved with the appointment of two (2) additional Commissioners in June, being Commissioners Manhimanzi and Sibanda.

In July, Commissioners Banda and Chitanda were appointed Chairman and Vice Chairman of the Board, respectively. Commissioner Chitanda was the Acting Chairman since May 2021.

The Board continued to engage the Ministry on the appointment of additional Commissioners with legal, human resources and accounting skills. The requirement for gender parity was also highlighted, given that currently the Vice Chairman is the only woman on the Board.

Board Meetings

The Board met four (4) times in ordinary meetings, (1) once at the AGM and three (3) times in special meetings, a total of eight (8) times. Notably, the Commission held the AGM in the prescribed timeframe. Most of the meetings were of the hybrid type.

Extracts of the quarterly Board resolutions were timely submitted to the CGU.

Committee Meetings

Audit & Risk Management Committee

The planning meeting for the 2022 audit was held under the auspices of the Audit and Risk Management Committee, before the Committees were separated.

The Committee membership was three (3) at that stage, comprising Commissioner Chitanda as the Chairman, with Commissioners Banda and Paradza as members.

The Committees were split at the first quarter meetings, establishing standalone Audit, Risk Management & Compliance and Finance & Strategy Committees. This split brought the total number of Committees to six (6).

Audit Committee

When the Committee first met in March its membership comprised Commissioner Chitanda as the Chairman, with Commissioner Paradza as the only other member. In the third quarter, Commissioner Manhimanzi was appointed into the Committee, with Commissioner Chitanda retaining the chairmanship.

It met (four)4 times as a standalone Committee.

Its objectives are-

1.1 to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal controls, the audit process and the SECZim's processes for monitoring compliance with laws and regulations and the Code of Conduct.

1.2 to assist the SECZim Board in discharging its duties relating to the safeguarding of assets; the operation of adequate systems and controls; the assessment of going concern status; the reviewing of financial information and preparation of annual financial statements which shall be provided to the stakeholders.

1.3 to establish appropriate accounting procedures and controls in respect of the SECZim's business and activities and ensure compliance with them, supervise the SECZim's internal auditor and its systems for internal audit and introduce such measures as, in the Committee's opinion, may enhance the objectivity and accuracy of the SECZim's financial statements and reports.

1.4 to advise the Board in relation to the above matters.

1.5 to ensure the quality, timeliness and accuracy of all disclosures to ensure that they are complete and fairly represent all material information and comply with both internal policies and external laws and regulations.

1.6 to review the financial condition of the SECZim, its internal controls, performance and findings of both the internal and external auditors and recommend appropriate action to improve organisational performance.

Risk Management and Compliance Committee

The Committee met 5 times during the period under review, including the meeting when it was still combined with Audit.

Its membership initially comprised (3) three commissioners, with Commissioner Banda as the Chairman, and Commissioners Mphambela and Chitanda as members.

In the second quarter, Commissioner Paradza assumed the chairmanship, with Comms. Mphambela and Banda as members. With the additional appointment of 2 Commissioners, it was reconstituted again in the third quarter with Comm. Paradza retaining the chairmanship and Comms. Manhimanzi, Sibanda and the Director Corporate Finance & Market Development as



SECZIM GOVERNANCE (cont'd)

members.

Its objectives are-

1.1 to set out the nature, role, responsibility and authority of the risk management function within the SECZim and outline the scope of risk management work and

1.2 to assess the risks to which the SECZ is or will be subject and opportunities open to it, develop strategies for combating/mitigating the risks and taking advantage of the opportunities and develop arrangements for the SECZim to operate under conditions of volatility and to recover from acute shocks and advise the Board accordingly.

The SECZ Board is ultimately responsible for management of the risks associated with the supervisory environment within which SECZim operates. The primary responsibility of the Risk Management and Compliance Committee is to assist the SECZim Board in fulfilling its responsibilities by providing a framework for managing risks throughout the organization.

The Risk Management framework of the SECZim will form the basis of the work of the Committee. The framework covers strategic, operational, technology, market, legal/compliance, reputational ML/TF/PF and financial risks.

The Committee carries out its responsibilities, through the Risk Officer, or any other employee assigned the risk management duties, mainly by promoting awareness of risk management, and ensuring that there is a comprehensive programme to identify, measure, monitor and report on the levels of risk in the SECZim. It acts as a channel of communication between the Board and the Risk Officer or such other assigned employee.

Finance and Strategy Committee

This Committee was established in March, with the membership comprising Commissioner Banda as the Chairman and Commissioners Chitanda and Paradza, as well as the Head/Director of Finance as members.

It was reconstituted later in the year, with the chairmanship passing on to Commissioner Manhimanzi and the membership being Commissioners Banda and Sibanda, as well as the Head/Director Finance.

It met five(5) times in four(4) ordinary and one(1) special meetings.

The functions of the Committee are to formulate and review the SECZim's annual budget, review the strategy, management accounts, supervise the preparation of the financial statements and reports, as well as responsibility for the SECZim's financial performance.

It also recommends financial policies, goals, and budgets that support the mission, values, and strategic goals of the organization. The Committee also reviews the organization's financial performance against its goals and proposes major transactions and programs to the Board and exercises any other functions relating to finance that the Board may assign to the Committee

Licensing, Litigation & Legislative Committee

The Committee's mandate is to assist the Board in overseeing litigation, legislative processes and making recommendations to the Board. Additionally, it supervises the CEO

and other members of the SECZim staff with regard to the issuance, renewal, amendment, suspension and cancellation of licences in terms of the Act.

The Licensing, Litigation & Legislative Committee met four (4) times in ordinary meetings. In terms of the Act, the Licensing, Litigation and Legislative Committee shall meet as often as necessary to carry out its functions.

At the beginning of the year, its membership comprised Commissioner Mphambela as the Chairman, with Commissioners Banda and Paradza as members. In the third quarter it was reconstituted with Commissioner Mphambela retaining the chairmanship and Commissioners Manhimanzi and Paradza as members.

Human Resources Committee

The Committee's mandate is to assist the Board in ensuring that the SECZim senior management and staff are appropriately rewarded for their work in a manner that will ensure, as far as possible, the recruitment, retention and motivation of people with skills that the organisation needs.

Its membership at the beginning of the year comprised Commissioner Paradza as the Chairman, with Commissioners Chitanda and Mphambela as members.

Following its reconstitution in the third quarter, Commissioner Paradza retained the chairmanship and Commissioner Banda was added to the membership.

The Human Resources Committee met six (6) times during the year, in four (4) ordinary and two (2) special meetings.



SECZIM GOVERNANCE (cont'd)

Investor Education Committee

The Committee's mandate is to assist the SECZim Board in overseeing the promotion of investor awareness and education through initiatives and processes of the SECZim; one of its objectives in terms of the governing legislation. This entails reviewing the quality and adequacy of the investor education portfolio of the entity.

When the year commenced, Commissioner Banda was the Chairman, with Commissioners Chitanda and Mphambela as members. On reconstitution, the chairmanship passed on to Commissioner Sibanda, with Commissioners Chitanda, Banda, Mphambela and Paradza as members.

The Investor Education Committee met four (4) times in ordinary meetings during the period under review.



A handwritten signature in black ink that reads "Mutangadura".

CORPORATE SECRETARY
CORDELIA MUTANGADURA

SECZIM GOVERNANCE (cont'd)

SECZim Commissioners



Board Chairperson

Yona Banda

BSc Economics) MBA,
Certificate in Project Financing (UNDP)
First appointed - 1 November, 2016



Vice Chairperson

Ethel Chitanda

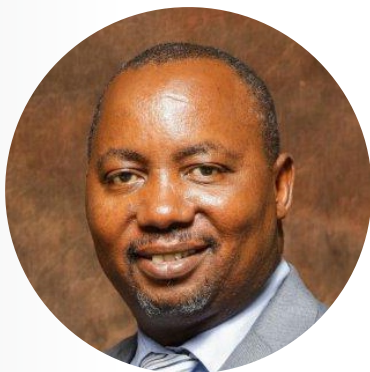
B. Accounting Science (Hons)
Chartered Accountant
First appointed – 1 November 2016



Commissioner

Doctor Paradza Paradza

PhD., MBA B.Business Studies & Computers),
Diploma Banking FICSA
First appointed - 1 November, 2016.



Commissioner

Clive Mphambela

B.Sc. Honours Economics, IOBZ.
First appointed – 15 April, 2021



Commissioner

William B. Manhimanzi

BSc (Economics), MBA
First appointed – 8 June, 2022



Commissioner

Professor Mabutho Sibanda

PhD (Finance); MSc (Finance & Investment);
Bcom (Finance) Hons;
PGDip (Higher Education); Dip (Banking)
First Appointed - 8 June 2022



CHIEF EXECUTIVE OFFICER'S REPORT



CEO
ANYMORE TARUVINGA

“**DESPITE THE DEPRESSED MARKET ACTIVITY, THE COMMISSION ISSUED TWENTY-SEVEN (27) NEW LICENSES TO VARIOUS PLAYERS**”

Market Developments

The year 2022 was a tale of mixed fortunes for the capital markets. The first four months saw record index and turnover levels being achieved on the Zimbabwe Stock Exchange (“ZSE”), but this gave way to largely bearish sentiment from May 2022. The Victoria Falls Stock Exchange (“VFEX”) recorded brisk business in terms of new listings, albeit at the expense of the ZSE as issuers flocked to the hard currency platform. The listing of Nedbank Group Limited Zimbabwe Depository Receipts and the Karo Mining Holdings Bond on the VFEX provided diversity to the offerings available on local exchanges.

Significant policy measures and legislative amendments were also pronounced during the year including:

- i. introduction of gold coins as an alternative investment asset class,
- ii. extension of the vesting period from 180 - 270 days to attract a lower CGWT and
- iii. an introduction of capital gains tax to 40% for securities sold within 180 days from date of purchase.

Operational Update

I. Licensing, Supervision and Surveillance

Despite the depressed market activity, the Commission issued twenty-seven (27) new licenses to various players including a securities exchange, 5 asset management firms, a securities dealing firm and a custodial firm. Below is a summary of licenses that were approved during the year:

Licence Category	Number of firms licensed
Securities Exchanges	1
Securities Investment management firms	5
Securities Advisory firms	7
Securities Dealing firm	1
Securities Dealers	4
Custodial Services firms	1
Collective Investment Schemes	8



CHIEF EXECUTIVE OFFICER'S REPORT (cont'd)

The market architecture closed the year with six (6) Capital Market Infrastructures (CMIs) and one hundred and ninety-one (191) Securities Market Intermediaries (SMIs) representing a 13% growth from prior year. The asset management industry's Funds Under Management (FUM) recorded a year-on-year growth of 199.73% from the ZWL534.07 billion reported as at 31 December 2021 to close the year at ZWL1.60 trillion. Total unitholders increased by 8% from 74,843 for the prior year to close at 80,938 on 31 December 2022. Collective investments schemes Funds Under Management grew by 805% to close at ZWL51.32 billion as at 31 December 2022.

The Commission's effort towards combating ML/FT/PF continue unabated. SECZim conducted and completed four (4) risk-based inspections on the Securities Market Intermediaries (SMIs), including two (2) thematic inspections and two (2) onsite inspections. There were 4 offsite AML and CFT risk assessments which yielded an overall risk score of 0.42 for the year ended 31 December 2022, a 0.02-point increase from the previous year's risk score of 0.40. The Commission also conducted 4 AML/CFT/CPF training workshops and issued one (1) guideline on customer acceptance process flow amongst other initiatives aimed at fulfilling the

Commission's AML/CFT/CPF mandate.

ii. Corporate Finance and Market Development

The year closed with the Commission having approved two (2) delistings from the ZSE and three (3) listings on the VFEX. The ZSE also registered the first REIT onto its official list during the same period.

iii. Legal Developments

During the year Chengetedzai Depository Company Limited ("CDC") filed an application for review of the Directive which was issued to the market on the migration of share registers between CSDs. The Commission was sued together with the Zimbabwe Stock Exchange and the Minister of Finance and Economic Development. The matter was heard on 11 July 2022 and judgement was reserved. Judgment was handed down on 3 March 2023 wherein the CDC application was dismissed with costs and subsequently CDC lodged a notice of appeal to the Supreme Court under case number SC 166/23.

iv. Digital Transformation

The commission progressed well in its digital transformation journey with some additional operational systems having been implemented

iv. Digital Transformation

during the year including an Asset Management System and phase one (1) of the solar project. Plans are underway to automate the licensing application and approval process.

v. Financial Highlights

During the period, income grew by 268% in nominal terms whilst expenditure grew by 387% as costs tracked real inflationary developments in the economy. A profit of \$297 million was recorded in nominal terms but in inflation adjusted terms, a loss of \$36 million was recorded.

Outlook

The Commission welcomes the Government's effort in spearheading the establishment of the International Financial Services Center and looks forward to participating in its implementation. The Commission has also targeted strengthening its supervisory function through dedicating more resources to the Licensing, Supervision and Surveillance department. Funds permitting, the Commission plans to initiate work on the Capital Market Development Plan to ensure there is a coordinated national vision for the capital markets. This will assist in guiding both the market and policy makers with regards to the capital market immediate and long-term needs and focus areas.

A summary of the financial highlights for the year ended December 2022 is as shown below:

	INFLATION ADJUSTED		HISTORICAL COST	
	2022	2021	2022	2021
	ZWL	ZWL	ZWL	ZWL
Income	1,531,541,903	1,260,009,328	1,161,028,271	315,674,435
Expenditure	(1,568,039,252)	(862,072,397)	(863,804,448)	(177,421,327)
(Deficit) / Surplus	(36,497,349)	397,936,931	297,223,823	138,253,108
Gain on property revaluation	-	15,190,453	-	3,317,824
Total comprehensive (loss) income for the year	(36,497,349)	413,127,384	297,223,823	141,570,932



SUSTAINABILITY REPORTING



FINANCE MANAGER
FIDELIS MSEMBURI

“ THE THE COMMISSION SUCCESSFULLY IMPLEMENTED AN ERP SYSTEM DEDICATED FOR ELECTRONIC FILING, INTEGRATION, AND REPORTING OF THE ORGANISATION'S FINANCIAL PERFORMANCE DURING THE YEAR ENDED 2022

As an organisation, the Securities and Exchange Commission follows the Global Reporting Initiative and applies its standards for environmental, social, and governance reporting.

Climate

The Commission has now completed phase one of the solar project that began in 2022, as part of its commitment to the environment. The solar system is targeted to replace generator use (in the case where electricity is unavailable) and the project should be complete by end of the second quarter 2023. Furthermore, the organisation's efforts to a paperless environment have turned attention to integration of internal systems such as payroll and accounting, and increased use of the SECZim intranet which comprises of a document management system and process automation portals. Efforts towards acquiring a surveillance system

that will automate current manual processes, have garnered support from the Ministry of Finance and Economic Development. The Commission successfully implemented an ERP system dedicated for electronic filing, integration, and reporting of the organisation's financial performance during the year ended 2022

Social

The ratio for females to males at SECZim remains at 52% for the year ended 2022 just as was the case in 2021 and continues to demonstrate the organisation's commitment to diversity in the workplace. Furthermore, the Commission continues to show its commitment to career development for staff by covering professional subscriptions, and workshop programmes relevant to their work. It targets to have a highly skilled workforce that is determined to serve the market to the best of their ability.



Clean up exercise

LICENSING, SUPERVISION AND SURVEILLANCE



**HEAD OF LICENSING, SUPERVISION
AND SURVEILLANCE**
NORMAN MAFEREFA

“ **IN 2021 SECZIM
TOTAL INCOME
AMOUNTED TO
ZWL 1.251 BILLION,
AN INCREASE OF
303.06% FROM
ZWL 310.39 MILLION** ”

1.1 LICENSEES REGISTERED AS AT 31 DECEMBER 2022

The Securities Market architecture consists of Capital Market Infrastructures (CMIs) and Securities Market Intermediaries (SMIs). The capital market infrastructures include four (4) Securities Exchanges and two (2) Central Securities Depositories (CSDs). The Securities Market Intermediaries are responsible for securities dealing, investment management, custody, trading, clearing and settlement of publicly traded securities.

	Licence Category	Significance/Systemic importance	# of SMIs 2021	# of SMIs 2022
1	Securities Exchanges	Critical	3	4
2	Central Securities Depositories	Critical	2	2
3	Securities Asset/Investment Management firms	Critical	25	30
4	Securities Stockbroking/Dealing firms	Critical	20	21
5	Securities Custodial Firms	Critical	5	6
6	Securities Trustee firms	Critical	4	4
7	Securities Transfer Secretarial firms	Medium	3	3
8	Securities Investment Advisory firms	Low	56	63
9	Collective Investment Schemes Funds	Critical	56	64
	Total		174	197

1	Critical	115	131
2	Medium	3	3
3	Low	56	63
	Total	174	197



LICENSING, SUPERVISION AND SURVEILLANCE (cont'd)

1.1 REVIEW OF THE FINANCIAL CONDITION FOR SECURITIES MARKET INFRASTRUCTURES

1.2.1 ZIMBABWE STOCK EXCHANGE (ZSE)

Table 1: ZSE Financial Highlights

	31 December 2022	31 December 2021	% Change
	ZWL	ZWL	
Total Income	1,251,068,345	310,389,547	303.06%
Profit/(Loss) for the period	274,973,586	65,358,491	320.72%
Total expenditure	976,094,759	245,031,056	298.36%
Staff Costs	545,507,154	152,980,630	256.59%
Net Assets/Shareholders funds	1,098,211,166	287,025,594	282.62%

1.2.1.1 Earnings

The ZSE's earnings were rated Strong. The ZSE reported an operating profit of ZWL 274.97 million for the year ended 31 December 2022. The operating profit increased by 320.72% from ZWL 65.36 million recorded for the year ended 31 December 2021. Total income amounted to ZWL 1.251 billion, an increase of 303.06% from ZWL 310.39 million recorded in the prior comparative period. Key income lines included annual listing fees (42.21%) and ZSE trading Levy (22.83%). Total Expenditure for the period rose by 298.36% to ZWL 976.09 million from ZWL 245.03 million. The exchange received a government grant of USD 350 000 for the implementation of the market surveillance system in the financial year ended 31 December 2022.

1.2.1.2 Capital

Capital adequacy was rated Fair. As at 31 December 2022, the Exchange had a Net Asset Value (NAV) of ZWL 1.1 billion which was significantly above the minimum regulatory capital requirement of USD1million (ZWL617 million).



LICENSING, SUPERVISION AND SURVEILLANCE (cont'd)



1.2.2 VICTORIA FALLS STOCK EXCHANGE (VFEX)

Table 2: VFEX Financial Highlights

	31 December 2022	31 December 2021	% Change
	USD	USD	
Total Income	141,349	45,197	212.74%
Profit/(Loss) for the period	(277,877)	(395,190)	29.69%
Total expenditure	419,226	440,387	(4.81%)
Net Assets/Shareholders funds	(746,208)	(488,107)	(52.88%)

1.2.2.1 Earnings

The VFEX's earnings were rated Critical. The Exchange reported total income of USD 141,349 against total expenditure of USD 419,226 for the year ended 31 December 2022. Resultantly the institution recorded a net loss position of **USD277,877**, which was a 29.69% improvement from a net loss position of **USD395,190** reported for the year ended 31 December 2021. The VFEX's major income lines included annual listing fees (24%), VFEX Levy (24%) and membership income (14%). The firm's major costs were software support fees which accounted for 29% of total operating expenditure while travelling and business conferences (25%) and the rest was mainly administration expenses.

1.2.2.2 Capital

Capital Adequacy was rated Critical. As at 31 December 2022, The Exchange had a negative net asset value (NAV) of **USD746,208** which was severely lower than the minimum regulatory capital requirement of USD1,000,000. VFEX latest audited financial statements were qualified noting the material losses from inception directly threatening the going concern of the Exchange. The Exchange remains under the support from the parent company which injected USD 1,655,951 as at 31 December 2022.

LICENSING, SUPERVISION AND SURVEILLANCE (cont'd)

1.2.3 FINANCIAL SECURITIES EXCHANGE (FINSEC)

Table 3: Financial Highlights	31 December 2022	31 December 2021	% Change
	ZWL	ZWL	
Total Income	95,641,786	9,853,112	870.68%
Profit/(Loss) for the period	53,837,579	355,013	15,064%
Total expenditure	41,804,207	9,498,099	340.13%
Staff Costs	4,413,119	4,395,880	0.39%
Net Assets/Shareholders funds	158,539,916	175,023,183	(9.42%)

1.2.3.1 Earnings

FINSEC's earnings were rated Fair. FINSEC's total income for the year ended 31 December 2022 stood at ZWL95.64 million which was an 870.68% increase from ZWL9.85 million recorded in the prior comparative year. Income from trading activities was a paltry 17% whilst the remaining 83% was from other income which was mainly Zimbabwe Mercantile Exchange (ZMX) management fees. The firm's total operating expenditure was ZWL 41.80million which was a 340.13% increment from prior comparative period. The Exchange reported an operating profit of ZWL 53.84 million which was a massive 15,064% increase from the previous year's operating profit of ZWL9,49 million.

1.2.3.2 Capital

Capital adequacy was rated Fair. As at 31 December 2022, FINSEC's total asset cover was 324.90% of total liabilities, with total assets amounting to ZWL229.03 million against total liabilities of ZWL70.49 million. FINSEC's liquidity position was above its three months operating costs and had a positive working capital position of ZWL158.54 million.

1.2.4 CHENGETEDZAI DEPOSITORY COMPANY (CDC)

Table 4: CDC Financial Highlights	31 December 2022	31 December 2021	% Change
	ZWL	ZWL	
Total Income	358,189,807	148,161,223	141.76 %
Profit/(Loss) for the period	29,728,084	64,245,281	(53.73 %)
Total Operating Expenditure	328,461,723	83,915,942	291.42 %
Staff Costs	190,570,248	51,859,863	267.47 %
Net assets/Shareholders funds	2,404,206,150	440,482,923	445.81 %

1.2.4.1 Earnings

Chengetedzai Depository Company's (CDC) earnings were rated Fair. The firm's revenue increased by 141.76% to close the 2022 financial year at ZWL 358.19 million from ZWL148.16 million reported in 2021. Total operating expenditure went up by 291.42% to ZWL328.46 million from ZWL 83.92 million. The institution recorded a 53.73% decrease in operating profit from ZWL 64.25 million for the year ended 31 December 2021 to ZWL 29.73 million in 2022.



LICENSING, SUPERVISION AND SURVEILLANCE (cont'd)

SECURITIES DEALING (STOCKBROKING) FIRMS

1.2.4.2 Capital

As at 31 December 2022, CDC's Capital position was rated Strong. The institution was adequately capitalized with a Net Assets Value (NAV) of ZWL 2.40 billion which was above the minimum threshold of USD1 million (ZWL617 million).

1.2.4.2 Brokerage

ABC Stockbrokers recorded the highest brokerage of ZWL 362 million, followed by IH Securities with ZWL 277 million. Remo Stockbrokers was at the bottom with ZWL 3.3 million. The total market net brokerage increased from ZWL 1.021 billion in 2021 to ZWL 1.9 billion in 2022. While the total net brokerage increased due to increase in equity prices, the volume of shares traded dropped from 7.85 billion shares to 2.29 billion shares in 2022.

Table 5: BROKERAGE COMMISSION AND MARKET SHARE

	Net Brokerage Commission 2022 (ZWL\$)	2022 Market Share (%)	Net Brokerage Commission 2021 (ZWL\$)	2021 Market Share (%)
ABC Securities	362,090,952	18.70%	37,651,855	3.70%
IH Securities	277,452,651	14.30%	58,719,653	5.70%
Morgan & Co	199,482,172	10.30%	150,529,406	14.70%
Old Mutual Securities	160,463,682	8.30%	50,358,564	4.90%
FBC Securities	154,084,835	8.00%	131,293,408	12.90%
EFE Securities	109,597,017	5.70%	95,152,717	9.30%
Ingenium Capital	106,613,563	5.50%	9,008,776	0.90%
Jemina Capital	106,646,056	5.50%	34,472,908	3.40%
Lynton-Edward securities	89,245,611	4.60%	53,019,405	5.20%
MMC Capital	82,422,653	4.30%	37,553,491	3.70%
Invictus Securities	64,187,913	3.30%	66,457,365	6.50%
Wealth Access	49,329,541	2.60%	34,425,125	3.40%
Akribos Securities	38,146,601	2.00%	39,881,150	3.90%
Imara Securities	39,333,474	2.00%	72,751,462	7.10%
Southern Trust Securities	34,738,443	1.80%	3,556,411	0.30%
Fincent Securities	21,644,579	1.10%	18,574,371	1.80%
MAST Stockbrokers	15,042,001	0.80%	7,542,612	0.70%
Bethel Securities	10,016,152	0.50%	13,815,250	1.40%
Platinum Securities	10,053,965	0.50%	103,834,842	10.20%
Sigma Capital	7,127,953	0.30%	-	0.00%
Remo Securities	3,276,370	0.20%	2,979,867	0.30%
Total Net Brokerage	1,940,996,184		1,021,578,638	



LICENSING, SUPERVISION AND SURVEILLANCE (cont'd)

1.2.4.4 Earnings

The sector's earnings were rated Satisfactory for the year ended 31 December 2022. Fifteen (15) out of twenty-one (21) operating securities dealing firms recorded positive earnings. ABC Stockbrokers reported the highest earnings of ZWL 375.60 million. Morgan & Co had the lowest earnings due to an operational loss emanating from an internal fraud, but the company still held a 10.3% market share and generated ZWL 199 million in net brokerage commission.

Table 6: Profitability of Securities Dealing Firms (SDF)

	Net Brokerage Commission 2022 (ZWL\$)	2022 Market Share (%)	Net Brokerage Commission 2021 (ZWL\$)	2021 Market Share (%)
ABC Securities	362,090,952	18.70%	37,651,855	3.70%
IH Securities	277,452,651	14.30%	58,719,653	5.70%
Morgan & Co	199,482,172	10.30%	150,529,406	14.70%
Old Mutual Securities	160,463,682	8.30%	50,358,564	4.90%
FBC Securities	154,084,835	8.00%	131,293,408	12.90%
EFE Securities	109,597,017	5.70%	95,152,717	9.30%
Ingenium Capital	106,613,563	5.50%	9,008,776	0.90%
Jemina Capital	106,646,056	5.50%	34,472,908	3.40%
Lynton-Edward securities	89,245,611	4.60%	53,019,405	5.20%
MMC Capital	82,422,653	4.30%	37,553,491	3.70%
Invictus Securities	64,187,913	3.30%	66,457,365	6.50%
Wealth Access	49,329,541	2.60%	34,425,125	3.40%
Akribos Securities	38,146,601	2.00%	39,881,150	3.90%
Imara Securities	39,333,474	2.00%	72,751,462	7.10%
Southern Trust Securities	34,738,443	1.80%	3,556,411	0.30%
Fincent Securities	21,644,579	1.10%	18,574,371	1.80%
MAST Stockbrokers	15,042,001	0.80%	7,542,612	0.70%
Bethel Securities	10,016,152	0.50%	13,815,250	1.40%
Platinum Securities	10,053,965	0.50%	103,834,842	10.20%
Sigma Capital	7,127,953	0.30%	-	0.00%
Remo Securities	3,276,370	0.20%	2,979,867	0.30%
Total Net Brokerage	1,940,996,184		1,021,578,638	

1.2.4.5 Capital

The sector's capital was rated Satisfactory for the year ended 31 December 2022. All the securities dealing firms were adequately capitalised except for Sigma Capital (Pvt) Ltd. To address the inadequate capital, the firm has activated its recapitalization plan and as at the reporting date of the annual report, it was adequately capitalised.



LICENSING, SUPERVISION AND SURVEILLANCE (cont'd)

Table 7: Capital Adequacy Status for Securities Dealing Firms

Securities Dealing Firm	Adjusted Liquid Capital	Total Requirement	CAR (FY '22)	Current Status
ABC Securities	447,585,411	200,569,453	2.23	Adequate
FBC Securities	314,307,726	189,574,283	1.66	Adequate
IH Securities	228,977,037	68,002,730	3.37	Adequate
MMC Capital	132,855,792	42,874,898	3.1	Adequate
EFE Securities	126,949,173	36,951,026	3.44	Adequate
Lynton Edwards Securities	109,187,696	62,582,990	1.74	Adequate
Old Mutual Securities	107,473,070	76,960,028	1.4	Adequate
Morgan & Co	101,089,928	74,648,131	1.35	Adequate
Akribos Securities	66,006,764	63,493,558	1.04	Adequate
Imara Securities	65,151,819	61,878,468	1.05	Adequate
Southern Trust Securities	57,106,432	14,760,836	3.87	Adequate
Invictus Securities	52,443,893	31,169,427	1.68	Adequate
Platinum Securities	41,893,849	32,722,115	1.28	Adequate
Jemina Capital	37,798,285	22,362,701	1.69	Adequate
Ingenium	32,958,869	34,222,935	1	Adequate
Remo Securities	26,257,360	21,036,632	1.25	Adequate
Wealth Access	16,050,752	15,923,847	1.01	Adequate
MAST Stockbrokers	11,636,530	8,415,193	1.38	Adequate
Bethel Securities	10,618,392	6,350,134	1.67	Adequate
Fincent Securities	7,354,863	1,711,293	4.3	Adequate
Sigma Capital	330,804	5,471,633.50	0.06	Inadequate
Total	1,994,034,444	1,069,858,434		
Average	94,954,021	50,945,640	1.88	



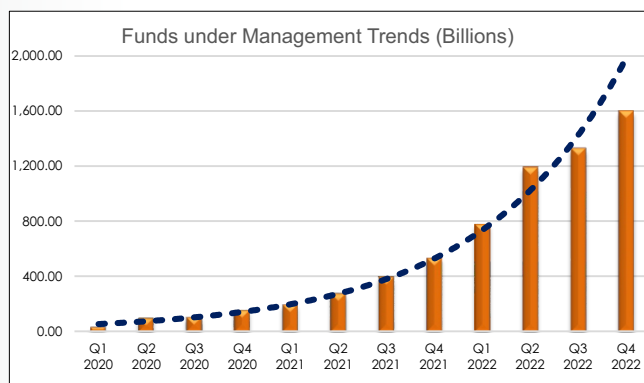
LICENSING, SUPERVISION AND SURVEILLANCE (cont'd)

1.2.5 INVESTMENT (ASSET) MANAGEMENT COMPANIES

1.2.5.1 Funds Under Management

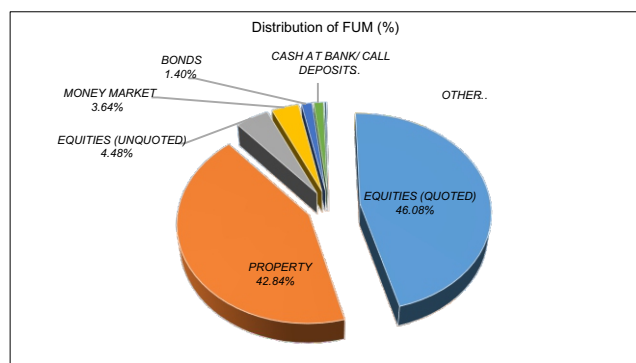
As at 31 December 2022, the asset management industry's Funds Under Management (FUM) stood at ZWL1.60 trillion representing a significant year-on-year increase of 199.73% from the ZWL534.07 billion reported as at 31 December 2021. As at 31 December 2022, the industry average FUM was ZWL 64.03 billion. Old Mutual Investment Group (OMIG) maintained its market dominance, accounting 46.95% of the total FUM. Figure 1 shows the trend of FUM between January 2020 and December 2022.

Figure 1: Funds Under Management Trends



The asset management industry exposure to the stock market, as at 31 December 2022, was 46.08% whilst exposure to property investments stood at 42.84%. Private equity investments, cash/call deposits, money market investments and bonds all account for the remaining 12.08% of fund investments. The distribution of funds under management in different investment classes is illustrated in Figure 2.

Figure 2: Distribution of Funds under Management as at 31 December 2022



LICENSING, SUPERVISION AND SURVEILLANCE (cont'd)

1.2.5.2 Earnings

For the period under review, the sector's earnings were rated Satisfactory. The industry average operating profit amounted to ZWL440.55 million. Out of the twenty-one (21) entities reviewed, seventeen (17) were profitable and four (4) recorded losses. First Mutual Wealth and Nyaradzo Asset Management have failed to turnaround their loss positions which were recorded in 2021. Cornerstone Asset Management (formerly Atria) also posted a loss in 2022 which is largely attributable to the ongoing restructuring exercise at the firm. ABC Asset Management was the most profitable asset manager churning out an operating profit of ZWL2.7 billion. Old Mutual Investment Group, Invesci Asset Management and Platinum Investment Managers had their operating profits breaching the ZWL1 billion mark. Table 8 below gives a detailed profitability analysis across the asset management industry.

Table 8: Profitability for Investment Management Companies

Investment Management Firms	Operating Profit 2022 (ZWL\$)	Operating Profit 2021 (ZWL\$)	% Change
ABC Asset Management	2,731,389,485	678,917,804	302.32%
Old Mutual Investment Group	1,829,769,224	662,204,746	176.31%
Invesci Asset Management	1,315,118,724	334,414,251	293.26%
Platinum Investment Managers	1,209,434,290	140,351,398	761.72%
CBZ Asset Management t/a Datvest	938,182,000	359,637,000	160.87%
Alpha Asset Management	401,307,813	64,469,930	522.47%
Smartvest Investment Managers	309,624,475	83,346,510	271.49%
Fidelity Life Asset Management	231,541,865	78,000,101	196.85%
Imara Asset Management	141,348,095	26,872,291	426.00%
Purpose Asset Management	66,134,948	22,787,909	190.22%
Zimnat Asset Management	63,271,341	35,737,701	77.04%
TN Asset Management	39,256,429	34,624,116	13.38%
Equivest Asset Management	26,377,832	27,282,390	(3.32%)
MHMK Capital Asset Management	19,837,796	(10,528,402)	288.42%
Akribos Capital	14,069,868	63,534,045	(77.85%)
Nurture Asset Management	11,921,450	(43,697)	27382.08%
Quant Africa Asset Management	206,585	988,052	(79.09%)
Bard Santner Asset Management	(2,457,458)	-	100%
Cornerstone (ex-Atria Investments)	(6,545,380)	2,363,090	(376.98%)
First Mutual Life Wealth	(32,167,340)	(16,904,006)	(90.29%)
Nyaradzo Asset Management	(55,978,784)	(12,956,073)	(332.07%)
Total	9,251,643,258	2,575,099,156	
Average	440,554,440.90	128,754,957.80	



LICENSING, SUPERVISION AND SURVEILLANCE (cont'd)

1.2.5.3 Capital Adequacy

As at 31 December 2022, the asset management sector's capital was rated Satisfactory. All asset managers were adequately capitalised with a full coverage of adjusted liquid capital on prescribed total capital requirements. The total industry average CAR as at 31 December 2022 stood at 2.73x, which is a slight drop from 3.28x that was reported as at 31 December 2021. The table below gives a comprehensive exposition of capital adequacy for Investment Management Firms as at 31 December 2022.

Table 9: Capital Adequacy Status for Investment Management Firms as at 31 December 2022

Capital Adequacy Status				
Name of Institution	Adjusted Liquid Capital	Total Requirement	CAR	Comments
ABC Asset Management	4,117,355,525	1,183,656,893	3.48	Adequate
Invesci Asset Management	1,754,968,727	742,462,563	2.36	Adequate
CBZ Asset Management t/a Datvest	1,645,604,746	517,608,249	3.18	Adequate
Old Mutual Investments Group	1,588,471,063	1,148,830,829	1.38	Adequate
Equivest Asset Management	976,125,525	404,243,012	2.41	Adequate
Smartvest Investment Managers	503,663,978	270,115,491	1.86	Adequate
Platinum Investment Managers	409,043,612	225,848,001	1.81	Adequate
Alpha Asset Management	343,073,624	277,801,401	1.23	Adequate
Fidelity Life Asset Management	305,756,090	96,561,496	3.17	Adequate
MHMK Capital	196,469,443	100,936,198	1.95	Adequate
First Mutual Wealth	182,045,822	127,346,150	1.43	Adequate
Nyaradzo Asset Management	170,275,676	32,150,442	5.3	Adequate
Imara Asset Management	155,595,937	142,171,649	1.09	Adequate
Zimnat Asset Management	103,155,649	90,957,375	1.13	Adequate
TNAM Asset Management	67,540,575	72,726,318	1	Adequate
Akribos Asset Management	62,413,196	38,322,796	1.63	Adequate
Purpose Asset Management	35,576,604	9,227,217	3.86	Adequate
QuantAfrica Asset Management	24,321,940	12,539,252	1.94	Adequate
Nurture Asset Management	18,111,831	2,047,448	8.85	Adequate
Bard Santner Asset Management	16,495,777	3,820,370	4.32	Adequate
Cornerstone (previously Atria)	14,208,907	3,430,622	4.14	Adequate
TOTAL	12,690,274,247	5,502,803,772		
Average	604,298,774	262,038,275	2.73	

LICENSING, SUPERVISION AND SURVEILLANCE (cont'd)

2. COLLECTIVE INVESTMENT SCHEMES

2.1 COLLECTIVE INVESTMENT SCHEMES INDUSTRY

The number of registered Collective Investment Schemes (CIS) as at 31 December 2022 were sixty-four (64), which is a marked increase from the fifty-six (56) which were reported as at 31 December 2021. Out of the sixty-four CIS, forty-eight (48) were active and sixteen (16) were dormant. The increase in the number of CIS funds is attributable to the registration and operationalisation of new CIS funds including Mombe Mari Unit Trust (Silverback Asset Management), Tigere REIT (Terrace Africa), Morgan & Co Multi Sector ETF (TN Asset Management) and Agriculture Exchange Traded Fund (Cass Saddle). Out of the active schemes as at 31 December 2022, five (5) are Exchange Traded Funds, one (1) is a Real Estate Investment Trust, one (1) is a livestock backed unit trust and the remaining forty-one (41) are classified under Equities, Property and Money Market. There was a yearly increase of 8% on the number of unitholders recorded between 2021 and 2022. For the year ending 31 December 2021, 74,843 unitholders were recorded whilst on 31 December 2022, the total number of unitholders was 80,938.

Table 10: Number of funds managed as at 31 December 2022

Name Of Asset Manager	Number Of Funds -2022	Number Of Funds-2021	CIS Status
Zimnat Asset Management	13	12	12 Active; 1 Dormant
Old Mutual Investments	10	10	10 Active
Invesci Asset Management	6	5	6 Dormant
ABC Asset Management	5	5	2 Active; 3 Dormant
Akribos Wealth	5	5	5 Dormant
CBZ t/a Datvest	5	3	4 Active; 1 Dormant
Fidelity Life Asset Management	4	4	4 Active
Platinum Investment Managers	4	4	4 Active
Smartvest Investment Managers	4	4	4 Active
First Mutual Wealth	3	3	3 Active
Cornerstone ex Atria	1	1	1 Active
Cass Saddle Asset Mana	1	0	1 Active
Terrace Africa Asset Management	1	0	1 Active
TN Asset Management	1	0	1 Active
Silverback Asset Management	1	0	1 Active
Total	64	56	



LICENSING, SUPERVISION AND SURVEILLANCE (cont'd)

2.2 CIS FUNDS UNDER MANAGEMENT

The Funds Under Management within Collective Investment Schemes, grew to ZWL51.32 billion reported as at 31 December 2022 compared from ZWL5.7 billion recorded in the prior year. The total funds under management growth of 805% is attributable to the introduction of new funds (Tigere REIT- ZWL 15 billion). For the year ended 31 December 2022, CIS funds accounted for 3.17% of total funds under management. Table 23 below provides CIS funds under management.

Table 11: CIS funds under management as at 31 December 2022

Asset Management Firm	2022 Funds under management (ZWL\$)	2021 Funds under management (ZWL\$)	Change (%)
Zimnat Asset Management	28,517,898,015	2,148,033,285	1228%
Terrace Africa Asset Management	15,005,095,547	0	100%
Old Mutual Investments	3,912,077,721	3,011,321,621	30%
TN Asset Management	2,617,375,987	0	100%
CBZ t/a Datvest	508,428,114	83,558,734	508%
First Mutual Wealth	229,027,276	44,632,848	413%
Smartvest Asset Management	172,783,766	202,919,633	-15%
Cornerstone (ex-Atria)	138,490,572	50,791,908	173%
ABC Asset Management	75,392,893	61,221,267	23%
Fidelity Life Asset Management	74,147,759	48,095,049	54%
Platinum Investment Managers	36,315,672	18,118,120	100%
Cass Saddle	31,639,745	0	100%
Silverback Asset Management	3,305,954	0	100%
TOTAL	51,321,979,021	5,668,692,465	805%

2.2.1 UNITED STATES DOLLARS (USD) DENOMINATED CIS FUNDS

There were two CIS funds denominated in USD managed by Old Mutual Investment Group as at 31 December 2022. The USD Collective investment schemes funds grew by 395% from USD402,611 reported in 2021 to USD1,992,592 as at 31 December 2022. The growth was attributable to the increasing investor appetite and uptake within the period. The schemes had a total number of twenty-four (24) unitholders as at December 2021, and further closed the financial year with four hundred and twenty-four (424) unitholders as at 31 December 2022. Table 24 below shows the summary on USD Collective Investments schemes.

LICENSING, SUPERVISION AND SURVEILLANCE (cont'd)

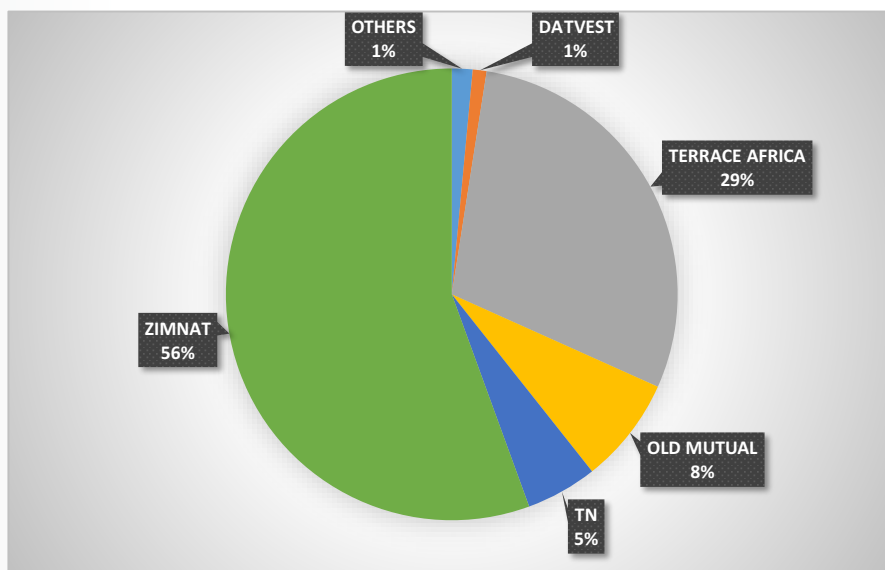
Table12: USD Collective Investments Schemes Performance Summary

Asset Management Firm	2022 Funds Under Management (USD)	2021 Funds Under Management (USD)	Change (%)
Old Mutual Investments Group	1,992,592	402,611	395%

2.3 ANALYSIS OF CIS FUNDS DISTRIBUTION BY ASSET MANAGER

Zimnat Asset Managers commands 56% of the total CIS funds under management indicating acute concentration risk. All other asset managers control the remaining 44% of CIS funds. Comparatively, for the year ended 31 December 2021, 53.12% of CIS funds were managed by OMIG whilst Zimnat Asset Management managed 37.89%. The chart in figure 4, gives comprehensive optics of CIS Funds distribution as at 31 December 2022.

2.3 ANALYSIS OF CIS FUNDS DISTRIBUTION BY ASSET MANAGER



2.3.1 SECURITIES TRANSFER SECRETARIES

2.3.1.1 Earnings

The sector's earnings were rated Strong. The sector reported an average operating profit of ZWL163.51 million against an average of ZWL65.72 million that was recorded in the prior year. All the three firms reported positive earnings during the period under review. Corpserve had the highest operating profit of ZWL 255.85million followed by ZB Transfer Secretaries, ZWL 127.92 million and FTS ZWL 106.75 million.



LICENSING, SUPERVISION AND SURVEILLANCE (cont'd)

Table 13: Transfer Secretaries' Profitability Highlights for the year ended 31 December 2022.

Transfer Secretary firms	Operating Profit 2022 (ZW\$)	Operating Profit 2021 (ZW\$)	% Change
Corpserve	255,849,760	42,959,683	495.56%
FTS	106,746,773	106,705,433	0.039%
ZB	127,924,521	47,495,264	169.34%
Industry Average	163,507,018	65,720,127	

2.3.1.2 Capital

The sector's capital position was rated Strong. As at 31 December 2022, all the three (3) Transfer Secretaries were adequately capitalised, with capital reserves above the minimum requirement of USD\$150,000 (ZWD 92,550,000). Table 21 shows the capital adequacy status for Transfer Secretaries.

Table 14: Capital Adequacy Status for Transfer Secretaries as at 31 December 2022

	Shareholders' Funds (ZW\$)	Total Assets (ZW\$)	Minimum Requirement (ZWD)	Status
Corpserve Registrars	358,424,563	527,709,690	92,550,000	Adequate
First Transfer Secretaries	505,936,419	505,387,064	92,550,000	Adequate
ZB Transfer Secretaries	190,312,546	264,362,190	92,550,000	Adequate
Average	351,557,843	432,486,315	92,550,000	

2.3.1.3 Value of Share Registers

As at 31 December 2022, the total value of securities administered by the transfer secretaries amounted to ZWL1.85 trillion and US\$452.22 million. Corpserve Registrars commands 53.69% of the market share, followed by First Transfer Secretaries with 40.52% and ZB Transfer Secretaries with 5.79% respectively.

LICENSING, SUPERVISION AND SURVEILLANCE (cont'd)

3. ANTI-MONEY LAUNDERING, COMBATING TERRORISM FINANCING AND COUNTER PROLIFERATION FINANCING

3.1 ANNUAL AML/CFT /SUPERVISORY ACTIVITIES

The Securities and Exchange Commission of Zimbabwe (SECZim) is empowered by the Money Laundering and Proceeds of Crime Act [9:24], as a Competent Supervisory Authority responsible for supervision and enforce compliance with the Act by Securities Market Intermediaries. During 2022, the AML/CFT/CPF Supervision team carried out several activities for the Commission to fulfil its AML/CFT/CPF mandate.

The Commission conducted and completed four (4) Risk-Based inspections on the Securities Market Intermediaries (SMIs) listed below, including two (2) thematic inspections and two (2) onsite inspections.

- i. IH Securities
- ii. Zimnat Asset Management
- iii. TN Asset Management
- iv. Southern Trust Securities

Reports on these on-site inspections have been submitted for comment to the SMIs involved. The team then held post-inspection report audit meetings with the institutions to ensure that they agreed with the findings. The inspection team and the institutions reached an agreement on the findings, and all the institutions submitted Action Plans and road maps to correct the deficiencies identified during the inspections. Appropriate corrective actions were imposed in the form of penalties and corrective orders.

Among the issues identified were:

- i. Missing KYC documents
- ii. Deficiencies in Suspicious transactions monitoring and reporting
- iii. Weak Enhanced due diligence
- iv. Unavailability of UN Sanction list register
- v. Deficiencies in ongoing monitoring
- vi. Weak monitoring process of high-risk clients
- vii. Irregular training for Staff

3.1.1 Sectoral Risk Assessment

The Commission completed the sectoral risk assessment using the institutional risk assessments. This assessment aided the Commission in determining the level of ML and TF risks in the sector. Threats, vulnerabilities, and consequences indicators were used to conduct assessments of each sub-sector.

3.1.2 AML-CFT Offsite Supervision

The Commission assessed 30 Securities Investment Management Companies, 21 Securities Dealing Firms, 6 Securities Custodians, and 4 Securities Exchanges for ML and TF risk. The summary of assessment is in Table 15.



LICENSING, SUPERVISION AND SURVEILLANCE (cont'd)

Table 15: ML and TF Risk Assessment for the year ended 31 December 2022

Category	Rating	Score	Weighting	Overall
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 year ended 31 December 2022, a 0.02-point increase from the previous year's risk score of 0.40.

3.2 CAPACITY BUILDING AND AWARENESS

The Commission held four (4) trainings workshops on AML/CFT/CPF during the year that ended on December 31, 2022. The following are the training workshops that were held and the number of participants.

Table 16: 2022 AML/CFT Trainings conducted.

Category	Venue	Number of attendees
Securities Sector AML-CFT-CPF Obligations - Joint training with FIU	Rainbow Towers	75
SECZim AML-CFT-CPF Presentation material for ZRP training on roles of SECZim	Rainbow Towers	-
SECZim Induction Training	Smatsatsa Office Park	11
SECZim staff Training	Smatsatsa Office Park	19

Further, the AML/CFT/CPF team ensured that the Capital Market Newsletters continued to cover AML/CFT/CPF issues to raise AML/CFT/CPF awareness among Securities Market Intermediaries.

3.2.1 AML-CFT Guideline to Designated Institutions.

The Commission issued one (1) guideline on Customer Acceptance Process Flow to the market. The market received the guideline on September 23, 2022. The guideline instructed Securities Market Intermediaries on risk assessment using a risk-based approach, governance, and compliance in relation to AML/CFT/CPF, and customer onboarding process. Further, the guideline specifies the KYC process, record keeping, and ongoing monitoring procedures that must be followed by Securities Market Intermediaries.



LICENSING, SUPERVISION AND SURVEILLANCE (cont'd)

3.2.2 Publish AML/CFT/CPF related promotional material.

On December 23rd, 2022, the Commission published an article on understanding proliferation financing. The article was shared with all SMIs and published on the SECZim website. This article aims to raise awareness of the threats, vulnerabilities, and consequences of proliferation financing, as well as the potential damage if a Securities Market Intermediary, whether knowingly or unknowingly, plays a significant role in proliferation financing. This article applies to all individuals and entities regulated and supervised by the Commission, as well as the general investing public, who want to understand proliferation financing and why it is a global concern.

3.3 Quarterly Engagements meetings with the Financial Intelligence Unit (FIU)

The Commission met with the Financial Intelligence Unit on a quarterly basis to discuss AML/CFT supervision issues in the sector. Senior members of the FIU and the Commission attended the meetings. The meetings were also attended by Commission personnel in charge of AML/CFT supervision. The meetings were held to better understand the Commission's strengths and challenges, as well as to chart a course for more effectively implementing risk-based supervision in the sector. The meetings also served as an avenue for the Commission to raise any necessary escalations.

4. LICENSING AND ENFORCEMENT

The Securities and Exchange Commission of Zimbabwe advises that the following have been licensed in terms of the Securities and Exchange Act [Chapter 24:25], the Asset Management Act [Chapter 24:26] and the Collective Investment Schemes Act [Chapter 24:19].

4.1 The following licences were approved during the year 2022

1.1.1 Securities Exchange

Southern Africa Mercantile Exchange (Private) Limited

1.1.2 Securities Investment Firms

- Bard Santner Investors (Private) Limited
- South People Asset Management (Private) Limited
- Terrace Asset Management (Private) Limited
- Wealth Access Investment Managers (Private) Limited
- Switzview Wealth Management (Private) Limited
- Stratus Capital Partners (Private) Limited

1.1.3 Securities Advisory Firms

- CBZ Bank Limited
- Switzview Investment (Private) Limited
- Noland Advisory Services Private Limited
- Zunde Capital (Private) Limited

1.1.4 Securities Dealing Firms

- Sigma Capital (Private) Limited

1.1.5 Securities Dealers

- Rumbidzayi Sengu
- Best Chideme
- Emilia Chibanguza
- Farai Vengesayi
- Ranganayi Makwata

1.1.6 Custodians

- ZB Bank Limited

1.1.7 Collective Investment Schemes

- Tigere REIT
- Datvest Modified Consumer Staples ETF
- Nurture Gold Shares ETF
- Morgan & Co.
- Made in Zimbabwe Exchange Traded Fund
- Akribos Finsure Single Stock Exchange Traded Fund Trust
- Old Mutual Gold Fund
- Old Mutual Real Estate Investment Trust
- Vaka Sahara North South Corridor Trust
- Akribos Build Africa Exchange Traded Fund
- Bard Santner Gold Coin Unit Trust
- Nzou Property Fund Scheme
- Cass Saddle Agriculture Exchange Traded FUND



CORPORATE FINANCE AND MARKET DEVELOPMENT



HEAD OF CORPORATE FINANCE
AND MARKET DEVELOPMENT
KUNDAI MSEMBURI

Research Collaboration

The Commission's market development mandate is best executed from a position of knowledge. As such, establishment documents for the proposed Capital Market Development Committee (CMDC) were put in place.

Meanwhile, a research paper on challenges to derivatives trading was completed during the year in a bid to pave way for the re-establishment of the market. Following findings from the paper, FINSEC has subsequently established a derivatives platform which is currently under pilot test. The pilot test should give SECZim an opportunity to assess whether challenges noted in the Paper still exist.

Meanwhile, work is underway to produce research guidance on:

- (i) Virtual Assets
- (ii) Resuscitation of the (a) commodities market
(b) secondary bond market and develop
- (iii) Guidelines for a capital market regulatory sandbox
- (iv) Virtual Assets and a
- (v) Capital Market Master Plan

Fintech

As part of its mandate to develop the market, the Commission continues to make inroads towards embracing technology while incubating innovators. The Commission registered its first market related fintech application from Lloyd crowdfunding Pvt Ltd during the year. Lloyd crowdfunding Pvt Ltd is now under test environment through the Reserve Bank of Zimbabwe (RBZ) regulatory sandbox. The RBZ and SECZim are collaborating on the regulation and monitoring of the activities conducted by Lloyd crowdfunding during sandbox testing. After successful sandbox testing, regulation of Lloyd crowdfunding will be handed over to SECZim. The application, coupled with additional engagements and the exploration of cryptocurrency regulation form part of ongoing interagency Fintech collaborative efforts between the RBZ and SECZim. Interagency engagements continue to present opportunities in support of SECZim's ongoing fintech initiatives (i.e innovation office and framework for regulating virtual assets) while deepening collaboration on fintech issues across the broader financial services. As at the end of December 2022, SECZim had engaged a total of eight (8) innovators for mutual dialogue and guidance. It is encouraging that the Commission proposed innovations are cutting across a wide range of ideas from which successful tests can ultimately broaden and deepen the market. Engagements to date are summarised in the following product categories:

“ MARKET CAPITALIZATION EASED FROM A PEAK OF ZWL3.8 TRILLION IN APRIL TO ZWL2.045 TRILLION BY THE END OF THE YEAR

CORPORATE FINANCE AND MARKET DEVELOPMENT (cont'd)

Engagements to date are summarized in the following product categories:

	Nature of Innovation	Target Investors	Product / Service Deployment
1	Smart contract exchanges	Retail and institutional	Web and mobile app
2	Digital securities trading	Retail and institutional	Web app - cloud hosting
3	ETFs	Retail and institutional investors	VFEX
4	Robo Advisory Platforms	Retail investors	Web and mobile app
5	Digital currency wallets and identity management	Retail investors	Web and mobile app
6	Crowdfunding	SMEs	Web app

Considering the above reassuring fintech related developments, the Commission made plans to launch its Innovation Office within the first quarter of 2023.

Whistle – blower Manual

The Commission's whistleblower manual is now available from the SECZim website for use by the investing public. Taking cognizance of the Commission's commitment in preventing and combating market malpractice, the manual is mainly meant to –

- (i) Provide an early warning system to remedy misconduct before serious damage is caused.
- (ii) Provide a formal channel to enable whistle-blowers to report actual and suspected securities market malpractices in good faith without fear.
- (iii) Reassure whistle-blowers of their right to protection from any form of reprisal

Market Performance

General stock market activity slowed down in tandem with global trends following the adoption of a tight monetary policy stance by central banks in fight against high inflation emanating from spillover effects of the Russia-Ukraine conflict, lagged effects of the Covid-19 pandemic and global supply chain disruptions. Like many other countries across the globe, the country battled difficult policy choices in an attempt to shield the economy against persistent inflationary pressures aggravated by an unprecedented surge in food and energy prices driven higher by the war in Ukraine.

Despite the market opening the year with the All-Share Index reaching a record monthly high of 28,391.75 points in April dominated by hedge seeking investors, the market however registered panic-induced selloff following stringent monetary and fiscal measures that were meant to curb mounting exchange rate driven inflation. Measures during the period under review included the:

- (i) introduction of the gold coin as an alternative investment asset class,
- (ii) extension of the vesting period from 180 - 270 days to attract a lower CGWT and
- (iii) an increase in capital gains tax to 40% for securities sold within 180 days from date of purchase.



CORPORATE FINANCE AND MARKET DEVELOPMENT (cont'd)

This downtrend was temporarily interrupted by some recovery that was registered in the third quarter of the year, albeit on generally depressed demand, amid stability in prices and the exchange rate.



The ZSE All Share index closed the year 2022 with an annual nominal growth of 80% which translated into a decline of -75.4% in US\$ terms. Market capitalization eased from a peak of ZWL3.8 trillion in April to ZWL2.045 trillion by the end of the year. This translated into a nominal annual return of 55% which is -76% in USD terms. Foreign investors maintained an exit stance from the ZSE with a net annual foreign sell off position of ZWL32 billion.

Meanwhile, overall ongoing efforts by the Central Bank to tame inflation are encouraging. The Bank's policy interventions to date have played a pivotal role in price and exchange rate stability in the economy. However, persistent downside risks remain high from exogenous shocks including geopolitical tension and climate change with spillover effects onto the domestic economy.

Market Performance

The year 2022 closed with the Commission having approved:

- (i) Nedbank listing of its Depository Receipt on the VFEX on 25 November
- (ii) Simbisa delisting from ZSE on 28 of November to subsequently list on the VFEX on 2 December
- (iii) Natfoods delisting from the ZSE on 16 December to subsequently list on the VFEX on 23 December

Meanwhile, Tigere properties became the first Real Estate Investment Trust (REIT) out of products licensed by SECZim in terms of General Notice 469 of 2020 to list on the ZSE during the year. This development augurs well for the Commission's efforts towards developing the Zimbabwe Capital Market.



LEGAL AFFAIRS



HEAD OF LEGAL AFFAIRS
LYINAH MADENDE

“THERE WERE SEVERAL REVIEWS TO THE SECURITIES RULES DURING THE YEAR UNDER REVIEW.”

Securities Legislative developments

There were several reviews to the securities rules during the year under review. The amendments were meant to provide for the continued sustenance of the Commission, to align with the economic environment and to ensure sufficient regulation of the market. The following rules were amended:

1. Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) S.I 134/2019

The Securities and Exchange (Zimbabwe Stock Exchange Listings Requirements) rules S.I 134/2019 were amended. The amendments provide for an upward review of fees, penalties and levies chargeable by the Exchange. S.I 28 of 2022 was published on 18 February 2022. The rules were further amended by SI 218 of 2022 published on 28 December 2022.

2. Securities (Registration, Licensing and Corporate Governance) Rules S.I 100/2010

The Securities (Registration, Licensing and Corporate Governance) Rules S.I 100/ 2010 was amended by SI 103A of 2022 published on 24 May 2022 and SI.104A of 2022 published on 2 June 2022. These rules give effect to measures by the Government to restore confidence, preserve value and restore macroeconomic stability. The rules brought further regulations on securities dealers, intermediaries, and depositories. The Rules were also amended by SI 216 of 2022 which provide for an upward review of fees, penalties and levies chargeable by the Commission.

3. Securities (Alternative Trading platform) rules

The rules that provide for levies and fees applicable to transactions on an Alternative Trading platform were amended through SI 70 of 2022 and SI. 217 of 2022.

4. Collective Investment Schemes rules

The Collective investment schemes rules were amended through SI 215 of 2022. SI 156 of 2021 and SI 72 of 2022 were repealed.

5. Amendments to the Securities and Exchange Act [Chapter 24:25]

The Commission continued to work on the amendments to the Securities and Exchange Act [Chapter 24:25], considering recommendations to include AML/CFT provisions as well as recommendations from the Attorney Generals Office. The Bill was submitted to the MoFED for approval.



LEGAL AFFAIRS (cont'd)

Litigation matters

THOMAS MABUZWE & 6 OTHERS VS SECZ & 12 OTHERS HC 5923-21

This matter began in 2021 and is still pending before the courts. The Commission issued a Directive to the market providing guidance on the migration of share registers between CSD's. Thomas Mabuzwe & 6 Others challenged the Directive through an urgent application. A judgment was handed down in 2021 that the matter was not urgent, and it was struck off the roll of urgent matters. Applicants applied for set down by end of 2021 and the matter is not yet set down for hearing.

CDC V SECZIM & 2 Ors HH 161-23 (ref: HC7106-21)

Chengetedzai Depository Company Limited ("CDC") filed an application for review of the Directive which was issued to the market on the migration of share registers between CSDs. The Commission was sued together with the Zimbabwe Stock Exchange and the Minister of Finance and Economic Development. The matter was heard on 11 July 2022 and judgement was reserved. Judgment was handed down on 3 March 2023 wherein the CDC application was dismissed with costs and subsequently CDC lodged a notice of appeal to the Supreme Court under case number SC 166/23.

CHENGETEDZAI DEPOSITORY COMPANY LIMITED APPEAL IN TERMS OF SECTION 108 (5) OF THE ACT TO THE MINISTER AGAINST THE DIRECTIVE SS15/10/2021.

Chengetedzai Depository Limited (CDC) lodged an appeal to the Minister of Finance and Economic Development in December 2021 in terms of section 108 (5) of the Act challenging Directive SS15/10/2021 issued by SECZim on migration of share registers between CSDs. The appeal was lodged simultaneously with an application to the High Court by CDC for review of the Directive. The Minister of Finance and Economic Development dismissed the appeal on 5 January 2022 on the basis that the appeal was improperly before him as there was also a similar case in the High Court where CDC was suing SECZim on the same cause of action and that the appeal was made out of time. Further that, the appeal lacks merit in that the directive issued by the Commission was not issued in terms of section 118 of the Act as they alleged, and therefore it did not require ministerial approval. The directive does not cover rules made in terms of section 118 of the Act and does not purport to regulate dealing in shares.



INVESTOR EDUCATION



HEAD OF INVESTOR EDUCATION
FARAI MPOFO

“**SECZIM WAS THE ANCHOR SPONSOR OF THE INAUGURAL CAPITAL MARKETS QUIZ, WHICH RAN FROM 16 SEPTEMBER TO 4 NOVEMBER 2022**”

Investor Education January to December 2022

The Investor Education department executed 7 targeted campaigns for 2022. An activity summary is provided below:

CAMPAIGN	STAKEHOLDER	MEDIA	DETAILS																								
Global Money Week (GMW)	Students Youth	In-person Online Webinar Traditional	Through online and in-person interactions, SECZim participated in the 10 th edition of the GMW, which ran from 21 -27 March 2022 under the theme "Build your Future, be smart about money." The Commission partnered with National Financial Inclusion steering committee co-members, Insurance and Pensions Commission (IPEC) and Reserve Bank of Zimbabwe (RBZ), as well as SECZim regulated entities, Zimbabwe Stock Exchange (ZSE) and Escrow Group (C-Trade). School and university students were targeted.																								
Capital Markets High Schools Quiz in partnership with Financial Markets Indaba and endorsed by The Ministry of Primary and Secondary Education (MoPSE)	Government and Private Schools	In-person Website Social Media Online WhatsApp Traditional	SECZim was the anchor sponsor of the inaugural capital markets quiz, which ran from 16 September to 4 November 2022, whose goal was to raise awareness and highlight the importance of capital markets in economic development. Twenty schools drawn from all the 10 provinces participated and the teams were split into 4 pools, A to D. Dominican Convent High School Bulawayo, an all-girls team of Form 3 students were the winner. <table border="1"> <thead> <tr> <th>Pool A</th> <th>Pool B</th> <th>Pool C</th> <th>Pool D</th> </tr> </thead> <tbody> <tr> <td>Nyamhunga High School</td> <td>Regina Mundi High School</td> <td>Dominican Convent (Bulawayo)</td> <td>Mutondwe High School</td> </tr> <tr> <td>John Tallach High School</td> <td>St Johns Chikwaka High School</td> <td>St Anne's Goto High School</td> <td>St Ignatius College</td> </tr> <tr> <td>Lifelong Education College</td> <td>Dominican Convent High School</td> <td>Mutambara High School</td> <td>St Davids</td> </tr> <tr> <td>Monte Cassino High School</td> <td>(Harare)</td> <td>Nyadire High School</td> <td>Bonda High School</td> </tr> <tr> <td>Ruya Adventist School</td> <td>African Apostolic Church Secondary School</td> <td>St. Francis Kutama College</td> <td></td> </tr> </tbody> </table>	Pool A	Pool B	Pool C	Pool D	Nyamhunga High School	Regina Mundi High School	Dominican Convent (Bulawayo)	Mutondwe High School	John Tallach High School	St Johns Chikwaka High School	St Anne's Goto High School	St Ignatius College	Lifelong Education College	Dominican Convent High School	Mutambara High School	St Davids	Monte Cassino High School	(Harare)	Nyadire High School	Bonda High School	Ruya Adventist School	African Apostolic Church Secondary School	St. Francis Kutama College	
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World Investor Week	Public Investors Youth Women	Website Social Media	SECZim participated in the World Investor Week (WW) 2022 as part of its objective to raise awareness of and participation in the capital market. The Commission featured the Capital Markets Quiz Final held on 4 th November 2022. The country report was submitted and awaits publication by The International Organization of Securities Commissions (IOSCO) secretariat.																								
Marondera University of Agriculture Science and Technology (MUASt) Public Lecture	University Students and Lecturers	In-person Social media	Investor Education and Licensing, Supervision & Surveillance departments delivered a public lecture at MUASt for 74 students and faculty staff, with a focus on the role of the SECZim and the Investor Protection Fund, the relationship between capital market investment and economic development, the capital market structure and its participants, and Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT)																								



INVESTOR EDUCATION (cont'd)

CAMPAIGN	STAKEHOLDER	MEDIA	DETAILS
Social Media Campaign	Investors Public	Online WhatsApp	There was steady growth across all platforms, as follows: Facebook 9,980 (Dec 2020 2500) followers @Securities and Exchange Commission of Zimbabwe Twitter 7,348 (Dec 2020 302) followers @SECZIM LinkedIn 605 (Dec 2020 87) connections @SEC ZIM YouTube 246 subscribers @SECZIM Instagram 1,808 followers @seczim WhatsApp 291 members
Financial Literacy Week	Primary School students	In-person Social media	SECZim in partnership with the Zimbabwe Stock Exchange (ZSE) participated in the Financial Literacy week hosted by Mother Patrick Convent Primary School in Waterfalls from 21 – 24 June 2022. The objective of the parents' group responsible for the event included educating primary school children about the importance of saving and investing with the expectation that the next generation attains higher financial literacy levels for better money matters decision making. 39 primary school pupils and 4 teachers attended.
Law Society of Zimbabwe (LSZ) Summer School	Legal Fraternity	Face to Face Social media	Investor Education departments attended the Law Society of Zimbabwe Winter School held in Victoria falls from 13-16 July 2022. The summer school was themed "Stretching beyond present thinking"; at which the SECZim was part-sponsor and earned a space to exhibit with a focus on consumer protection and investor awareness.
Investor Education Material	Investors Public Ministry of Primary & Secondary Education	Online YouTube Website	The following Investor Education material was produced: SMI's brochure – the brochure contains information about the role of Securities Market Intermediaries. It is distributed during workshops and exhibitions. Investor Education Toolkit sample – the proposed toolkit material was reviewed and approved by the Ministry of Primary and Secondary Education Curriculum Development Unit. It is expected that the toolkit will be used by teachers as supplementary material to educate pupils about the capital market. Investment 101 The Capital Market Handbook - Translations – the Securities and Exchange Commission of Zimbabwe Investment 101 Handbook was translated into ChiShona and IsiNdebele languages to deepen financial inclusion. Plans are underway to develop a Braille version of the same.
Basic Knowledge Assessment Survey	Public	Online	The annual survey was conducted, and the results were as follows: Securities Market awareness 97% with the majority being male (77.7%) SECZIM awareness 97% Majority of the respondents were from Harare 68.9% 23% of respondents were women, with 77.2% being from Harare, of which 19.3% were aware of the Capital Market

INVESTOR EDUCATION (cont'd)

Investor Education – Corporate Communications Report for January to December 2022

The Corporate Communications summary is provided below:

CAMPAIGN	STAKEHOLDER	MEDIA	DETAILS
Media workshop	Business and Financial Journalists Media	In-person	<p>A Media Workshop was held from 25 to 27 February in Harare. 15 journalists from around the country participated in the workshop. Facilitators comprised capital market players and other business leaders. A write-up on the event was published by the weekly financial paper and one daily paper, and subsequently on the SECZim website.</p> <p>https://www.theindependent.co.zw/2022/03/04/regulator-tackles-listing-drought/</p> <p>https://www.sundaynews.co.zw/journalists-train-on-capital-markets-reporting/</p>
Webinar	Public	Microsoft Teams	The Commission hosted a webinar on the Performance Review of Exchange Traded Funds (ETFs) on 11 August 2022. This was a follow up to the ETF webinar series which were held in 2021.
ZITF	Investing Public	In person Online	SECZim participated in the ZITF's 62 nd edition under the theme 'The Securities and Exchange Commission of Zimbabwe – Providing Investment and Capital Options for Value Chain Actors for Economic Growth'. A total of 164 people visited the SECZim stand.
ZAS	Investing public	In-person	SECZim exhibited at the Zimbabwe Agricultural Show from August 29 to September 3, 2022.
Investor Forum	Public	In-person	The Commission participated in the Annual Investor Forum attended by over 300 delegates which was jointly organised by the Zimbabwe Independent and Piggy Bank. His Excellency, President E.D. Mnangagwa was the guest of honour and delivered the keynote address. Two delegates from the Commission, former Acting CEO, Gerald Dzangare and the Head Investor Education, Farai Mpofu were presenters. SECZim were exhibitors and focused on Investor Education.
Corporate Social Responsibility (CSR)	All stakeholders	Physical presence	<p>SECZim embarked on monthly clean up campaigns in response to His Excellency President E.D. Mnangagwa's call to keep the business and community environment clean.</p> <p>The Board approved the Corporate Social Responsibility policy.</p>



INFORMATION AND COMMUNICATION TECHNOLOGY



HEAD OF ICT
BRIAN GAVA

“ THE ALTERNATIVE SOLAR ENERGY PROJECT HAS RESULTED IN IMPROVED SYSTEMS UPTIME AND WILL AID IN REDUCING THE COMMISSION'S CARBON FOOTPRINT

The commission progressed well in its digital transformation journey with additional operational processes being automated. Systems implemented during the year included:

- (i) An Enterprise Resource Planning system
- (ii) An Asset Management System
- (iii) A Human Resources system
- (iv) Electronic Mail System upgrade

Implementation of a Securities Market Intermediary (SMI) facing portal is on-going with the licensing module at advanced stages of completion.

Innovation is also key to the development of the Zimbabwean capital market and the commission's innovation office engages fintech entrepreneurs to enable them to navigate SECZim's regulatory framework as they develop market related products and services. An online portal to enable electronic submissions by fintech entrepreneurs was developed during the year. The advent of online interconnected systems storing huge quantities of structured and unstructured data has made information security a priority. The Data Protection Act [Chapter 11:22] was enacted in 2021 with the objective of increasing data protection and building confidence and trust in the secure use of information and communication technologies by data controllers, their representatives, and data subjects. SECZim being a designated data controller appointed a data protection officer in February 2022 to ensure obligations provided for in the act are complied with.

The human being is the weakest link in the cybersecurity chain, making it imperative to mitigate cyber threats through consistent awareness campaigns and training of staff. The commission trained staff on cybersecurity to promote good cyber hygiene practices and a staff quiz taken on the 29th of November 2022 reflected high levels of staff cybersecurity awareness with an average score of 73.3%. All attempted cyber intrusion attacks during the year were also blocked by SECZim security systems.

The commission also implemented phase one (1) of a solar project to manage operational risks associated with the incessant commercial power challenges. The alternative solar energy project has resulted in improved systems uptime and will aid in reducing the commission's carbon footprint.

Going forward the commission has plans to implement the latest supervisory technologies (SupTech) in the form of Market Surveillance and Risk Based systems that will assist in monitoring compliance with SECZim regulations as well as proactive detection of any malpractices by securities market intermediaries.





02

SECURITIES AND EXCHANGE
COMMISSION OF ZIMBABWE
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2022



CONTENTS

Responsibilities of Management and Those Charged with Governance for the financial statements

Independent Auditors' Report

Statement of profit or loss and comprehensive income

Statement of financial position

Statement of changes in equity

Statement of cash flows

Statement of accounting policies

Notes to the financial statements

These financial statements are expressed in Zimbabwe Dollars (ZWL).

Responsibilities of Management and Those Charged with Governance for the financial statements for the year ended 31 December 2022

It is the Commissioners' responsibility to ensure that the financial statements fairly present the state of affairs of the Commission. The external auditors are responsible for independently reviewing and reporting on the financial statements.

The Commissioners have assessed the ability of the Commission to continue as a going concern and believe that the preparation of these financial statements on a going concern basis is still appropriate. However, the Commissioners believe that under the current economic environment a continuous assessment of the ability of the Commission to continue to operate as a going concern will need to be performed to determine the continued appropriateness of the going concern assumption that has been applied in the preparation of these financial statements.

The financial statements are prepared with the aim of complying fully with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), which includes standards and interpretations approved by the IASB and Standing Interpretations Committee (SIC) interpretations issued under previous constitutions.

The Conceptual Framework requires that in applying fair presentation of financial statements, entities should go beyond the consideration of the legal form of transactions and any other factors that could have an impact on them. IAS 21 requires an entity to apply certain parameters in determining the functional currency of an entity for use in the preparation of its financial statements. This standard also requires an entity to make certain judgements, where applicable, regarding appropriate exchange rates between currencies where exchangeability through a legal and market exchange mechanism is not achievable.

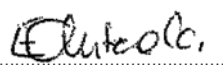
The requirement to comply with Statutory Instrument (S.I) 33 of 2019 as enacted by the Finance Act Number 2 of 2019 created inconsistencies with IAS 21, as well as the principles embedded in the IFRS Conceptual Framework for financial reporting. This has resulted in the adoption of accounting treatment in the prior years' financial statements, which deviates from that which would have been applied if the Commission had been able to fully comply with IFRSs.

The Commission's accounting and internal control systems are designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability of its assets. Such controls are based on the established written policies and procedures which are monitored throughout the Commission and all employees are required to maintain the highest ethical standards in ensuring that the Commission's practices are conducted in a manner which in all reasonable circumstances is above reproach. Issues that come to the attention of the Commissioners have been addressed and the Commissioners confirm that the system of accounting and internal controls is operating in a satisfactory manner.

The Commission's financial statements which are set out on pages 7 to 30 were, in accordance with their responsibilities, approved by the Commissioners on 29th March 2023 and are signed on its behalf by:



Yona Banda
Chairperson

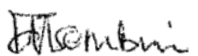


Ethel Chitanda
Audit Committee Chairperson



Cordelia Mutangadura
Corporate Secretary

These financial statements were prepared under the supervision of:



Fidelis Msemburi
Finance Manager



INDEPENDENT AUDITORS' REPORT

To the members of Securities and Exchange Commission of Zimbabwe Report on the Audit of the Inflation Adjusted Financial Statements

Opinion

We have audited the inflation adjusted financial statements of Securities and Exchange Commission of Zimbabwe set out on pages 7 to 30, which comprise the inflation adjusted statement of financial position as at 31 December 2022, and the inflation adjusted statement of profit or loss and other comprehensive income, the inflation adjusted statement of changes in equity and the inflation adjusted statement of cash flows for the year then ended, and the notes to the inflation adjusted financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying inflation adjusted financial statements present fairly, in all material respects, the inflation adjusted financial position of Securities and Exchange Commission of Zimbabwe as at 31 December 2022, and its inflation adjusted financial performance and its inflation adjusted cashflows for the year then ended, in accordance with the International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 24 of the financial statements which indicates that the Commission recorded a deficit of ZWL 36 497 349 for the year ended 31 December 2022. As at 31 December 2022, the Commission's current liabilities exceeded its current assets by ZWL 35 071 580. This indicates that a material uncertainty exists that may cast significant doubt on the Commission's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There were no key audit matters noted during the audit of the financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.



INDEPENDENT AUDITORS' REPORT (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Commission to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Commission's audit. We remain solely responsible for our audit opinion.



INDEPENDENT AUDITORS' REPORT (cont'd)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

Report on other legal and regulatory requirements

In our opinion, the financial statements have been properly prepared, in all material respects, in accordance with the Companies and Other Business Entities Act (Chapter 24:31) and the Securities Act (Chapter 24:25).

The Engagement Partner on the audit resulting in this independent auditors' report is Farai Chibisa.

Grant Thornton

Farai Chibisa
Partner

Registered Public Auditor (PAAB No: 0547)

Grant Thornton
Chartered Accountants (Zimbabwe)
Registered Public Auditors

HARARE

29 MARCH 2023



Statement of profit or loss and other comprehensive income for the year ended 31 December 2022

	Notes	INFLATION ADJUSTED		HISTORICAL COST	
		2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Income					
Securities levy	4	706 074 819	871 509 470	435 526 319	212 146 570
Other levies	5	128 473 327	77 828 315	81 059 787	18 149 601
License fees	6	50 202 364	57 761 038	22 123 192	12 738 500
Interest income	7	20 497 391	8 945 519	12 815 353	2 204 282
Foreign exchange gain		6 517 625	456 772	4 131 603	118 005
Other income	8	184 080 147	8 735 305	169 675 787	2 021 866
Fair value gain on investment property	15	400 013 000	85 305 004	400 013 000	24 815 288
Fair value adjustment on financial assets	17	35 683 230	149 467 905	35 683 230	43 480 323
		1 531 541 903	1 260 009 328	1 161 028 271	315 674 435
Expenditure					
Staff costs	9	(775 143 696)	(525 283 816)	(538 193 981)	(125 281 460)
Commissioner costs	10	(12 416 959)	(7 319 088)	(9 972 118)	(1 648 186)
Administration costs	11	(389 140 291)	(169 365 989)	(262 212 535)	(41 013 256)
Net monetary loss		(315 993 735)	(128 056 980)	-	-
Depreciation	13	(40 596 021)	(22 249 794)	(28 574 667)	(5 962 344)
Impairment losses on receivables	18	(522 490)	(2 404 318)	(522 490)	(699 418)
Lease finance charges	21.3	(34 226 060)	(7 392 412)	(24 328 657)	(2 816 663)
		(1 568 039 252)	(862 072 397)	(863 804 448)	(177 421 327)
(Deficit)/surplus for the year before tax		(36 497 349)	397 936 931	297 223 823	138 253 108
Taxation		-	-	-	-
(Deficit)/surplus for the year after tax		(36 497 349)	397 936 931	297 223 823	138 253 108
Other comprehensive income					
Gain on property revaluation		-	15 190 453	-	3 317 824
Tax effect on property revaluation		-	-	-	-
Other comprehensive income for the year		-	15 190 453	-	3 317 824
Total comprehensive (loss)/income for the year		(36 497 349)	413 127 384	297 223 823	141 570 932



Statement of Financial Position for the year ended 31 December 2022

	Notes	INFLATION ADJUSTED		HISTORICAL COST	
		2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Assets					
Non-current assets					
Property and equipment	13	372 509 786	243 487 179	97 984 275	19 572 718
Intangible assets	14	17 019 370	17 019 370	3 247 274	3 247 274
Investment property	15	451 000 000	175 272 849	451 000 000	50 987 000
Long term receivables	16	24 284 154	36 805 748	24 284 154	10 706 819
		864 813 310	472 585 146	576 515 703	84 513 811
Current assets					
Prepayments		38 827 475	8 362 985	20 080 824	2 064 433
Financial assets at fair value through profit or loss	17	57	255 933 113	57	74 451 130
Trade and other receivables	18	29 670 528	40 558 313	29 670 528	11 798 443
Cash and cash equivalents	19	16 947 981	121 302 196	16 947 981	35 286 898
		85 446 041	426 156 607	66 699 390	123 600 904
Total Assets		950 259 351	898 741 753	643 215 093	208 114 715
Accumulated fund and reserves					
Accumulated fund		776 737 127	813 234 476	481 565 498	184 341 675
Revaluation reserve		15 190 453	15 190 453	3 317 824	3 317 824
		791 927 580	828 424 929	484 883 322	187 659 499
Non-current liabilities					
Lease liability	21.3	37 814 151	27 066 797	37 814 151	7 873 751
Current liabilities					
Trade and other payables	20	80 811 112	35 888 469	80 811 112	10 439 982
Lease liability	21.3	39 706 508	7 361 558	39 706 508	2 141 483
		120 517 620	43 250 027	120 517 620	12 581 465
Total accumulated fund and liabilities		950 259 351	898 741 753	643 215 093	208 114 715


Yona Banda
Chairperson


Ethel Chitanda
Audit Committee Chairperson


Cordelia Mutangadura
Corporate Secretary

■ Statement of changes in equity for the year ended 31 December 2022

	INFLATION ADJUSTED		
	Accumulated fund ZWL	Revaluation reserve ZWL	Total ZWL
Balances at 31 December 2021	4 15 297 545	-	4 15 297 545
Total comprehensive income for the year	397 936 931	15 190 453	413 127 384
Balances at 1 January 2022	813 234 476	15 190 453	828 424 929
Total comprehensive loss for the year	(36 497 349)	-	(36 497 349)
Balances at 31 December 2022	776 737 127	15 190 453	791 927 580

	HISTORICAL COST		
	Accumulated fund ZWL	Revaluation reserve ZWL	Total ZWL
Balances at 1 January 2021	46 088 567	-	46 088 567
Total comprehensive income for the year	138 253 108	3 317 824	141 570 932
Balances at 31 December 2021	184 341 675	3 317 824	187 659 499
Total comprehensive income	297 223 823	-	297 223 823
Balances at 31 December 2022	481 565 498	3 317 824	484 883 322



Statement of cashflows for the year ended 31 December 2022

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
Operating cash flows				
Surplus from operations	(36 497 349)	397 936 931	297 223 823	138 253 108
Adjusted for:				
Net monetary loss	315 993 735	128 056 980	-	-
Depreciation	40 596 021	22 249 794	28 574 667	5 962 344
Lease finance charges	34 226 060	7 392 412	24 328 657	2 816 663
Interest income	(20 497 391)	(8 945 519)	(12 815 353)	(2 204 282)
Fair value gains on investment property	(400 013 000)	(85 305 004)	(400 013 000)	(24 815 288)
Operating cash flows before changes in working capital	(66 191 924)	461 385 594	(62 701 206)	120 012 545
Changes in working capital				
Decrease/(increase) in trade and other receivables	10 887 785	(18 452 590)	(17 872 085)	(7 797 828)
(Increase)/decrease in prepayments	(30 464 490)	15 619 859	(18 016 391)	2 228 961
Increase in trade and other payables	44 922 643	10 992 317	70 371 130	5 934 361
	(40 845 986)	469 545 180	(28 218 552)	120 378 039
Cash flows from investing activities				
Interest income	20 497 391	8 945 519	12 815 353	2 204 282
Movement in financial assets	255 933 056	(193 569 031)	74 451 073	(63 164 699)
Long term receivables	12 521 594	(36 075 519)	(13 577 335)	(10 574 665)
Lease finance charges	(34 226 060)	(7 392 412)	(24 328 657)	(2 816 663)
Aquisition of property and equipment	(54 140 749)	(33 452 384)	(28 447 376)	(7 899 166)
	200 585 232	(261 543 827)	20 913 058	(82 250 911)
Cash flows from financing activities				
Lease principal liability paid	(14 168 611)	(9 238 784)	(11 033 423)	(6 471 011)
Effects of inflation	(249 924 850)	(97 522 550)	-	-
Net (decrease)/increase in cash and cash equivalents	(104 354 215)	101 240 019	(18 338 917)	31 656 117
Cash and cash equivalents at 1 January 2022	121 302 196	20 062 177	35 286 898	3 630 781
Cash and cash equivalents at 31 December 2022	16 947 981	121 302 196	16 947 981	35 286 898

Statement of accounting policies for the year ended 31 December 2022

1. GENERAL INFORMATION

1.1 Nature of business and incorporation

The Securities and Exchange Commission of Zimbabwe (the Commission) was established through enactment of the Securities Act (Chapter 24:25). Section 3 of the Act provides for the establishment of the Securities and Exchange Commission, which is the regulatory body for the securities and capital markets in Zimbabwe. The Commission's sources of income are a levy of the value traded on the Zimbabwe Stock Exchange (ZSE), Victoria Falls Stock Exchange (VFEX) and Financial Securities Exchange (FINSEC) stock markets, other levies, annual license fees and annual registration fees from licenses.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Statement of compliance

The Commission's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Zimbabwe Companies and Other Business Entities Act (Chapter 24:31).

The financial statements of the commission are prepared under the historical cost conversion. For the purpose of fair presentation in accordance with International Accounting Standard (IAS) 29- Financial Reporting In Hyperinflationary Economies, this historical cost information has been restated for changes in the general purchasing power of the ZWL and appropriate adjustments and reclassifications have been made. Accordingly, the inflation adjusted financial statement represent the primary financial statements of the Commission.

The Consumer Price Indices (CPIs) were obtained from the Reserve Bank of Zimbabwe website, as supplied by the Zimbabwe Central Statistical Office. The Consumer Price Indices adopted are as follows:-

Year ended	Index	Conversion factor
31 December 2022	13 672.91	1.000
31 December 2021	3 977.46	3.438

2.2 Functional and presentation currency

These financial statements are presented in Zimbabwe Dollars (ZWL), which is the Commission's functional and presentation currency and all values are rounded to the nearest dollar, except when otherwise indicated.

2.3 New standards, interpretations and amendments not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of the issuance of the Commission's financial statements are disclosed below. The Commission intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.



■ Statement of accounting policies for the year ended 31 December 2022 (cont'd)

2.3 New standards, interpretations and amendments not yet effective (cont'd)

Amended standards and interpretations

Several amendments and interpretations apply in 2022, but do not have an impact on the financial statements of the Commission. The Commission has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2.3.1 Proceeds before intended use (Amendments to IAS 16)

In May 2020, the International Accounting Standards Board (Board) issued Property, Plant and Equipment—Proceeds before Intended Use, which made amendments to IAS 16 Property, Plant and Equipment. The amendments prohibit the commission from deducting from the cost of property, plant and equipment amounts received from selling items produced while the commission is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments mentioned on are effective for accounting periods beginning on or after 1 January 2022.

2.3.2 Onerous Contracts - costs of fulfilling a contract (Amendments to IAS 37)

In May 2020, the International Accounting Standards Board (Board) issued Onerous Contracts—Cost of Fulfilling a Contract, which made amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous. The Amendments mentioned on are effective for accounting periods beginning on or after 1 January 2022.

2.4 Property and equipment

Recognition and measurement

All items of property and equipment are shown at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Commission and the cost can be measured reliably. Repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred. Depreciation commences when the asset is available for use. Assets are depreciated using the straight line method to allocate the cost over the assets' estimated useful lives. The estimated useful lives are as follows:

Buildings	40 years
Furniture, fittings and equipment	5 years
Computer equipment	2.5 years
Motor vehicles	5 years
Lease	3 years

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of equipment are determined as the difference between the sales proceeds and the carrying amount of the asset at the date of disposal and taken into account in determining operating profit.

■ Statement of accounting policies for the year ended 31 December 2022 (cont'd)

2.4.1 Revaluation policy

The directors also apply significant judgment, estimates and assumptions on carrying out the revaluation of property, plant and equipment and intangible assets in line with the policy on revaluation. The directors engage a professional valuer to perform an independent valuation.

2.5 Intangible assets

Intangible assets acquired separately are initially measured and recognised at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged to profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful economic lives and are assessed for impairment whenever there is an indication that the intangible assets are impaired. The amortisation expense and impairment losses on intangible assets are recognised in profit or loss in the period in which they occur. Intangible assets are amortised over a period of 5 years, but are tested for impairment annually.

Gains or losses arising from de-recognition or disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss.

2.6 Lease

A lease is recognized when an agreement is reached to convey the right of use of an asset to or from the Commission in return for a payment or a series of payments. A lease is derecognized upon cancellation or expiry of the lease agreement. IFRS 16 leases replaced IAS 17 for reporting periods after 1 January 2019 with an option for early adoption. The Commission opted not to early adopt IFRS 16. The contract for use of Ground Floor right wing and 2nd floor office space at Smatsatsa Office Park between the Commission and Matay Investments confers a right of use of that space to the Commission for three years in exchange for a consideration. The right of use is recognised as a non-current asset of the Commission while it is depreciated over the lease period. The statement of financial position presents a lease liability on the non-current liabilities and current liabilities section. Depreciation expense for the right of use asset and interest expense for the lease liability is expensed in the statement of profit or loss and other comprehensive income.

2.7 Investment property

Investment property is measured using the fair value model. Under this model the property is fair valued at the end of each reporting period or earlier. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Gains or losses on fair valuation of the investment property are recognised directly in the profit and loss in that reporting period. Transfers to or from investment property are done as and when there is a change of use.

2.8 Revenue

Revenue is recognized on an accruals basis. Securities levy is determined as 0.16% of the value traded on the Zimbabwe Stock Exchange and Financial Securities Exchange stock markets by each stockbroker. Investment advisor levy is 0.35% of the investment advisor's gross income. Corporate action levy is 0.1% of the value of new shares listed by an issuer. Investment manager's levy is 0.5% of the investment managers' gross income. Central Securities Depository (CSD) levy is 0.5% of the CSD's gross income, securities custody levy is 0.5% of the custodian's gross income and securities transfer levy is 0.35% of the transfer secretary's gross income. Asset manager levy is 0.5% of the gross income of asset managers. License fees for



■ Statement of accounting policies for the year ended 31 December 2022 (cont'd)

2.8 Revenue (cont'd)

stockbrokers, dealers and stock broking firms are set according to Statutory Instrument 100 of 2010 and Statutory Instrument 108 of 2014, statutory instrument 62 of 2017 and statutory instrument 106 of 2017.

License renewal fees are due on the 1st of January of each year and are recognized as revenue in the year of licensing.

Application fees are recognized when the applicant has been issued with a license. Unsuccessful applicants are refunded 75% of the application fees while 25% is withheld as administration fees. The amount withheld is classified in other income on the statement of comprehensive income. Late payment penalty fees are classified under other income.

Levies

The levies income is derived from securities levy, securities exchange levy, corporate action levy, investment advisor levy, investment manager levy, custody levy, central securities depository levy and transfer secretary levy.

Securities levy

Securities levy was 0.16% of the value traded on the Zimbabwe Stock Exchange (ZSE) and FINSEC Bourse. This is collected on a weekly basis. Securities Exchange levy due from ZSE and FINSEC were 0.5% of gross income. These are collected on a monthly basis.

Other Levies

Corporate action levy is 0.1% of the value of new shares listed on the Zimbabwe Stock Exchange as and when they are issued. Levies due on a monthly basis are, investment advisor levy at 0.35% of the gross income of investment advisors. Investment manager's levy at 0.5% of the investment managers' gross income. Central Securities Depository (CSD) levy at 0.5% of the CSD's gross income, securities custody levy at 0.5% of the custodians' gross income and the securities transfer levy at 0.35% of the transfer secretaries' gross income. Investment manager levy is 0.5% of the gross income of asset managers.

2.8.1 Grants

Government grants are recognized in the statement of comprehensive income on a systematic basis over the periods in which the Commission recognizes expenses or related costs for which the grants are intended to compensate.



■ Statement of accounting policies for the year ended 31 December 2022 (cont'd)

2.9 Employee benefits

Employee benefits are the consideration given by the Commission in exchange for services rendered by employees. In summary such benefits are:

Short term benefits

Benefits earned by employees under normal employment terms including salaries, wages, bonuses and leave pay. These are expensed as they are incurred and accordingly, provisions are made for unpaid bonuses and leave pay.

Post-employment benefits

As required by legislation, all employees are members of the National Social Security Scheme to which both the employees and the Commission contribute. The National Social Security Scheme is a defined contribution fund. All employees are also members of the Commission's defined contribution pension scheme with Old Mutual. The employer's obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as they are incurred.

2.10 Financial Instruments

2.10.1 Classification and measurement of financial instruments

The IASB developed the IFRS 9 Expected Credit Loss (ECL) impairment model with the objective of transitioning from an incurred loss approach to an expected loss model which requires entities to recognize impairment losses in advance of an exposure having objective evidence of impairment. The Commission's ECLs are measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

Exposures are generally considered to have a low credit risk where there is a low risk of default, the exposure has a strong capacity to meet its contractual cash flow obligations and adverse changes in economic and business conditions are unlikely to reduce the exposure's ability to fulfil its contractual obligations.

The Commission recognises ECLs on the following financial instruments: trade debtors, staff loans and savings bonds. The assessment of significant increase in credit risk for the Commission's trade debtors, staff loans and savings bonds exposures is based on changes in prospects of collecting contractual cashflows due from them. The determination of significant increase in probability of default includes consideration of all reasonable and supportable forward-looking information available without undue cost or effort. The forward- looking information is based on the Commission's economic expectations, industry and sub-sector-specific expectations, as well as expert management judgement and is hence expected to increase the volatility of impairment provisions as a result of continuous changes in future expectations.



■ Statement of accounting policies for the year ended 31 December 2022 (cont'd)

2.10.2 Fair value measurement considerations

The fair values of quoted financial assets are based on quoted bid prices. If the market for a financial asset is not active, the Commission establishes fair value using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models. Based on forward looking information which includes the economic outlook, sector analysis and future prospects, the Commission makes assumptions and calculates the probability of default at the reporting date. These judgements result in an expected credit loss for each financial asset which is impaired through the statement of profit or loss and other comprehensive income.

2.10.3 Financial assets at amortized cost

Financial assets classified under amortized cost are measured at their initial acquisition amount less principal repayment plus/minus amortization of discount and less impairment losses. Financial assets measured at amortized cost classification meet the following criteria: The Commission's business model is to hold those financial assets in order to collect the contractual cash flows rather than to sell the asset to realize any capital gains. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2.10.4 Financial assets at fair value through profit or loss

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, a dealer, broker, pricing service, or regulatory agency and those prices represents actual and regulatory occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Commission is the current bid price and fall under level 1 of the fair value hierarchy.

2.10.5 Financial assets at fair value through other comprehensive income

The Company applies the new category under IFRS 9 of debt instruments measured at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset meet the solely payments of principal and interest (SPPI)

The contractual terms of the financial asset meet the solely payments of principal and interest (SPPI) Gains and losses arising from changes in fair value are recognised directly in other comprehensive income in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest rate method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss.

The Commission made an irrevocable election to measure unquoted investments at fair value through other comprehensive income on initial recognition.



■ Statement of accounting policies for the year ended 31 December 2022 (cont'd)

2.10.6 Trade and other receivables

Trade and other receivables are measured at amortised cost using the effective interest rate method. A provision for expected credit loss on trade receivables is established and measured when the debtor is recognized. Factors considered in calculating the expected credit loss include forward looking information regarding financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization and all future indicators affecting the debtor's probability of default. Expected credit losses are expensed in the statement of profit or loss. Subsequent recoveries of amounts previously impaired are credited against the trade receivables expected credit loss impairment provision.

2.10.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, and investments in money market instruments. Cash and cash equivalents are measured at fair value, with any impairment or appreciation in value of foreign currency denominated balances arising from changes in exchange rates, being written off or credited against the exchange gains and losses account in profit or loss. In the statement of financial position, bank overdrafts are shown under current liabilities.

2.11 Loans, borrowings and trade and other payables

These financial liabilities are measured at amortised cost using the effective interest rate method.

2.12 Offsetting

If a legally enforceable right exists to set-off recognised amounts of financial assets and liabilities, which are in determinable monetary amounts and the Commission intends to settle on a net basis, the relevant financial assets and liabilities are offset.

2.13 Capital exposure

The Commission is not subjected to any externally imposed capital requirements

2.14 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. The Commission has related party relationships with its key management, commissioners and the Government of Zimbabwe.

2.15 Accounting estimates and judgements

The preparation of financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revision to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Management exercised its judgment in determining the functional currency, appropriateness of the expected credit loss and the useful lives of property and equipment.



■ Statement of accounting policies for the year ended 31 December 2022 (cont'd)

2.16 Measurement of fair values

A number of the Commission's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or liability, the Commission uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

If inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Commission recognises transfers between levels of the fair value hierarchy at the end of each reporting period during which the change occurred.

2.17 Share capital

Ordinary shares are classified as equity.

2.18 Foreign currency transactions

Transactions in foreign currencies are translated to their respective presentation currency using spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate at the reporting date.

2.18 Foreign currency transactions

Transactions in foreign currencies are translated to their respective presentation currency using spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate at the reporting date.

All differences arising on settlement or translation of monetary items are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

■ Statement of accounting policies for the year ended 31 December 2022 (cont'd)

3 CRITICAL JUDGEMENTS IN APPLYING THE COMMISSION ACCOUNTING POLICIES

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts presented in the consolidated financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

3.1 Allowance for credit losses

The Commission assesses its trade receivables for impairment at each reporting date. In determining whether an allowance for credit losses should be recorded in profit or loss the Commission makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

3.2 Impairment of property, plant and equipment

At the reporting date the Commission reviews the carrying amounts of the assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Commission estimates the recoverable amount of the cash-generating unit to which the asset belongs. The determination of value in use requires the estimation of future cash flows and of a discount rate.



Notes to the financial statements for the year ended 31 December 2022

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
4 Securities levy	706 074 819	871 509 470	435 526 319	212 146 570
5 Other levies				
Corporate action levy	6 987 453	-	6 822 138	-
Investment advisor levy	5 470 567	5 761 570	3 788 713	1 311 955
CSD levy	1 967 871	2 822 220	1 232 400	661 780
Investment management levy	99 762 673	57 740 291	59 990 746	13 490 559
Custody levy	9 928 805	8 176 597	6 246 497	1 922 339
Transfer secretary levy	4 355 958	3 327 637	2 979 293	762 968
	128 473 327	77 828 315	81 059 787	18 149 601
6 License fees				
Dealing firms	9 369 446	11 927 928	3 945 000	2 620 000
Stock brokers	5 025 133	6 163 890	2 174 500	1 345 000
Transfer Secretaries	782 073	947 736	315 000	207 000
Custodians	5 624 391	5 974 863	2 581 000	1 305 000
Zimbabwe Stock Exchange	2 792 762	2 948 514	1 365 000	644 000
Investment advisor	8 825 346	11 088 563	3 704 086	2 487 000
Investment Management Licence	14 428 733	15 063 623	6 651 956	3 298 000
CSD licence	1 688 285	1 437 559	680 000	330 000
Collective Investment schemes	1 666 195	2 208 362	706 650	502 500
	50 202 364	57 761 038	22 123 192	12 738 500
7 Interest income				
Interest on short term investments	16 407 372	4 344 131	10 299 036	1 065 539
Interest on staff loans	4 090 019	4 601 388	2 516 317	1 138 743
	20 497 391	8 945 519	12 815 353	2 204 282
8 Other income				
Late payment surcharge	17 802 545	3 586 615	15 961 663	814 284
	1 975 691	2 777 937	1 408 929	631 076
Rent received				
Sundry income	2 977 554	2 288 251	2 305 195	552 506
Tender Fees	-	82 502	-	24 000
Government Grant	161 324 357	-	150 000 000	-
	184 080 147	8 735 305	169 675 787	2 021 866

Notes to the financial statements for the year ended 31 December 2022 (cont'd)

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
9 Staff costs				
Salaries	639 423 381	349 362 118	442 907 637	80 374 750
Bonuses	19 153 806	82 651 184	10 191 364	22 595 101
Pension	1 112 369	912 899	775 946	407 462
Leave pay	295 046	39 470 928	249 880	209 049
Other staff costs	48 599 025	31 201 785	34 371 497	7 478 786
Staff training	13 695 511	1 804 760	7 407 115	2 891 530
Staff recruitment	415 974	11 434 117	145 000	2 200 259
Medical aid	52 448 584	8 446 025	42 145 542	9 124 523
	775 143 696	525 283 816	538 193 981	125 281 460
10 Commissioner costs				
Retainer	6 049 272	3 612 710	4 765 580	781 588
Sitting fees	6 367 687	3 706 378	5 206 538	866 598
	12 416 959	7 319 088	9 972 118	1 648 186
11 Administration costs				
Travel	128 080 556	17 265 666	84 252 157	4 681 099
Consultancy	5 438 639	805 838	4 558 260	193 703
Repairs and maintenance	31 245 359	14 669 568	23 633 064	3 379 723
Advertising and promotions	45 232 205	32 773 400	26 253 197	7 987 175
Audit fees external	18 251 656	26 502 958	18 251 656	6 007 411
Audit fees internal	14 499 041	3 527 183	14 156 011	990 181
Legal fees	14 953 974	8 146 477	8 323 308	2 240 765
Donations and gifts	-	150 959	-	31 620
Other operational expenses	131 438 861	65 523 940	82 784 882	15 501 579
	389 140 291	169 365 989	262 212 535	41 013 256
12 Donations				
CFA Research challenge	-	240 240	-	31 620



Notes to the financial statements for the year ended 31 December 2022 (cont'd)

	INFLATION ADJUSTED				
	Right of use	Motor	Computer	Furniture and	Total
	asset	Vehicles	Equipment	Fittings	
	2022	2022	2022	2022	2022
ZWL	ZWL	ZWL	ZWL	ZWL	
Cost/valuation					
At 1 January 2022	107 079 943	36 218 112	147 502 106	114 180 023	404 980 184
Additions	-	33 995 956	18 773 554	1 371 239	54 140 749
Lease remeasurement	111 147 231	-	-	-	111 147 231
Cost/valuation 31 December 2022	218 227 174	70 214 068	166 275 660	115 551 262	570 268 164
Depreciation and impairment					
At 1 January 2022	39 117 146	22 360 320	57 141 527	38 543 364	157 162 357
Depreciation for the year	25 728 071	4 084 434	10 309 310	474 206	40 596 021
Balance at 31 December 2022	64 845 217	26 444 754	67 450 837	39 017 570	197 758 378
Carrying amount at 31 December 2022	153 381 957	43 769 314	98 824 823	76 533 692	372 509 786

	INFLATION ADJUSTED				
	Right of use	Motor	Computer	Furniture and	Total
	asset	Vehicles	Equipment	Fittings	
	2021	2021	2021	2021	2021
ZWL	ZWL	ZWL	ZWL	ZWL	
Cost/valuation					
At 1 January 2021	62 076 471	21 036 268	115 748 340	112 543 605	311 404 685
Additions	30 906 505	-	31 788 827	1 663 561	64 358 893
Revaluation	5 961 793	15 190 453	-	-	21 152 245
Cost/valuation 31 December 2021	98 944 769	36 226 721	147 537 167	114 207 166	396 915 823
Depreciation and impairment					
At 1 January 2021	22 721 799	21 036 269	49 646 873	37 773 909	131 178 850
Depreciation for the year	12 633 578	1 329 364	7 508 236	778 616	22 249 794
Balance at 31 December 2021	35 355 377	22 365 633	57 155 109	38 552 525	153 428 644
Balance at 31 December 2021	63 589 392	13 861 088	90 382 058	75 654 641	243 487 179

Notes to the financial statements for the year ended 31 December 2022 (cont'd)

	HISTORICAL COST				
	Right of use asset	Motor Vehicles	Computer Equipment	Furniture and Fittings	Total
	2022 ZWL	2022 ZWL	2022 ZWL	2022 ZWL	2022 ZWL
Cost/Valuation	15 040 971	3 416 381	8 915 998	1 366 824	28 740 174
At 1 January 2022	-	21 649 726	6 195 150	602 500	28 447 376
Additions	78 538 848	-	-	-	78 538 848
Lease remeasurement					
At 31 December 2022	93 579 819	25 066 107	15 111 148	1 969 324	135 726 398
Accumulated depreciation					
At 1 January 2022	5 853 514	433 066	2 382 662	498 214	9 167 456
Depreciation for the year	19 265 168	3 170 228	5 863 337	275 934	28 574 667
Balance at 31 December 2022	25 118 682	3 603 294	8 245 999	774 148	37 742 123
Carrying amount at 31 December 2022	68 461 137	21 462 813	6 865 149	1 195 176	97 984 275

	HISTORICAL COST				
	Right of use asset	Motor Vehicles	Computer Equipment	Furniture and Fittings	Total
	2021 ZWL	2021 ZWL	2021 ZWL	2021 ZWL	2021 ZWL
Cost/valuation	4 315 956	98 557	1 405 096	978 561	6 798 169
At 1 January 2021	8 990 725	-	7 510 901	388 264	16 889 890
Additions	1 734 290	3 317 824	-	-	5 052 114
Revaluation					
Cost/valuation 31 December 2021	15 040 971	3 416 381	8 915 997	1 366 825	28 740 173
Depreciation and impairment					
At 1 January 2021	2 178 397	98 557	605 468	322 690	3 205 112
Depreciation for the year	3 675 117	334 509	1 777 194	175 524	5 962 344
Balance at 31 December 2021	5 853 514	433 066	2 382 662	498 214	9 167 456
Balance at 31 December 2021	9 187 457	2 983 315	6 533 336	868 610	19 572 718



Notes to the financial statements for the year ended 31 December 2022 (cont'd)

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
14 Intangible assets	17 019 370	17 019 370	3 247 274	3 247 274
The Commission purchased a SharePoint Licence during the year ended 31 December 2021. The license has an indefinite life span and therefore it is not being amortised.				
15 Investment property				
Opening balance	175 272 849	144 613 899	50 987 000	26 171 712
Fair value adjustments on investments	400 013 000	85 305 004	400 013 000	24 815 288
Effects of inflation	(124 285 849)	(54 646 054)	-	-
Closing balance	451 000 000	175 272 849	451 000 000	50 987 000
The Investment property is a one storey building on 7,536 square meters in Newlands Harare which the Commission had been letting out. A market review was carried out by an independent valuer, Bard Real Estate at the end of 2022. The result of this market review was an increase in fair value.				
16 Long term receivables				
Staff loans - non-current portion	24 284 154	36 805 748	24 284 154	10 706 819
17 Financial assets at fair value through profit or loss				
Opening balance	255 933 113	62 364 081	74 451 130	11 286 431
Net gains from fair value adjustments	35 683 230	149 467 905	35 683 230	43 480 323
Disposal	(291 616 286)	-	(110 134 303)	-
Additions	-	44 101 127	-	19 684 376
Closing balance	57	255 933 113	57	74 451 130
18 Trade and other receivables				
Trade receivables	25 868 277	42 844 571	25 868 277	12 463 517
Impairment of trade receivables	(1 943 180)	(4 903 477)	(1 943 180)	(1 426 425)
Loans to staff	3 829 535	1 897 365	3 829 535	551 945
Impairment of staff loans	(5 118)	2 121	(5 118)	617
Sundry receivables	1 921 014	717 733	1 921 014	208 789
	29 670 528	40 558 313	29 670 528	11 798 443

Notes to the financial statements for the year ended 31 December 2022 (cont'd)

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
18.1 Impairment of trade receivables and staff loans				
Increase in impairment of trade receivables	(516 755)	(2 406 439)	(516 755)	(700 035)
Increase/(decrease) in impairment of staff loans	(5 735)	2 121	(5 735)	617
	(522 490)	(2 404 318)	(522 490)	(699 418)
19 Cash and cash equivalents				
Money market investments	-	79 399 538	-	23 097 384
Cash at bank	13 114 457	40 182 869	13 114 457	11 689 226
USD FCA Nostro	2 567 361	572 962	2 567 361	166 675
Cash on hand bond	8	28	8	8
Cash on hand USD	1 266 155	1 146 800	1 266 155	333 605
	16 947 981	121 302 196	16 947 981	35 286 898
20 Trade and other payables				
Licence fees received in advance	640 356	-	640 356	-
Trade payables	34 425 713	8 728 242	34 425 713	2 539 052
Payroll payables	17 907 915	3 559 496	17 907 915	1 035 460
Provisions and accruals	27 837 128	23 600 731	27 837 128	6 865 470
	80 811 112	35 888 469	80 811 112	10 439 982
21 Lease				
21.1 Rent – lease minimum lease payments				
Not later than one year	75 518 132	7 361 559	75 518 132	2 141 483
Later than one year not later than five years	44 052 243	27 066 797	44 052 243	7 873 751
	119 570 375	34 428 356	119 570 375	10 015 234
21.2 Right of use assets				
Balance at beginning of year	63 589 392	39 354 672	9 618 063	2 137 559
Addition	-	30 906 505	-	8 990 725
Depreciation	(25 728 071)	(12 633 578)	(19 265 167)	(3 675 117)
Lease remeasurement	111 147 231	5 961 793	78 538 848	2 164 896
Effects of inflation	(80 116 832)	-	-	-
	68 891 720	63 589 392	68 891 744	9 618 063



Notes to the financial statements for the year ended 31 December 2022 (cont'd)

	INFLATION ADJUSTED		HISTORICAL COST	
	2022 ZWL	2021 ZWL	2022 ZWL	2021 ZWL
21.3 Lease Liabilities	34 428 355	13 891 086	10 015 234	2 513 960
Balance at beginning of year	-	38 521 756	-	8 990 726
Addition	34 226 060	7 392 412	24 328 657	2 816 663
Add accrued interest posted to profit or loss	(48 394 671)	(16 631 192)	(35 362 080)	(6 471 011)
less lease commitments paid during the year	11 147 231	8 072 668	78 538 848	2 164 896
Lease remeasurement	46 113 684	(16 818 375)	-	-
Arising from monetary adjustments				
	77 520 659	34 428 355	77 520 659	10 015 234
Current lease liability	39 706 508	7 361 558	39 706 508	2 141 483
Non-current lease liability	37 814 151	27 066 797	37 814 151	7 873 751
	77 520 659	34 428 355	77 520 659	10 015 234

22 Related party transactions

Key Management Personnel

Name	HISTORICAL COST				
	Loan Taken	Period in Months	Interest per annum	Repayment per month	Loan balance 31-Dec-22
N. Maferefa	ZWL 3 500 000	36 months	15%	ZWL 93 274	ZWL 2 984 760
K. Msemburi	2 460 000	36 months	15%	66 810	2 137 906
L. Madende	900 000	36 months	15%	28 920	867 589
B. Gava	900 000	36 months	15%	30 200	966 403
	7 760 000			219 203	6 956 657

Notes to the financial statements for the year ended 31 December 2022 (cont'd)

23 Related party transactions Commissioners Fees

	Retainer	Sitting	Total
	2021	2021	2021
	ZWL	ZWL	ZWL
HISTORICAL COST			
LG	145 080	52 760	197 840
P	46 320	15 838	62 158
HN	46 320	-	46 320
GM	96 720	71 930	168 650
EC	96 720	65 800	162 520
YB	96 720	64 850	161 570
PP	96 720	72 880	169 600
FZ	96 720	48 590	145 310
	721 320	392 648	1 113 968
INFLATION ADJUSTED			
LG	663 382	230 528	893 911
PC	262 020	74 871	336 891
HN	262 020	-	262 020
GM	442 255	282 980	725 235
EC	442 255	259 562	701 817
YB	442 255	264 336	706 591
PP	442 255	308 056	750 311
FZ	442 255	184 569	626 824
	3 398 698	1 604 901	5 003 599
HISTORICAL COST			
WM	646 200	605 140	1 251 340
CM	773 440	831 849	1 605 289
EC	1 014 560	872 142	1 886 702
YB	773 440	991 381	1 764 821
PP	911 740	1 502 826	2 414 566
MS	646 200	403 200	1 049 400
	4 765 580	5 206 537	9 972 117
INFLATION ADJUSTED			
WM	688 388	640 272	1 328 661
CM	1 042 735	1 003 240	2 045 975
EC	1 400 095	1 173 111	2 573 206
YB	1 042 735	1 265 698	2 308 434
PP	1 186 930	1 865 361	3 052 291
MS	688 388	420 005	1 108 394
	6 049 272	6 367 688	12 416 960



■ Notes to the financial statements for the year ended 31 December 2022 (cont'd)

24 Going Concern

During the year under review, the Commission experienced financial difficulties, recording a deficit of ZWL36 497 349 for the year ended 31 December 2022. As at 31 December 2022, the Commission's current liabilities exceeded current assets by ZWL35 071 580. This was due to depressed revenues as evidenced by the support received from the Ministry of Finance and Economic Development (parent ministry) which disbursed a grant to the tune of ZWL150 million for operational expenditure. The situation has significantly improved as the Commission is now charging license fees on a quarterly basis which are also now pegged in USDs and payable in ZWL at the prevailing interbank rate. The parent ministry has also approved the 2023 budget in which a grant of USD1 000 000 is included. After assessing all the relevant information about the future for at least twelve months, management is satisfied that the Commission will continue to be going concern for the foreseeable future.





NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 5th Annual General Meeting of the Securities and Exchange Commission of Zimbabwe (SECZim) will be held on 30 June 2023 at 09.00 hours at the SECZim Office in the Training Room, Ground Floor Block C, Smatsatsa Office Park Borrowdale Harare.

AGENDA

1. To receive, consider and adopt the audited financial statements and reports of the commissioners and auditors for the year ended 31 December 2022.
2. To confirm the commissioners' fees and remuneration for the year ended 31 December 2022, in the amount of ZWL 9 972 118.
3. To approve the remuneration of the external auditors for the year ended 31 December 2022, in the amount of ZWL18,251,656.
4. To note an update from the Office of the Auditor General regarding the re appointment of Grant Thornton Chartered Accountants (Zimbabwe) as the auditors of the Securities and Exchange Commission of Zimbabwe for the year ending 31 December 2023.
5. To note the appointment to the membership of the Commission of Commissioners Mr. W.B. Manhimanzi and Prof. M. Sibanda, with effect from 08 June 2022.
6. To note the retirement of the Chief Executive Officer Mr. T. Chinamo with effect from 31 January 2022.
7. To note the appointment of Mr. A. Taruvinga as the new Chief Executive Officer with effect from 01 September 2022.
8. To receive the CEO's update on the SECZ's operations for the year ended 31 December 2022 and its plans for 2023.

REGISTRATION FOR THE AGM - Stakeholders are required to register on the following link [AGM Registration](#) which is also available on the SECZim website: www.seczim.co.zw.

You may contact cordeliam@seczim.co.zw for further information.

By Order of the Board

Mrs. Cordelia Mutangadura
Corporate Secretary.

01 June 2023







CONTACT DETAILS

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