



DIRECTIVE NUMBER 02/12/2024

DIRECTIVE TO SECURITIES INVESTMENT MANAGERS (“ASSET MANAGERS”) ON OFFSHORE INVESTMENTS

The Securities & Exchange Commission of Zimbabwe (“Commission”) advises all Securities Investment Managers to adhere to the following guidelines pertaining to Offshore Investments:

1. Securities Investment Managers planning to invest offshore on behalf of their clients must obtain prior approval from the Commission and the Reserve Bank of Zimbabwe.
2. Requests for offshore investment approvals made on behalf of clients from sectors subject to specific regulations must first be approved by the relevant regulatory body before being submitted to the Commission for approval. For clarity, entities such as Pension Funds need to obtain prior approval from the Insurance & Pension Commission of Zimbabwe.
3. All offshore investments made on behalf of clients must adhere to AML/CFT/PF requirements and the source of funds must be adequately established prior to investments in offshore products.
4. No asset manager shall invest or continue to be invested in countries blacklisted by the Financial Action Taskforce (FATF) or FATF regional-style bodies as posing a risk to the integrity of the global financial system.

5. Investments in equities must be limited to jurisdictions where the regulatory authority is a member of the International Organization of Securities Commissions (IOSCO).
6. Investments in bonds must only involve entities with strong creditworthiness, with at least a rating of BBB- as determined by reputable credit rating agencies.
7. Asset managers are required to implement a risk assessment template that must be signed by each client, outlining all associated risks related to offshore investments. Additionally, full disclosure of product details, including but not limited to investment strategies, costs, tax implications, and historical performance, as well as investor protection mechanisms, should be provided to clients.
8. Asset Managers with exposure in offshore investments must be adequately capitalized with a capital adequacy ratio of at least 1.0x for four successive quarters before placement of the investment.

Be guided accordingly.

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



A. Taruvinga

Chief Executive Officer

Date: 04 December 2024