

# CAPITAL MARKET PROFILE

## 1. Securities & Exchange Commission of Zimbabwe

- A statutory, independent regulatory body of Zimbabwe's capital markets established in terms of the Securities and Exchange Act [Chapter 24:25] in 2008 by the Government through the Ministry of Finance and Economic Development,
- Marked the end of self regulation in the capital market industry.

SECZ statutory objectives are to:

- Provide high levels of investor protection
- Reduce systemic risk in the capital market
- Promote market integrity and investor confidence
- Prevent market manipulation, fraud and financial crime
- Ensure transparency in capital and securities markets.
- Promote investor education.

To carry out these objectives, the Commission has the following functions:

- regulating trading and dealing in securities,
- registering, supervising and regulating securities exchanges;
- licensing , supervising and regulating licensed persons
- encouraging the development of free, fair and orderly capital and securities markets and
- Advising the Government of Zimbabwe on all matters relating to securities and capital markets

SECZ licenses and or registers the following market intermediaries:

### a) Securities Exchanges

- Provide a virtual market place for trading of securities by Securities dealers on behalf of investors;
- Provide a platform for raising funds by companies;
- Offers a listing platform for publicly traded companies; and
- Current securities exchanges are the Zimbabwe Stock Exchange (ZSE) which trade in equities and Financial Securities Exchange (FINSEC), an alternative trading platform which currently trades empowerment shares

### b) Central Securities Depository (CSD)

- Holds securities on behalf of investors either in certificated (Physical) or uncertificated (electronic also referred to as dematerialized) form to enable book entry transfer of securities; and

- Physical securities are immobilized (placement of physical certificates in a CSD to reduce the movement of physical securities in the marketplace and to facilitate book entry transfers) and dematerialized (electronic form).

#### **c) Securities Dealers and Dealing Firms**

- Securities Dealers (Stockbrokers) are agents. They buy or sell shares on behalf of the investors at the Securities Exchange.
- On performing his/her duties, the securities dealer does not own the securities but charges a commission based on the gross value of the transaction.

#### **d) Securities Investment Advisers**

- Responsible for giving advice on how to raise money on the Securities Exchange and investments in securities.

#### **e) Securities Investment Management Companies**

- Responsible for managing a pool of funds on behalf of investors, in accordance with the investment objectives and parameters defined by the investors;
- The funds are invested in a wide range of securities e.g. shares, collective investments schemes etc; and
- Aim to maximise the return on all assets contained in the portfolio while keeping the level of risk associated with the investment process within the limits determined by the client.

#### **f) Securities Transfer secretaries**

- Manage and maintain updated listed companies' share registers; and
- Performs the allocation of dividends, rights issues, bonus issues etc to shareholders.

#### **g) Securities Custodians**

- Mandate to manage and safe keep customer's securities e.g. shares, bonds etc;
- Keep track and ensure the safety of investments under a custodial arrangement, preparing required disclosures, as well as regulatory filings, when applicable;
- Provide information on the securities and their issuers such as annual general meetings and related proxies; and
- Provide securities settlement of all trades done on the Securities Exchange.