



STATEMENT BY THE CHAIRMAN OF THE ZIMBABWE STOCK EXCHANGE

The Chairman of the Zimbabwe Stock Exchange (“ZSE”) wishes to clarify certain issues on the operations of the ZSE following recent reports which were not correct as reported on Friday, 9 December 2016 in the Zimbabwe Independent and the Daily Newspaper on Tuesday, 13th December 2016.

The ZSE is a regulated capital raising and securities trading platform in terms of the Securities and Exchange Act (Chapter 24:25) (the “Act”). ZSE is a member of the African Stock Exchanges Association, Committee of the SADC Stock Exchanges and a partner exchange of the United Nation’s Sustainable Stock Exchange Initiative, which are all institutions of repute. The ZSE is a national institution with a global footprint based on the location of its issuers, investors, financial intermediaries and other stakeholders and is at the centre of the non-banking financial system.

The capital adequacy requirements of the ZSE are as per the Sixth Schedule of Statutory Instrument 100 of 2010 Clause 2 (1) which sets the requirement of net assets of a Securities Exchange to USD 1 million (one million dollars). As at 30 November 2016, the ZSE’s net assets were well in excess of this capital requirement.

The ZSE is compliant with the requirements of the Act and in particular, Section 67A which relates to the submission of annual audited financial statements and the provision of a capital adequacy certificate from a registered Auditor. Further, the ZSE files monthly returns with the Regulator, the Securities and Exchange Commission of Zimbabwe (“SECZ”). These reports confirm that the ZSE is neither bankrupt nor technically insolvent.

To achieve its oversight role, the ZSE Board has established a robust corporate governance structure which allows for the approval process and the implementation of the strategy of the Exchange by management.

The Automated Trading System (“ATS”) of the ZSE was publicly tendered for on an international platform, with results published in the public media. The ZSE’s ATS was implemented seamlessly on 6 July, 2015, providing real time interface with the central depository and ZSE’s Members. The performance of the ATS has been beyond the ZSE’s expectations and has delighted our stakeholders who are now trading from the comfort of

their offices. The ATS was purchased from InfoTech Financial Technologies/ InfoTech Middle East FZ LLC which has offices in Pakistan, the United Kingdom, Dubai and Singapore. No Mauritian vendor submitted a bid to develop an ATS for the ZSE during the tender process.

The acquisition and development of ZSE's current premises was reported in its Annual Reports of 2013, 2014 and 2015 and discussed extensively in the last Annual General Meeting in June 2016. The project manager was a leading architectural company which invited and evaluated competitive bids for the major tasks which are the construction, and the "supply and fit" of electrical works as designed by the appointed Electrical Consultant. The main consultants, that is, the Architect, the Electrical Consultant, the Structural Engineer, the Quantity Surveyor and the Town Planner were contracted at fee structures determined by their respective regulatory bodies. The ZSE Board maintained its oversight role in terms of stakeholder engagement, the choice of location and the relevant processes.

The ZSE currently employs 17 permanent employees and is therefore adequately staffed in terms of its current operations and regional benchmarking with other stock exchanges of its size.

One of the pre requisites for membership of the World Federation of Exchanges is that the regulator of the securities exchange must be a member of the International Organisation of Securities Commissions (IOSCO). The ZSE intends to apply for membership once this is achieved.

The ZSE has experienced favourable trading volumes in the past 12 weeks, indicating the importance and potential of the ZSE as a key financial markets actor.

As a Public Interest Entity, the ZSE embraces constructive engagements with all stakeholders for the development of the market. However, the ZSE's opinion is that recent adverse articles which have no merit, diminish the credibility, reputation and goodwill of the ZSE; cause financial loss to the ZSE; inflict damage on the ZSE's brand, shareholders, board and management; taint the Zimbabwean capital markets; affect the current and future financial interests of the ZSE, its stakeholders and the country at large. The financial condition of any exchange is a matter of systemic risk which should not be taken lightly as it may potentially cause pandemonium in the financial ecosystem.



Caroline Sandura (Mrs.)
Chairman, Zimbabwe Stock Exchange
15 December 2016