

---

## THE STOCK EXCHANGE ACT, 1990

---

### ARRANGEMENT OF SECTIONS

---

#### PART I

##### PRELIMINARY

*Section*

1. Short title and commencement
2. Interpretation
3. Restrictions on right to carry on business of stock exchange, stock-broker, etc.

#### PART II

##### ZAMBIA STOCK EXCHANGE COUNCIL

4. Establishment of Zambia Stock Exchange Council
5. Composition of the Council
6. Tenure of office and vacancies
7. Secretary to the Council
8. Meetings
9. Committees of the Council
10. Functions of the Council
11. Funds of the Council, Accounts and Audit

#### PART III

##### STOCK EXCHANGES

12. Council stock exchanges
13. Membership in Council stock exchange
14. Stock exchange licences
15. Licensing of stock exchanges
16. Refusal to renew stock exchange licence
17. Alteration of rules of licensed association

#### PART IV

##### PERSONAL LICENCES

18. Personal licences
19. Application for stock-broker's licence

PART V

LISTING OF STOCK AND SHARES, ETC.

20. Lists of stock and shares and quotation of prices

PART VI

BOARD OF APPEAL

21. Establishment of Board of Appeal
22. Right of Appeal

PART VII

FINANCE AND INVESTIGATIONS

23. Books, accounts and audit
24. Investigations of affairs of stock exchange, stock-brokers, etc.
25. Secrecy

PART VIII

MISCELLANEOUS AND PENALTIES

26. Disqualification of stock-broker, etc., by Court
27. Forms
28. Regulations
29. Penalties

GOVERNMENT OF ZAMBIA

ACT

No. 43 of 1990

Date of Assent: 23rd January, 1991

An Act to provide for the formation, regulation and control of stock exchanges and of the business of stock-brokers and dealers in stocks or shares; and to provide for the control of certain lenders of money against the security of stocks or shares; and to provide for matters incidental to and connected with the foregoing.

[1st February, 1991

ENACTED by the Parliament of Zambia.

Enactment

PART I

PRELIMINARY

1. This Act may be cited as the Stock Exchange Act, 1990. Short title
2. In this Act save where the context otherwise requires— Interpretation
  - “ Board ” means the Board of Appeal established under section *twenty-one*.
  - “ committee ” in relation to a licensed stock exchange, means the executive authority managing the affairs of that licensed stock exchange;
  - “ Council ” means the Zambia Stock Exchange Council established under section *four*;
  - “ Council stock exchange ” means a stock exchange established by the Council under section *twelve*;
  - “ dealer in stocks or shares ” means any person who carries on the business of buying and selling stocks or shares on his own account, and holds himself out as such a person to members of the public;
  - “ licensed association ” means an association of persons which is the holder of a stock exchange licence issued under section *fifteen*;

“licensed stock exchange” means a stock exchange which has been licenced in accordance with section *fifteen*;

“Secretary” means the secretary to the council appointed under section *seven*;

“stocks” and “shares” include loan stock, debentures and debentures stock and options on any stocks, shares, loan stock, debentures or debentures stock, and rights thereto, but do not include any stocks, shares, loan stock, debentures or debentures stock which cannot be transferred without the consent or approval of the directors or of any representative of the company, Government, local authority or statutory corporation concerned, or any options on or rights to such stocks, shares, loan stocks, debentures or debenture stock;

“stock-broker” means any person who carries on the business of buying and selling stocks or shares for and on behalf of other persons;

“stock exchange licence” means a licence as defined in section *fourteen* and issued under section *fifteen*;

Restrictions  
on right to  
carry on  
business of  
stock  
exchange,  
stock-  
broker, etc.

3. No person shall carry on or hold himself out as a person carrying on the business of—

(a) a stock exchange, except—

(i) a Council stock exchange, established by the Council, under section *twelve*;

(ii) a licensed stock exchange, licensed pursuant to section *fifteen*;

(b) a stock-broker or dealer in stocks or shares, unless he is a member of a Council stock exchange or of a licensed stock exchange and the holder of a licence issued under section *eighteen* enabling him to carry on the business of a stock-broker or dealer in stocks or shares.

## PART II

### ZAMBIA STOCK EXCHANGE COUNCIL

Establish-  
ment of  
Council

4. There is hereby established the Zambia Stock Exchange Council which shall be a body corporate with a common seal, capable of suing and being sued and, subject to the provisions of this Act, capable of performing all such acts as a body corporate may by law perform.

Composition  
of Council

5. (1) The Minister shall, by statutory order, appoint the members of the Council.

(2) The Council shall consist of—

(a) a Chairman designated as such by the Minister;

(b) one member nominated by the Bank of Zambia;

- (c) two members representing each stock exchange established or licenced under this Act, nominated by the respective stock exchange.

(3) No person shall be appointed as a member of the Council, who—

- (a) is an undischarged bankrupt;
- (b) has been convicted of an offence under this Act;
- (c) has been convicted of an offence involving fraud or dishonesty; or
- (d) has been convicted of an offence against any other written law and sentenced to a term of imprisonment of not less than six months without the option of a fine.

(4) A body corporate may be appointed a member of the Council and, in such event, may by its duly authorised representative attend and take part in the Council's deliberations and activities to the same extent as a member who is an individual.

(5) The existence or occurrence of a vacancy in the Council shall not invalidate the Council:

Provided that its membership shall not at any time be less than five.

6. (1) A member of the Council shall, subject to the provisions of this section, hold office for a term of not more than three years.

**Tenure of  
office and  
vacancies**

(2) A member shall be eligible for re-appointment upon the expiry of his term of office.

(3) Upon the expiration of the term for which a member is appointed he shall continue to hold office until his successor has been appointed, but in no case shall any such extension of the term exceed three months.

(4) The office of a member shall be vacated—

- (a) upon his death;
- (b) if he is adjudged bankrupt;
- (c) if he is absent from three consecutive meetings of the Council without the prior approval of the council;
- (d) upon the expiry of one month's notice of his intention to resign his office given by him in writing to the Minister;
- (e) upon the expiry of one month's notice of his removal given to him in writing by the Minister;
- (f) if he becomes mentally or physically incapable of performing his duties as a member;
- (g) if he is convicted of an offence under this Act;
- (h) if he is convicted of an offence under any other written law and sentenced therefor to imprisonment for a term of six months or more without the option of a fine.

(5) Any member who is not a public officer shall be paid such remuneration and allowances, if any, as the Minister may, in his case, fix.

**Secretary  
to the  
Council**

7. (1) There shall be a Secretary to the Council who shall be appointed by the Council.

(2) The Secretary shall be the chief executive of the Council and it shall be his duty to assist the Council in all respects and in such manner as the Council may from time to time require in the discharge of its functions and the carrying out of its activities under this Act.

(3) Subject to subsection (4), the Secretary shall, as agent for the Council exercise, with the prior approval of the Minister such functions of the Council as are for the time being delegated to him by the Council.

(4) The Secretary shall not, in respect of any of the following matters, exercise any function generally delegated to him by the Council under subsection (3), without the express specific approval of the Council—

- (a) any matter in respect of which the Council may not exercise its powers under this Act without the prior consent or approval of the Minister;
- (b) the sale, disposal or writing off of any property or assets of the Council the value of which exceeds ten thousand kwacha;
- (c) any general variation of the salaries, wages or allowances of persons employed by the Council.

(5) The Secretary shall furnish the Minister, through the Council, with all such information relating to the activities and undertakings of the Council as the Minister may at any time require.

**Meetings**

8. (1) The Council may meet at such places and times as the Chairman may determine or as he may be directed by the Minister and such meetings shall be convened by notice given by the Chairman, or in the event of his absence from Zambia, by the Secretary.

(2) In the absence of the Chairman from any meeting of the Council the members present shall elect one of their number to preside at that meeting.

(3) The Council shall conduct its proceedings in such manner as the Council may determine.

(4) Four members of the Council shall form a quorum.

(5) At all meetings of the Council the person presiding shall have a deliberative vote and in the event of an equality of votes shall also have a casting vote.

9. (1) The Council may establish one or more committees, to carry out any special or general functions determined by the Council, and the Council may delegate to any such committee such of the Council's functions as it may consider necessary.

Committees  
of Council

(2) The Chairman shall be an *ex officio* member of each committee established under subsection (1).

(3) The Chairman of each committee established under subsection (1) shall be appointed from among the members of the Council.

(4) Each committee established under subsection (1) may, with the approval of the Council previously obtained, co-opt as members of the committee persons who are not members of the Council and who are not disqualified from membership of the Council, and any of such persons so co-opted may or may not be public officers.

(5) Each committee established under subsection (1) shall keep minutes of its meetings and shall keep the Council informed of its activities and shall conduct its proceedings in such manner as the Council may direct.

(6) The chairman of each committee established under subsection (1) may at any time and at any place convene a meeting of the committee of which he is chairman.

(7) The Minister may, in writing, nominate any public officer to attend any meeting or meetings of any committee established under subsection (1), which public officer may take part in the proceedings of any such meeting to the same extent as if he were a member of such committee save that he shall not be entitled to cast a vote.

(8) Any member of a committee established under subsection (1) who is not a public officer shall be paid such remuneration and allowances, if any, as the Minister may, in his case, fix.

10. Subject to the other provisions of this Act, the Council—

Functions  
of Council

- (a) shall be the sole authority for the licensing of bodies of persons to carry on the business of stock exchange;
- (b) shall be the sole authority for the licensing of persons as stock-brokers, or as dealers in stocks and shares;
- (c) may either exclusively or in association with any other person or persons, establish and operate a stock exchange;
- (d) may control and regulate the listing of securities on a stock exchange;
- (e) may control and regulate the trading securities on a stock exchange;
- (f) may control and regulate the trading hours and trading days of stock exchanges;

- (g) may acquire any property necessary or convenient for the exercise of its functions, and for that purpose may buy, sell, take on lease, on tenancy, exchange, hire or otherwise acquire real or personal property and any interest therein or any right or privilege over the same, and any concessions, grants, rights, powers or privileges in respect thereof and in particular may so acquire any lands, buildings, easements, office equipment, or office fixtures;
- (h) may acquire any right or interest in any stocks, shares, debentures, bonds or other securities listed on any stock exchange, for the purpose of exercising control over the marketing or dealings in such securities or for any analogous purpose which the Council deems necessary and proper;
- (i) may mortgage or pledge any assets or part of any assets of the Council and, may sell, exchange, lease, mortgage, dispose of, turn to account, realise, or otherwise deal with any such assets which are not required for the exercise of its functions, for such consideration as it may determine;
- (j) may draw, make, accept, endorse, discount, execute, or issue, for the purpose of its functions, promissory notes, bills of exchange, securities, and other negotiable and transferable instrument;
- (k) may make contracts and enter into suretyships or give guarantees in connection with the exercise of its functions, and may modify or rescind such contracts or modify or rescind such suretyships or guarantees;
- (l) may raise moneys temporarily or otherwise for such purposes as it considers necessary from time to time;
- (m) may invest any of its funds not immediately required by it in such manner as it may determine, and may so vary or realise investments so made;
- (n) with the approval of the Minister, may enter into, renew, cancel or abandon arrangements with any foreign stock exchange or with any Government department or authority, local or otherwise, that may seem conducive to the exercise of its functions, and may obtain from such foreign stock exchange, or such Government department or authority rights, privileges, or concessions which it considers desirable; and may carry out, exercise and comply with such arrangements, rights, privileges and concessions;
- (o) may delegate to its officers and employees such of its functions and duties as the Council considers fit;
- (p) may appoint such professional, technical and other officers, secretaries, accountants, clerks and servants as may be necessary for the exercise of its functions;



- (g) may pay such remuneration and allowances, and grant such leave of absence and, with the approval of the Minister make such gifts, bonuses and other lump sum payments or gratuities to persons in its employment as the Council considers fit;
- (r) may provide pecuniary benefits for persons in its employment on their retirement, resignation, discharge or other termination of services, or in the event of their sickness or injury, and for their dependants, and for that purpose may effect policies of insurance, establish pension or provident funds or join in any existing group insurance, pension or provident fund scheme; or otherwise may make such other provision as may be necessary to secure for persons in its employment, and their dependants, any or all of the pecuniary benefits to which the provisions of this paragraph relate;
- (s) may, generally, do all such things as are incidental to or conducive to the exercise of the functions conferred upon it by this Act.

11. (1) The funds of the Council shall consist of—

- (a) such sums as may be payable to the Council from time to time from moneys appropriated by Parliament for the purpose;
- (b) such sums as may be payable to the Council under this Act or any other written law;
- (c) such sums as may be payable to the Council in respect of the operation or management of any stock exchange;
- (d) such sums of money or such other assets as may accrue to or vest in the Council from time to time whether in the course of the exercise of its functions or otherwise.

Funds of  
Council  
Accounts  
and Audit

(2) The financial year of the Council shall be the period of twelve months ending on the 31st December, in each year.

(3) The Council shall cause proper accounts to be kept of its assets and liabilities and of its trading, income and expenditure for each financial year.

(4) The accounts of the Council for each financial year shall be audited by one or more persons who publicly carry on the profession of accountants in Zambia, and who shall be appointed auditors to the Council by the Council with the approval of the Minister, and for the purpose of such audit the auditors shall at all reasonable times have access to all books and other records relating to the assets, liabilities, income, expenditure and trading of the Council.

(5) The Council shall, not later than twelve months after the end of each financial year of the Council, submit to the Minister a report on its activities, together with a copy of its accounts for that financial year, and the Minister shall, not later than fourteen days after the first sitting of the National Assembly next after the receipt of such report, lay it before the National Assembly.

### PART III

#### STOCK EXCHANGES

**Council  
stock  
exchanges**

12. (1) The Council may, either exclusively or in association with any other person or persons, establish, in and for any part of Zambia, Council stock exchanges.

(2) The Council may permit a licensed stock exchange established under section *fifteen* to operate and engage in trading in securities in any part of Zambia in and for which a Council stock exchange has been established under subsection (1).

(3) The provisions of this Act with respect to the licensing of stock exchanges shall not apply to any Council stock exchange established under subsection (1).

**Membership  
in Council  
stock  
exchange**

13. (1) Subject to the other provisions of this Act, any person who is desirous of becoming a member of a Council stock exchange may apply to the Council in the prescribed form and manner.

(2) Every applicant for membership of a Council stock exchange shall—

- (a) produce evidence to the satisfaction of the Council, that he is a person of good character and high business integrity and that he has, in addition to any amount referred to in paragraph (c) of subsection (3) of section *nineteen*, assets which exceed his liabilities by at least twenty thousand kwacha:

Provided that in relation to a person who proposes to carry on or who carries on business in partnership with any other member of the Council stock exchange the requirement of this paragraph as to the value of assets shall be deemed to be satisfied if the partnership, at the date of the application under this paragraph, has assets which exceed its liabilities by at least twenty thousand kwacha multiplied by the number of partners;

- (b) provide sureties or securities to the satisfaction of the Council, in an amount to be prescribed, for the discharge, after issue of execution against him, of his liabilities entered into by him in respect of stocks or shares;

- (c) pay to the Council such fees, if any, as are prescribed by the Council for membership in a Council stock exchange; and
- (d) undertake to abide by such regulations, as may be made from time to time, under this Act, in respect of the conduct of business of members of a Council stock exchange.

(3) Save as otherwise expressly provided by the Council, membership of a Council stock exchange shall not, of itself, confer upon its member any proprietary right or interest in the stock exchange nor grant any right or privilege to share in the management of the stock exchange.

(4) Paragraph (a) of subsection (2) shall not apply if the applicant is—

- (a) the Bank of Zambia; or
- (b) registered as a bank under the Banking Act; Cap. 700
- (c) a building society established under the Building Societies Act, or Cap. 708
- (d) an insurer registered under the Insurance Act. Cap. 705

14. (1) Subject to subsection (3) and (4), a stock exchange licence may be issued or renewed by the Council. Stock  
exchange  
licences

(2) Every stock exchange licence shall expire on the 31st December for the year for which it is issued but may, subject to the provision of subsections (3) and (4) be renewed from year to year.

(3) A stock exchange licence shall be issued or renewed in accordance with section *fifteen*.

(4) A fee as may be prescribed, shall be payable to the Council in respect of the issue or renewal of a stock exchange licence, as the case may be:

Provided that if the liability in respect of the issue of the licence arises in any year after the date of expiration of any relevant quarter-year in that year, the amount payable for the issue of the licence shall be the prescribed amount reduced by one-fourth in respect of each relevant quarter-year of that year so expired on the date the liability arises.

(5) For the purposes of subsection (4) the dates of expiration of the relevant quarter-year in any one year shall be the 31st March, the 30th June and the 30th September, respectively.

15. (1) Any association of not less than five persons may apply to the Council, in the prescribed form and manner, for a licence to carry on the business of a stock exchange, or to renew any stock exchange licence. Licensing  
of stock  
exchange

(2) Every application for a licence under subsection (1), shall be accompanied by not less than five copies of the rules of the association.

(3) Upon receipt of an application pursuant to subsection (1), the Council shall cause to be published, at the expense of the association, in one issue of the *Gazette* and in one issue of a newspaper in general circulation in Zambia, a notice in accordance with subsection (4).

(4) The notice referred to in subsection (3) shall state the name, address and occupation of every member of the association and the place within Zambia where the rules of the association shall lie open for inspection by any member of the public, and shall call upon all the interested persons, who have any objection to the granting of the licence, to lodge their objections with the Council within the period of time specified in the notice, not being less than one month from the date of publication of the notice in the *Gazette*.

(5) Upon the expiry of the period of time referred to in subsection (4), and after consideration of any objections lodged with it in accordance with that subsection, the Council may, subject to subsection (6) grant and issue to the association a licence to carry on the business of a stock exchange at such place or places within Zambia as may be specified in the licence, and the association shall there upon become and be a licensed stock exchange for the purposes of this Act.

(6) Prior to the granting and issuing of any licence under subsection (5) the Council shall be satisfied that—

- (a) at least three members of the association will carry on business mainly as stock-brokers independently of and in competition with each other:
- (b) the rules of the association are designed to ensure—
  - (i) that no person is admitted or allowed to continue as a member unless he is of good character and of high business integrity and unless at the time of his admission or while he carries on the business of a stock-broker he has, in addition to any amount referred to in subparagraph (iv), assets which exceed his liabilities by at least twenty thousand kwacha:

Provided that in relation to a person who proposed to carry on or carries on business in partnership with any other member of the association, the requirement of this subparagraph as to the value of assets shall be deemed to be satisfied if the rules are designed to ensure that at the material time, the partnership has assets which exceed its liabilities by at least twenty thousand kwacha multiplied by the number of persons in the partnership;

- (ii) adequate steps are taken against any member who contravenes or fails to comply with this Act or of any rules made under this Act;
  - (iii) any qualifying right to be held by any person in order to be admitted as a member, is available for acquisition by any applicant for admission, at not more than the price stated in the rules.
  - (iv) every member provides sureties or security to the satisfaction of the committee of the stock exchange, in an amount of not less than the amount prescribed by the Council, under paragraph (6) of subsection (2) of section *thirteen*, for members of the Council stock exchange, for the discharge, after issue of execution against him, of his liabilities arising out of transactions entered into by him in respect of stocks or shares;
  - (v) every member contributes to a fund approved by the Council and established for the purpose of securing the discharge, after issue of execution against the member concerned, of any liability of the member up to an amount of not less than fifteen thousand kwacha arising out of any transaction entered into by him in respect of stocks or shares;
  - (vi) generally, the business of the stock exchange is carried on with due regard to the public interest;
  - (c) the rules of the association prescribe reasonable fees to be charged by members for their services;
  - (d) the interests of the public will be served by the issue of the licence; and
  - (e) the association has complied with any further conditions which may be prescribed.
- (7) As soon as may be, after the issue of a stock exchange licence under this section, the association concerned shall cause its rules to be published in one issue of the *Gazette*.

16. The Council may refuse to renew a stock exchange licence if—

- (a) it is not satisfied that the rules of the association have, during the year preceding the year for which the licence is sought to be renewed, been properly enforced, or that during the year for which the licence is to be renewed, at least three members of the association will carry on business mainly as stock-brokers independently of and in competition with each other;

Refusal to  
renew stock  
exchange  
licence

- (b) the association has, during the year preceding the year for which the licence is sought to be renewed, failed to give effect to a decision of the Board made in accordance with section *twenty-two*.

(2) The Council shall not refuse to renew a stock exchange licence on any ground on which the association concerned did not have an opportunity of making representations to the Council.

Alteration  
of rules of  
licensed  
stock  
exchange

17. (1) No addition to, alteration or suspension, of the rules of a licensed stock exchange shall be valid, unless it has been approved by the Council:

Provided that if the Council does not disapprove of any addition, alteration or suspension within one month after the expiry of the period referred to in subsection (4) of this section, it shall be deemed to have given its approval thereto.

(2) Subsections (3) and (4) of section *fifteen*, except in so far as they relate to the names, addresses and occupations of members of the association, shall apply *mutatis mutandis* in respect of any application for the approval of the Council under subsection (1), and the licensed stock exchange concerned shall cause any addition or alteration or the terms and extent of any suspension as the case may be, which has been approved by the Council, to be published in the *Gazette*.

## PART IV

### PERSONAL LICENCES

Personal  
licences

18. (1) Subject to the other provisions of this Part, the Council may issue to any person, who applies for a licence in the manner prescribed, a licence to act as—

- (a) a stock-broker; or  
(b) a dealer in stock or shares; in Zambia.

(2) Every licence issued under this Part shall expire on the 31st December of the year for which it is issued, but may be renewed from year to year.

(3) A fee of two thousand kwacha shall be payable in respect of a licence issued or renewed under to this Part:

Provided that if the liability in respect of the issue of any such licence arises in any year after the date of expiry of any relevant quarter-year in that year the amount payable for the issue of licence shall be the prescribed fee as reduced by one-fourth in respect of each relevant quarter-year so expired on the date liability arises.

(4) For the purposes of subsection (3), the dates of expiration of the relevant quarter years in any one year shall be the 31st March, the 30th June and the 30th September, respectively.

19. (1) Any person who intends to engage or continue to engage in the business of stock-broker or dealer in stocks or shares in Zambia shall apply to the Council in the prescribed manner for a stock-brokers's or dealer in stocks or shares licence, or for the renewal of any such licence.

Application  
for stock-  
broker's or  
dealers in  
stocks or  
shares  
licences

(2) The fee referred to in subsection (3) of section *eighteen* shall be tendered to the Council at the time application is made under subsection (1).

(3) Every application for a licence or for the renewal of a licence under subsection (1) shall show, to the satisfaction of the Council, that the applicant—

- (a) is of good character and high business integrity;
- (b) has, in addition to the deposit specified in paragraph (c), assets of at least twenty thousand kwacha in excess of his liabilities;
- (c) has deposited with the Council cash or securities of a value to be prescribed, under such terms and conditions as may be prescribed, to be made available, after issue of execution against him, for the discharge of any liability of the applicant arising out of any transactions entered into by him in respect of stock or shares;
- (d) has, subject to the granting of the licence applied for, been accepted into membership of a stock exchange;
- (e) possesses the qualifications and has complied with any other conditions which may be prescribed in respect of an application for a stock-broker's licence or dealer in stocks and shares licence.

(4) Any person who has made a deposit for the purposes of paragraph (c) of subsection (3) (hereinafter referred to as the "depositor"), may at any time—

- (a) withdraw so much of the money deposited as exceeds the value prescribed under that paragraph;
- (b) substitute for any security so deposited any money, or other valuable security approved by the Council of any equivalent value.

(5) If a depositor has deposited any money for the purposes of paragraph (c) of subsection (3), the Council shall, at his request, invest it in securities specified by the depositor and approved by the Council, and the securities shall be deemed to have been so deposited by the depositor.

(6) A depositor shall be entitled to the income derived from any securities deposited or deemed to be deposited with the Council for the purposes of paragraph (c) of subsection (3).

(7) Paragraphs (a), (b) or (c) of subsection (3), or subsections (4) (5) (6) shall not apply if the applicant is—

- Cap. 700 (a) the Bank of Zambia;
- Cap. 708 (b) registered as a bank under the Banking Act;
- Cap. 705 (c) a building society established under the Building Societies Act; or
- (d) an insurer registered under the Insurance Act.

## PART V

### LISTING OF STOCKS AND SHARES, ETC.

Lists of  
stocks and  
shares and  
quotation  
of prices

20. (1) The Council, in respect of each Council stock exchange, and the committee of each licensed stock exchange in respect of such licensed stock exchange—

- (a) shall keep a list of the stocks and shares which may be dealt in on such stock exchange;
- (b) shall receive, consider and grant, defer or refuse applications for the inclusion in such list of any stocks or shares;
- (c) may, notwithstanding any arrangement entered into under which the stocks or shares in question may be dealt in on the stock exchange, if after investigation in accordance with the appropriate regulations in the case of a Council stock exchange or in accordance with its appropriate rules in the case of the relevant licensed stock exchange, the Council or the committee, as the case may be, is of opinion that it is desirable to do so, remove from the list stocks or shares previously included on it, or omit from any list of quotations of prices of stocks or shares (including a supplementary list) issued on the authority of the stock exchange, the prices of stocks or shares previously quoted in any list.

(2) Whenever the Council, or any committee, as the case may be, refuses an application under paragraph (b) of subsection (1) or removes any stocks or shares from any list under paragraph (d) of that subsection, it shall cause the Council, where appropriate, and the committee of every other stock exchange in Zambia to be notified in writing of the refusal or removal, as the case may be, such refusal or removal, and thereupon neither the Council (if a notice party) nor such other committee shall, during the period of six months after the said date, grant any application for the inclusion of those stocks or shares in any list kept by it under refusal or removal has been allowed under section *twenty-two*, whether by the Board of Appeal or upon review by the High Court as the case may be:



Provided that where any decision of the Council or the committee, as the case may be, has been suspended in accordance with subsection (2) of section *twenty-two* the notice provided for by this subsection shall not issue unless and until such decision has been confirmed on appeal by the Board or upon review by the High Court, whichever is the later, or unless any such appeal or review has been abandoned in writing by the appellant or has not been prosecuted by him within the time prescribed for the prosecution.

## PART VI

### BOARD OF APPEAL

21. (1) There is hereby established a Board of Appeal for the hearing of appeals under section *twenty-two*.

Establishment of Board of Appeal

(2) The Board of Appeal shall consist of —

- (a) a legal practitioner of not less than five years standing who shall be the chairman of the Board;
- (b) an accountant of not less than ten years standing;
- (c) an individual selected for his knowledge of stock exchange matters;

(3) The members of the Board shall be appointed by the Minister for such period and upon such conditions as he may in each case determine.

(4) If any member of the Board is, for any reason, unable to act, the Minister may, subject to subsection (2), appoint another individual to act in his stead.

(5) Meetings of the Board shall be held at such times and places as the chairman may, from time to time direct.

(6) The members of the Board shall be paid such fees and allowances as the Minister may, from time to time, prescribe.

22. (1) If the Council acting in respect of any Council stock exchange, or if the committee of any licensed stock exchange—

Right of appeal

- (a) terminates the membership of any person; or
- (b) defers or refuses an application for the inclusion in, or removes any stocks or shares or omits the prices of any stocks or shares from, any list under paragraph (b) or (d) of subsection (1) of section *twenty*.

it shall within seven days after its decision cause notice in writing of such decision to be served upon the person whose membership is terminated, or upon the person who issued the stocks or shares, as the case may be and the notice shall set forth the reasons for the termination, non-inclusion, deferment, refusal, removal or omission, and the person whose membership is terminated or the person who issued the stocks or shares, as the case may be (hereinafter called the "Appellant") may within twenty-one days after receipt of the notice, appeal against decision to the Board and the Board may confirm, vary or set aside the decision.

(2) In the case of any termination, non-inclusion, deferment, removal, refusal or omission referred to in subsection (1), the Council or the committee, as the case may be, may, subject to such conditions such as it may impose and in accordance with the relevant regulations or rules (if any) suspend the implementation of its decision pending any appeal.

(3) The ruling of the Board on any appeal shall be binding upon the Council or, upon the committee, as the case may be, and also upon the appellant and all other interested parties, but nothing in this Act nor in the relevant regulations or rules shall limit in any way the right of the Council or of the committee, as the case may be, or of the appellant to have the ruling of the Board on the decision of the Council or of the committee, as the case may be, reviewed by the High Court on application made on the ruling; and the Notice of Motion shall be served upon all parties who appeared before the Board during the hearing of the appeal before the Board, and all the parties shall be entitled to be represented at and heard in any proceedings in the High Court arising out of or incidental to the motion to set aside the ruling of the Board.

## PART VII

### FINANCE AND INVESTIGATIONS

Books,  
accounts  
and audit

23. (1) Every stock-broker or dealer in stocks or shares shall—

- (a) keep such books, accounts and records as may be prescribed by the Council;
- (b) preserve every such book, account or record in a safe place for at least three years from the date of the last entry;
- (c) cause such books, accounts and records to be audited not later than the 31st March of the year following the year in question, or such later date as the Council may allow, in respect of each year ending on the 31st December, by a person who publicly carries on in Zambia the profession of public accountant (in this section referred to as an "auditor") and has no direct or indirect financial interest in the business carried on by the broker or dealer.

(2) Every auditor who, under this section, has audited the books, accounts or records of any stock-broker or dealer in stocks and shares shall, not later than the 30th April of the year following the year in question, or such later date as the Council may allow, transmit to the Council, and in the case of a stock-broker who is a member of a licenced stock exchange, also to the committee of the licensed stock exchange, a report setting forth—

- (a) the books, accounts and records which have been kept by the broker or dealer during the period to which the audit relates, whether or not they have been properly kept, and if not, in which respects they are defective;
- (b) whether or not he has obtained all the information and explanations he has required, and, if not, the nature of the information he has not obtained and the matters which have not been explained;
- (c) whether or not any stocks or shares held by such broker on behalf of any other person are, as far as may appear from his books, accounts and records, in his possession, and, if not, in whose possession or custody they are; and
- (d) such other matters as may be prescribed by the Council.

24. (1) The Minister may at any time cause an investigation to be made into the affairs of any Council stock exchange by one or more public officers authorised by him in writing.

Investigations of affairs of stock exchanges, stock-brokers, etc.

(2) The Council may, at any time, and, at the request of the Minister shall, cause an investigation to be made into the affairs of any licensed stock exchange, stock-broker or dealer in stocks or shares by one or more officials of the Council authorised by the Council in writing.

(3) In making an investigation under this section, any public officer or official of the Council, as the case may be, may examine—

- (a) any person whose affairs are being investigated, including, in the case of a licensed stock exchange, any member of the stock exchange;
- (b) any person who has audited the books, accounts or records of stock exchange or person relating to any year or period relevant to the investigation; and
- (c) any person who is or was an agent or employee of, or has had dealings with, any person referred to in paragraph (a);

and may for the purposes of the investigation administer an oath or affirmation to any person referred to in paragraph (a), (b) or (c).

(4) Any person examined under this section shall be entitled to all the privileges to which a person giving evidence before the High Court is entitled.

(5) Any person into whose affairs an investigation is being made under this section shall be entitled to be present at any examination under subsection (3), and to be represented by a legal practitioner.

(6) Every person referred to in subsection (3), shall, at the request of the public officer or official of the Council, as the case may be, and at a time and place specified by the officer or official—

- (a) furnish him with such information in writing relating to such of the affairs which are being investigated as he may specify, and subsection (4), shall, *mutatis mutandis*, apply with reference to any such information;
- (b) produce to the public officer or official of the Council, as the case may be, every book, account or record relating to the affairs being investigated or such copies of or extracts from any such book, account, record or document as the officer or official may specify.

(7) Whenever the public officer or official of the Council as the case may be, has reason to suspect that any person has committed an offence in connection with any book account, record or document relating to the affairs under investigation or that any book, account, record or document may afford evidence of the commission of an offence, he may, without warrant enter upon any premises where he has reason to suspect the book account, record or document is being held, and may search such premises, and may take possession of and remove such book, account, record, or document from the premises and from the custody of any person on the premises, and may retain the same for as long as is reasonably necessary to examine it and to take copies of any entries therein which he considers necessary for the purposes of the investigation or for the purposes of any proceedings, civil or criminal arising out of the investigation, and every copy of any entry so taken shall be certified by him under his hand to be a true and correct copy of the entry and the certificate shall be countersigned by a person authorised by the Minister in the case of an investigation initiated by him under subsection (1) or by a person authorised by the Council in an investigation initiated under subsection (2).

(8) Every copy entry so certified and countersigned under subsection (7) shall be received, in any proceedings, whether under this Act or otherwise, by any court, commission or tribunal of inquiry or statutory investigatory body as *prima facie* evidence of the entry and of the matters, transactions and accounts recorded.

#### Secrecy

25. (1) Except for the purpose of exercising his functions under section *twenty-four*, no public officer referred to in that section shall disclose to any person other than the Minister, or any police officer for the purposes of a prosecution, or, when required so to do, any Court, or pursuant to any other written law, any information, acquired by him in the course of any

investigation under section *twenty-four*, relating to any affairs so investigated.

(2) Except for the purposes of exercising his functions under section *twenty-four*, no official of the Council referred to in that section shall disclose to any person other than the Council, or the Minister if so requested, or any police officer for the purposes of a prosecution, or, when required so to do, any Court, or pursuant to any other written law, any information acquired by him in the course of any investigation under section *twenty-four*, relating to any affairs so investigated.

## PART VIII

### MISCELLANEOUS AND PENALTIES

#### 26. (1) If any Court—

- (a) convicts any stock-broker or dealer in stocks or shares of any offence under this Act, or of any offence involving fraud or dishonesty; or
- (b) finds, in any proceedings, civil or criminal, to which any broker or dealer is a party or in any proceedings to which he is not a party but in which his conduct is called in question and an opportunity is given to him to be heard that he has been guilty of dishonest conduct.

Disqualifi-  
cation of  
stock-  
broker,  
etc., by  
Court

the Court may (in addition, in a case referred to in paragraph (a), to any sentence it may impose) declare the broker or dealer to be disqualified, for an indefinite period or for a period specified by the Court, from carrying on the business of a stock-broker, or dealer in stocks or shares.

(2) The Court may, on sufficient cause shown, set aside or vary a declaration made under subsection (1).

(3) If any declaration or disqualification is made under paragraph (b) of subsection (1) in respect of any stock-broker or dealer in stocks or shares, as the case may be, by any subordinate court in any proceedings to which the broker or dealer is not a party, the broker or dealer may, within thirty days of the making of the declaration apply to the High Court by originating motion, on notice to the parties, for an order to set aside or vary the declaration; and the High Court may, on sufficient cause shown, set aside or vary the declaration.

(4) The Registrar or Clerk of any court which has made any declaration under subsection (1), or set aside or varied any declaration under subsection (3), shall forthwith notify the Council of the decision.

(5) The Council shall suspend, cancel, vary or reinstate the licence of any stock-broker or dealer in stocks or shares, in accordance with the terms of any declaration or order made under this section, in respect of the disqualification of stock-broker or dealer in stocks or shares.

**Forms**

27. The Council may, by statutory instrument prescribe forms to be used for the purposes of this Act.

**Regulations**

28. (1) The Council may, with the approval of the Minister, by statutory instrument, prescribe anything which under this Act may be prescribed by the Council and, without prejudice to the generality of the foregoing, the regulations may make provision for—

- (a) rules by which the business and operations of Council stock exchanges and the listing of shares and the conduct, activities and operations of members of the stock exchanges shall be governed;
- (b) the manner in which application for membership in any Council stock exchange shall be made;
- (c) fees payable to the Council and to the relevant Council stock exchange on application for membership and for the annual renewal of such membership;
- (d) transactions and services payable to the Council by stock-brokers;
- (e) fines or other penalties enforceable against any Council stock exchange in respect of any breach by any member of any rule made under paragraph (a);
- (f) the practice to be followed in any disciplinary proceedings taken against any member of a Council stock exchange, whether as a result of any investigation by the Council section *twenty-four* or otherwise;
- (g) the practice to be followed on any application for reinstatement to membership of any former member of any Council stock exchange whose membership is suspended or cancelled under this Act;
- (h) the practice to be followed in any disciplinary proceedings taken against any stock-broker or dealer in stocks or shares whether as a result of an investigation by the Council under section *twenty-four* or otherwise;
- (i) the practice to be followed on any application for the review or variation of any cancellation or suspension of any stock-broker's licence other than any cancellation or suspension made under any declaration of a court under section *twenty-six*;
- (j) such rules as the Council may require to be included in rules governing the business and trading operations of licenced stock exchange and the listings of shares;
- (k) such rules as the Council may require to be included in rules governing the conduct, activities, and operations of members of a licensed stock exchange;

- (l) such rules as the Council may require to be included in rules governing the practices to be followed in any disciplinary proceedings to be taken against any member of a licensed stock exchange whether as a result of any investigation by the Council under section *twenty-four* or otherwise;
- (m) such reports as the Council may require, from a licensed stock exchange, stock-brokers or dealers in stocks or shares in Zambia;
- (n) fees and other charges to be charged for services as a stock-broker or dealer by a stock broker or dealer in stocks or shares who is a member of a Council stock exchange;

(2) The Minister may, by statutory instrument, prescribe anything which under this Act may be prescribed by the Minister or in respect of which no other prescribing authority is specified.

(3) Any regulations made under subsection (1) or (2) may prescribe penalties for any contravention of the regulations or failure to comply with the regulations not exceeding a fine of one hundred thousand kwacha or imprisonment for a term of three years or to both.

#### Penalties

#### 29. Any person who—

- (a) contravenes the provisions of paragraph (a) of section *three*;
- (b) contravenes or fails to comply with subsection (1) of section *twenty-three*;
- (c) contravenes or fails to comply with paragraph (b) of section *three*, or section *twenty-five*;
- (d) carries on the business of a stock-broker or dealer in stocks or shares at any time when pursuant to a declaration under section *twenty-six* he is disqualified from doing so;
- (e) makes any incorrect statement or entry in any book, account or record kept under section *twenty-three* knowing the same to be incorrect;
- (f) refuses to take an oath or to make an affirmation when called upon to do so by a public officer or official of the Council, as the case may be, under subsection (3) of section *twenty-four*;
- (g) refuses or fails to answer to the best of his knowledge any relevant question which any public officer, or official of the Council, as the case may be, has lawfully put to him in the exercise of his functions under section *twenty-four*;

- (h) makes, to any public officer or official of the Council, as the case may be, when examined by the officer or official under section *twenty-four*, any relevant statement which is false in any particular, knowing the same to be false;
- (i) refuses or fails to comply with a request made by any public officer or official of the Council under subsection (6) of section *twenty-four*;
- (j) hinders or obstructs any public officer or official of the Council, as the case may be, in the exercise of his functions under section *twenty-four*;

shall be guilty of an offence and upon conviction shall be liable—

- (i) in the case of an offence referred to in paragraph (a), to a fine not exceeding five thousand kwacha or to imprisonment for a term not exceeding two years, or to both such fine and such term of imprisonment;
- (ii) in the case of an offence referred to in paragraph (b), (e) or (h), to a fine not exceeding two thousand kwacha, or to imprisonment for a term not exceeding two years or to both;
- (iii) in the case of an offence referred to in paragraph (c), (d), (f), (g), (i) or (j) to a fine not exceeding three thousand kwacha or to imprisonment for a term not exceeding six months, or to both.