



# Insurance and Pensions Symposium

**Strengthening Zimbabwe's Capital Markets: Reforms  
and Opportunities for Institutional Investors.**

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# Presentation Outline



1. Introduction
2. SECZIM supervised entities
3. Overview of the capital markets
4. Product offering – capital markets
5. Market capitalisation, fum, cis, auc and stock market turnover
6. Institutional investment activity in capital markets
7. Regulatory and structural initiatives and reforms
8. Opportunities for institutional investors
9. Conclusion



# Introduction



The Securities and Exchange Commission of Zimbabwe (SECZim) was established in terms of Section 3 of Securities and Exchange Act, with a mandate to: -

- provide high levels of investor education
- promote investor education
- reduce systemic risk
- prevent market manipulation, fraud and financial crime
- promote market integrity and investor confidence
- ensure transparency in capital and securities markets



# Acts Administered



- Securities and Exchange Act
- Asset Management Act
- Collective Investments Schemes Act



# Memberships



- International Organisation of Securities Commissions (IOSCO)
- Committee of Insurance, Securities and Non-Bank Financial Authorities (CISNA-SADC Body)



# SECZim Supervised Entities



SECZim supervised entities include:

- Securities Exchanges (3)
- Securities Depositories (2)
- Investment/Asset Managers (42)
- Securities Dealing firms (23)
- Investment Advisory Firms (56)
- Custodians (6)
- Trustees (7)

In addition, the Commission currently supervises a total of 91 Collective Investment Schemes.



# Product Offering – Capital Markets



- ❑ **Equities** - *(42 listed firms on ZSE with 4 suspended, and 15 on the VFEX)*
- ❑ **Fixed Income (Bonds) Securities** -*(1 listed on the VFEX[Karo Mining])*
- ❑ **Real Estate Investment Trusts (REITs)** -*(14 registered with 5 active; 2 listed on VFEX, 2 listed on ZSE, and 1 yet to list)*
- ❑ **Commodity Funds** - *(2 Gold Funds and 1 agriculture focused fund)*
- ❑ **Private Equity (1) and Venture Capital Funds**(nil)
- ❑ **Exchange Traded Funds** - *(8 registered with 3 active: all 3 listed on ZSE)*
- ❑ **Crypto based Funds** - *(5 in the regulatory sandbox)*
- ❑ **Derivative Instruments** - *(Stock Options, Stock Futures and Index Futures)*  
*(nil)*
- ❑ **Contracts for Differences (CFDs)** - (nil)
- ❑ **Other Collective Investment Schemes (Equity/Hybrid/Money Market/Property Funds)** – *(65 registered with 41 active)*



# Market Capitalisation



## **Market Capitalisation: -**

- ❑ ZSE: - ZWG91.62 billion (USD3.53 billion),
- ❑ VFEX: - USD2.10 billion
- ❑ **Combined: - USD5.63 billion**

## **Market Cap to GDP: -**

- ❑ ZSE: 7.99%
- ❑ Combined with VFEX: 12.74%
- Compared to SA 321%, Kenya 45%, Egypt 23%, Botswana 42%

The stock market capitalization-to-GDP ratio, helps determine if a market is overvalued or undervalued. A ratio below 75% suggests a market is undervalued, while a ratio above 115% indicates overvaluation.



# FuM, CIS and AuC



**Funds under Management (FuM):** ZWG98.16 billion (USD3.78 billion),

**Collective Investment Schemes (CIS):** ZWG5.24 billion (USD201m).

**Asset Under Custody (AuC):** ZWG76.69 billion (USD2.97 billion)



# Stock Market Turnover



## Annual Turnover

- ❑ ZSE: - ZWG5.43 billion (USD203.70 million)
- ❑ VFEX: - USD111.05 million

**Penetration rate: 2% (SA 8%, Kenya 4%, Egypt 6%)**



# Institutional Investment Activity in Capital Markets



- Institutional investors, including pension funds, continue to drive equities trading on the Zimbabwe Stock Exchange as provided by the summary below.

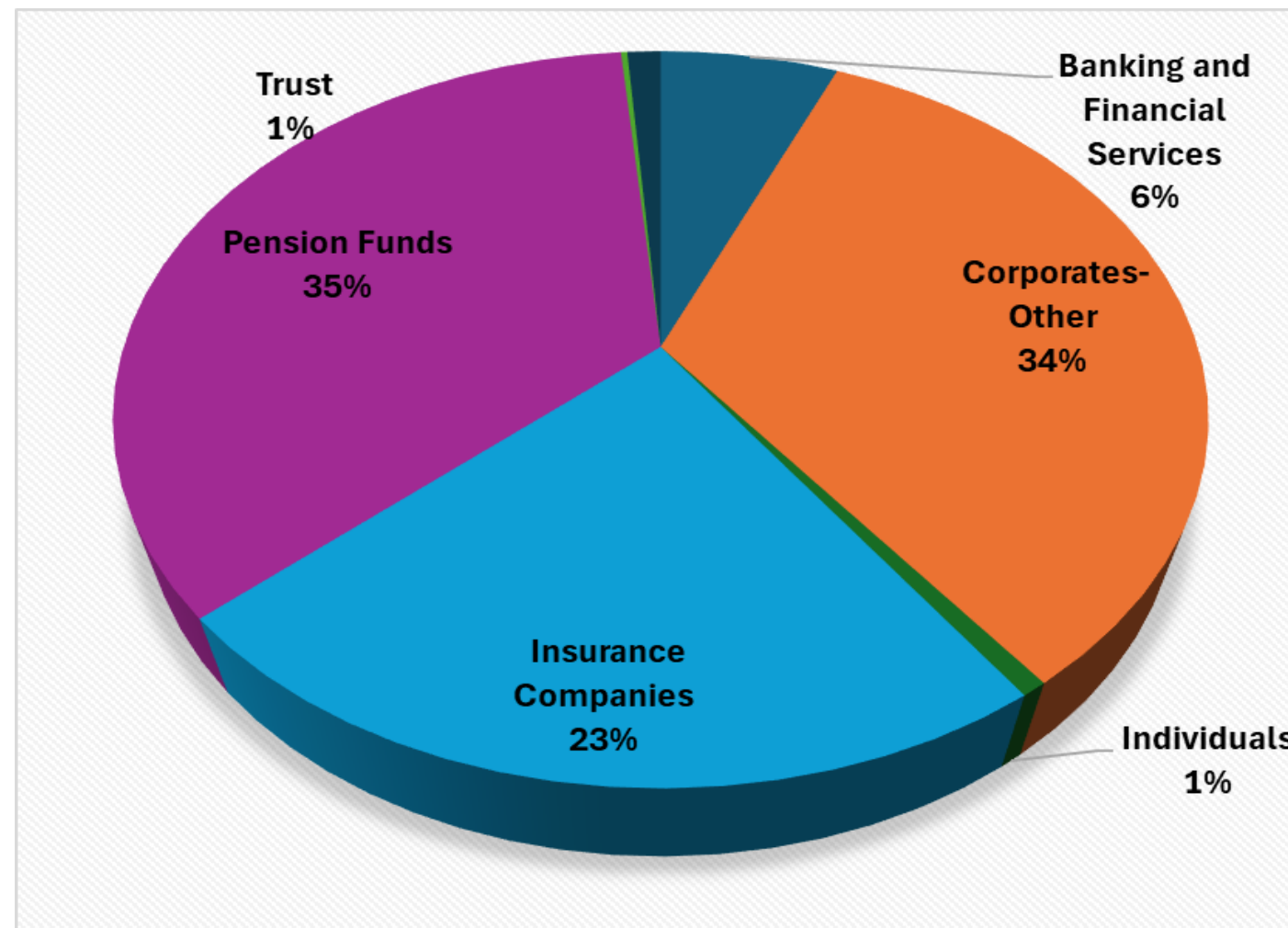
EQUITIES BUY SIDE		
PERIOD	INVESTOR TYPE	% OF SETTLED TRADES
Q1 2025	<b>Pension Funds</b>	<b>24.57%</b>
	Corporations	21.64%
	Other Financial Institutions	17.12%
	Nominee Accounts	29.56%
Q2 2025	<b>Pension Funds</b>	<b>23.50%</b>
	Corporations	55.01%
	Other Financial Institutions	1.08%
	Nominee Accounts	12.89%
Q3 2025	<b>Pension Funds</b>	<b>14.26%</b>
	Corporations	22.38%
	Other Financial Institutions	6.98%
	Nominee Accounts	47.58%
Q4 2025	<b>Pension Funds</b>	<b>45.36%</b>
	Corporations	25.42%
	Other Financial Institutions	4.96%
	Nominee Accounts	15.49%



## ...cont: Institutional Investment Activity in Capital Markets



- Pension funds and insurance companies, as major institutional investors, hold a significant share of funds under management (FUM), as shown by a survey of the top 20 clients across all asset managers in the chart below.





# Challenges



- Vesting Period on trading of shares (Exchange rate and prices stability)
- De-listings and Corporate rescues (Lafarge (Khaya Cement), Bindura, National Foods, Econet, OK Zimbabwe, African Sun, Colcom, Powerspeed)
- Suspension of key Counters (Old Mutual and PPC)
- Exit of foreign investors (key liquidity providers)
- Closure of some pension funds due to closure of funders (key liquidity providers)



# Achievements



- Introduction and Surge in REITs investments (+US\$100m)
- Significant improvement in Settlement Cycle and automation of trading, back office and settlement processes.
- Clients' assets protection (separation of clients' assets from proprietary positions)
- Online trading platforms for retail investors (ZSE Direct and C-Trade)



# Regulatory and Structural Initiatives and Reforms



- Lack of oversight over listed securities
- Sustainability reporting
  
- Strengthening of capital requirements-fidelity cover now based on activities of the licensee (FUM, AUC, AUT, Market Cap, Turnover etc)
- Securities lending and borrowing regulations now in place
  
- Virtual Assets Services Providers regulations
- Adoption of Artificial Intelligence in Market and regulatory activities
- Inclusion of Commodities Exchanges under the Commission
  
- Carbon credits trading
- Government policy on ease of doing business in Zimbabwe
- Focus on financial inclusion, increased contribution to GDP



# Regulatory and Structural Initiatives and Reforms



## Amendments to the Securities and Exchange Act

Amendments to the Act are being introduced to align with IOSCO standards and enhance investor protection, including for institutional investors.

- Oversight and scrutiny over issuance of securities and all corporate actions



## ...cont: Regulatory and Structural Initiatives and Reforms



### **Sustainability Reporting**

- ❑ The Commission is a member of Sustainability Standards Panel, a PAAB Committee tasked with coming up among other things, the Road Map for Sustainability Reporting in Zimbabwe, largely for regulated entities and listed companies on stock exchanges.
- ❑ The goal of the Road Map is to influence the thinking, practice and impact assessment disclosures on Environment, Social and Governance(ESG) issues by companies.
- ❑ Compliance IFRS 2 (Climate) by 2027 and IFRS1 (Sustainability) by 2030



## ...cont: Regulatory and Structural Initiatives and Reforms



### Artificial Intelligence and Technological Improvements

- ❑ The Commission, through its Digital Transformation Strategy, aims to leverage AI to enhance regulatory decision-making and generate data-driven insights.
  
- ❑ The adoption of AI will benefit investors in the following ways:
  - Early identification of risks within the capital markets.
  - Enhanced market surveillance to detect fraud and abuse.
  - Enhanced data analysis to inform investment and regulatory decisions.
  - Improved evaluation of service providers and monitoring on market participants



## ...cont: Regulatory and Structural Initiatives and Reforms



### **Virtual Assets Services Providers.**

- Inclusion of VASPs under SEC regulatory oversight
- Stakeholders' engagement on going
- Licensing deadline 30 April 2026



## ...continued: Regulatory and Structural Initiatives and Reforms



### **Financial inclusion and increased Market Cap to GDP**

- Collaboration with Ministry of Primary and Secondary Education
- Collaboration with Consumer Protection Commission
- Series of webinars in partnership with market players on new products
- New listings and increased/broader market participation for price discovery



## ...continued: Regulatory and Structural Initiatives and Reforms



### **Ease of doing Business**

- Review of regulatory licence fees
- Review of listing rules and other licensees' commissions and fees
- Tax incentives (new and retention for issuers)
- Review investor protection clauses (Disclosures and conflicts of interests)



## ...continued: Regulatory and Structural Initiatives and Reforms



### Follow the Capital

- Understand the shift to Private Capital and Credit
- With a view to provide a regulatory service for the protection of investors (Light regulations)



# Opportunities for investors



- Other classes of REITs
- Participation in commodities-based products (Short to medium term liquidity)
- Adoption of AI in research and investment decisions



# Conclusion



- ❑ Institutional investors, including pension funds, are a vital part of Zimbabwe's capital markets. Through its initiatives and close collaboration with IPEC, the Securities and Exchange Commission of Zimbabwe implements policies and regulations designed to protect institutional investors from the pensions and insurance sectors.

*Thank You*

