

THE ASSOCIATION OF GLOBAL CUSTODIANS

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DELIVERED BY EMAIL

Tinashe Mapara
Head of Depository Services
Zimbabwe Stock Exchange
tmapara@zse.co.zw

Re: Minimum notice period in event of termination of listing by request of issuer

Dear Tinashe:

The Middle East and Africa Committee of the Association of Global Custodians (“AGC”) and its member firms are writing to request the introduction of minimum notice periods for the termination of listing at the request of the issuer and for any change in depository by any issuer.

As you are aware, issuers in Zimbabwe have a choice of listing their securities at Zimbabwe Stock Exchange (ZSE) where trade is conducted in local currency or Victoria Falls Stock Exchange (VFX) where trading is in United States dollars. There have been several listing migrations from ZSE to VFX since the option became available to issuers. The migration of listings between the exchanges has significant implication for global custodians where cash account opening is concerned: Cash accounts in the appropriate currency for settlement must be opened in the market to ensure that investors have continuity of service after the migration of the counter from one exchange to the other. Not all global custodians currently support sub-custody services via the VFX, therefore, migrations from the ZSE to the VFX are particularly challenging as global custodian’s require sufficient time to ensure they are operationally ready and have the requisite securities and foreign currency accounts open.

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The ZSE Listing Rules allow issuers to migrate their listings from ZSE to VFX as soon as they have shareholder approval. However, global custodians may not have active settlement or cash accounts open when the listing migrates. The misalignment of timing between migration and account opening means that investors are not able to trade their holding on VFX until accounts are opened. The disruption of service is potentially detrimental to investor interests and unsatisfactory from a service level perspective. The migration of securities issued by Simbisa Limited on Monday, 28 November 2022 presents the challenges detailed here for global custodians and the investors that they service.

It is the consensus of the AGC that a 30-day notice period calculated from the date of shareholder approval would provide sufficient lead time for global custodians and other industry stakeholders to prepare for the migration of listings across exchanges. We therefore ask that ZSE amend the listing requirements by adding a minimum notice period.

The AGC appreciates the opportunity to address you on these important matters. Our members stand ready to meet with you to discuss the issues identified and the proposal made in this letter.

Sincerely,



CT Tinavapi

The Association of Global Custodians
By: Catherine Tinavapi