



**BANK *Of* ZAMBIA**

**EXTERNAL**

**OPERATING RULES AND GUIDELINES**

**For**

**GOVERNMENT SECURITIES**

**January 2016**

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## 1.0 INTRODUCTION

The Bank of Zambia (BoZ) issues Government securities on behalf of the Government in its capacity as, a fiscal agent of the Government of the Republic of Zambia. Currently, the Government securities issued are Treasury Bills and Government Bonds. The securities are issued on a competitive (tender) and non-competitive (off tender) basis. Government securities are issued in accordance with the issuance calendar to ensure transparency.

In view of the above the Government Securities Operating rules and Guidelines are structured as follows: **Sections 2** provides the definitions while the procedures for the competitive and non-competitive windows for Treasury bills are outlined in **Section 3**. In **Sections 4** and **5** the subject of the charges as well as the taxation and day count conversion for Treasury bills are respectively highlighted. Further, **Section 6** outlines the procedures for the tender and off-tender windows for Government bonds. The charges on bonds are addressed in **Section 7** while the taxation and day count conversion for these instruments are discussed in **Section 8**. Procedures for secondary market trading of Government Securities are outlined in **Section 9** followed by **Section 10** which highlights how often these guidelines are to be reviewed. Finally, **Appendix I** outlines procedures for creating a trading ceiling account, **Appendix II** the Rediscount formula and **Appendix III** the CSD Time Table.

## 2.0 DEFINITIONS

2.1 The following Instruments are used to raise funds from the domestic market:

2.2 **Treasury bill** - a short-term debt instrument issued by Government in order to borrow funds for a period of not more than one year.

2.3 **Government Bond** - a debt instrument issued by Government to borrow funds for more than one year at a fixed rate.

## 3.0 PROCEDURES FOR TENDER (COMPETITIVE) AND OFF TENDER (NON COMPETITIVE) WINDOW TRANSACTIONS - TREASURY BILLS

### 3.1 Eligibility

3.1.1 Individuals, organisations and corporate institutions are eligible to participate in the primary auctions of Treasury bills. These investors may be resident in Zambia or outside the country.

3.1.2 Direct Participants are allowed to submit bids on their own account and on behalf of their clients. Each investor is allowed one bid per maturity category.

3.1.3 The minimum bid amount is Thirty Thousand Kwacha (K30,000.00) for competitive auctions and thereafter bids should be submitted in multiples of Five Thousand Kwacha (K5,000.00). Similarly, the maximum bid amount for non-competitive bids is Twenty Nine Thousand Kwacha (K29,000.00) and the minimum is One Thousand Kwacha (K1,000.00). Non-competitive bids should be invested in multiples of One Thousand Kwacha (K1,000.00).

- 3.1.4 The Bank of Zambia reserves the right to change the number of bids and minimum amount required and multiples as and when deemed necessary. Advance notice will be provided for any such changes.
- 3.1.5 The Bank of Zambia maintains and processes all Treasury bill transactions through the Central Securities Depository (CSD). All Treasury bill records are stored and processed electronically. All Treasury bills are dematerialized i.e. no physical certificate shall be issued for any Treasury bill purchased. Therefore, all participants are required to open an account in the CSD by completing and submitting the Participant Application Form/Participant Agreement in **Appendix II** – of the CSD System Rules. The application forms can be obtained at the Bank of Zambia or can be downloaded from the Bank of Zambia website.

### **3.2 Term to Maturity**

- 3.2.1 Currently, the Bank of Zambia issues Treasury bills in four maturity categories namely, 91 days, 182 days, 273 days and 364 days.

### **3.3 Tender Invitation**

- 3.3.1 Treasury bill tenders are held fortnightly on Thursdays from 08:15 hours to 11:00 hours. In the event that Thursday is a public holiday, participants shall be informed which day the auction will be held. The announcement of the auction shall be made through the website, national press and will be uploaded on the CSD.

### **3.4 Lodging Of Applications**

- 3.4.1 Individual, organizations and corporate institutions may apply for Treasury bills either:
- a) through the Bank of Zambia as long as they obtain a Letter of Guarantee from their respective commercial banks where they maintain a settlement account which is the same as that indicated in the CSD. Participants wishing to bid through Bank of Zambia should submit their bids at least a day prior to the auction to the Financial Markets Department. It is strongly advisable that this Letter of Guarantee is obtained from the settlement agent which is already defined in the CSD. Once the bid is accepted, the securities will be moved to the settlement account of the investor Free of Payment so that it is not under the Bank of Zambia holding;
  - b) through their respective commercial bank; or
  - c) directly on their own by applying for the Virtual Private Network (VPN) connectivity at BoZ. The VPN access will be extended to any investor who wishes to submit bids directly on their own at a fee. <sup>1</sup>

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<sup>1</sup> Public Notice on amendments to the Government Securities Operating Rules and Phase two of implementation of Central Securities Depository, November 2014

### **3.5 Pricing Mechanism And Allotment**

3.5.1 The Bank of Zambia shall use the single price auction system to price Treasury bills. This means that each successful bidder is allocated Treasury bills at the marginal price. However, the Bank of Zambia reserves the right to exclude bids that are not consistent with market fundamentals.

3.5.2 The Bank of Zambia shall pro-rate bids at the cut-off price. This means that the Bank of Zambia will issue Treasury bills up to the amount advertised on each maturity category. If bids at the cut-off price exhausting the amount on offer exceed the value on offer, the Bank of Zambia will proportionally allocate amounts of Treasury bills at the cut-off price to exhaust the amount on offer. The cut off price will be the price at the margin.

3.5.3 The Bank of Zambia reserves the right to change the pricing mechanism as and when deemed necessary. Adequate notice will be given to all participants for any change in the pricing mechanism.

### **3.6 Announcement of Results**

3.6.1 Individual results of the tender shall be announced to participants on Thursdays (the auction date) through issuance of award notices to successful bidders and rejection notices to unsuccessful bidders.

3.6.2 A consolidated summary of the tender results shall be published on the Bank of Zambia website and other electronic media shortly after the tender is finalized as well as in the national press on Mondays. If Monday is a holiday, the results will be published on the next business day.

3.6.3 Award and rejection notices including current holding statements for individual investors can either be obtained from Bank of Zambia or through respective commercial banks.

### **3.7 Settlement Procedure**

3.7.1 Settlement of all Treasury bills awarded is on Monday (T+4, that is, four days from the auction date). Settlement will be based on Delivery versus Payment (DVP) model one.

3.7.2 Any changes to settlement date shall be advised to all participants and, any changes in participants' settlement details shall be advised to BoZ fourteen working days before the payment date. Settlement of Treasury bills awarded shall be through commercial banks' current accounts at Bank of Zambia.

### **3.8 Maturity Proceeds**

3.8.1 On maturity date, the Bank of Zambia shall credit the maturity proceeds to the current accounts of commercial banks held at the Bank of Zambia by the close of the business day. For participants without clearing accounts at the Bank of Zambia,

the maturity proceeds will be credited through their respective commercial banks current account as per settlement details indicated in the CSD application form.

3.8.2 At maturity, the investor will be paid the face value less withholding tax.

#### **4.0 CHARGES ON TREASURY BILLS**

##### **4.1 Handling Fees**

4.1.1 The Bank of Zambia charges handling fees for all primary Treasury bill transactions. The charge is applied on the discount earned on Treasury bills. Currently, the handling fee is 2 percent. The Bank of Zambia reserves the right to change this fee as and when deemed necessary. The handling fee shall be collected on maturity date for Treasury bills.

#### **5.0 TAXATION AND DAY COUNT CONVENTION – TREASURY BILLS**

##### **5.1 Taxation**

5.1.1 Income earned on Treasury bills is subject to tax as per current tax regulations. The tax is deducted at source upon maturity. Currently, 15 percent withholding tax is applicable to income earned on Treasury bills for all investors.

5.1.2 All participants that are exempt from paying withholding tax must provide a tax exemption certificate from the Zambia Revenue Authority (ZRA) to the Bank of Zambia.

5.1.3 Interest earnings will be subject to tax regulations as set by the Government of the Republic of Zambia from time to time

##### **5.2 Day Count Convention**

5.2.1 The Actual/365 Day convention shall be used on all interest calculations.

#### **6.0 PROCEDURES FOR TENDER (COMPETITIVE) AND OFF TENDER (NON COMPETITIVE) WINDOW TRANSACTIONS- GOVERNMENT BONDS**

##### **6.1 Eligibility**

6.1.1 Individuals, organizations and corporate institutions are eligible to participate in the primary auctions of Government Bonds. These investors may be resident in Zambia or outside the country.

6.1.2 Direct Participants are allowed to submit bid on their own account and on behalf of their clients. Each investor is allowed one bid per maturity category.

6.1.3 The minimum bid amount is Thirty Thousand Kwacha (K30,000.00) for competitive auctions and thereafter bids should be submitted in multiples of Five Thousand Kwacha (K5,000.00). Similarly, the maximum bid amount for non-competitive bids is Twenty Nine Thousand Kwacha (K29,000.00) and the minimum is One Thousand

Kwacha (K1,000.00). Non-competitive bids should be invested in multiples of One Thousand Kwacha (K1,000.00).

6.1.4 The Bank of Zambia reserves the right to change the number of bids and minimum amount required and multiples as and when deemed necessary. Advance notice will be provided for any such changes.

6.1.5 The Bank of Zambia maintains and processes all Government bonds transactions through the CSD. All Government bonds are stored and processed electronically. All Government bonds are dematerialized, that is, no physical certificate shall be issued for any Government bond purchased. Therefore, all participants are required to open an account in the CSD by completing and submitting the Participant Application Form/Participant Agreement on Appendix II - of the CSD System Rules. The application forms can be obtained at the Bank of Zambia or can be downloaded from the Bank of Zambia website.

## **6.2 Term to Maturity**

6.2.1 Currently, the Bank of Zambia issues Government bonds in six maturity categories namely, 2 years, 3 years, 5 years, 7 years, 10 years and 15 years.

## **6.3 Tender Invitation**

6.3.1 Government bond tenders are held quarterly on Fridays from 08:15 hours to 11:30 hours. In the event that Friday is a public holiday, participants shall be informed which day the auction will be held. The specific dates of the bond auction shall be announced on the Bank of Zambia website, national press and uploaded on the CSD.

## **6.4 Lodging of Applications**

6.4.1 Individual, organisations and corporate institutions may apply for Government bonds either:

a) through the Bank of Zambia as long as they obtain a Letter of Guarantee from their respective commercial banks where they maintain a settlement account which is the same as that indicated in the CSD. Participants wishing to bid through Bank of Zambia should submit their bids at least a day prior to the auction to the Financial Markets Department. It is strongly advisable that this Letter of Guarantee is obtained from the settlement agent which is already defined in the CSD. Once the bid is accepted, the securities will be moved to the settlement account of the investor Free of Payment so that it is not under the Bank of Zambia holding;

b) through their respective commercial bank; or

c) directly on their own by applying for the VPN connectivity at BoZ. The VPN access will be extended to any investor who wishes to submit bids directly on their own at a fee.

## **6.5 Pricing Mechanism and Allotment**

6.5.1 The Bank of Zambia shall use the single price auction system to price Government bonds. This means that each successful bidder will be allocated at marginal price. However, the Bank of Zambia reserves the right to exclude bids that are not consistent with market fundamentals.

6.5.2 The Bank of Zambia shall pro-rate bids at the cut-off yield rate. This means that the Bank of Zambia will issue bonds up to the amount advertised on each maturity category. If bids at the cut-off price exhausting the amount on offer exceed the value on offer, the Bank of Zambia will proportionally allocate amounts of bonds at the cut-off price to exhaust the amount on offer. The cut off price will be the price at the margin.

6.5.3 The Bank of Zambia reserves the right to change the pricing mechanism as and when deemed necessary. Adequate notice will be given to all Participants for any change in the pricing mechanism.

## **6.6 Announcement of Results**

6.6.1 Individual results of the tender shall be announced to participants on Friday (the auction date) through issuance of award notices to successful bidders and rejection notices to unsuccessful bidders.

6.6.2 A consolidated summary of the tender results shall be published on the Bank of Zambia website and other electronic media shortly after the tender is finalised as well as in the national press on the Monday after each tender. If Monday is a holiday, the results will be published on the next business day.

6.6.3 Award and rejection notices including current holding statements for individual investors can either be obtained from Bank of Zambia or through respective commercial banks

## **6.7 Settlement Procedure**

6.7.1 Settlement for all Government bond awarded is on Monday (T + 3, that is, three days from the auction date). Any changes to settlement date shall be advised to all participants, and changes in participants settlement details shall be advised to BoZ fourteen working days before the payment date. Settlement will be based on DVP model one.

6.7.2 Settlement of Government bonds awarded shall be through commercial banks' current accounts at the Bank of Zambia.

## **6.8 Interest and Maturity Proceeds**

6.8.1 On maturity or interest payment date, the Bank of Zambia shall credit the maturity or interest proceeds to the current accounts of commercial banks held at the Bank of Zambia by the close of the business day. For participants without clearing accounts at Bank of Zambia, the maturity/interest proceeds will be credited



through their respective commercial banks current account as per settlement details indicated on CSD application form. Please note that individuals, organizations and corporate institutions shall use the same commercial bank for settlements and maturity/interest proceeds.

6.8.2 On maturity, the investor shall be paid the face value and the last coupon.

6.8.3 Currently, the coupon payments are made semi-annually.

## **7.0 CHARGES ON GOVERNMENT BONDS**

### **7.1 Handling Fees**

7.1.1 The Bank of Zambia charges handling fees for all primary Government bond transactions. The charge is applied on the coupon amount and shall be charged on the coupon payment date. Currently, the handling fee is 2 percent. The Bank of Zambia reserves the right to change this fee as and when deemed necessary.

## **8.0 TAX AND DAY COUNT CONVENTION – GOVERNMENT BONDS**

### **8.1 Taxation**

8.1.1 Currently, coupon income earned on Government bonds is subject to withholding tax. However, discount income for Government Bonds on all existing and new issues is not subject to withholding tax. The withholding tax rate is currently at 15 percent. Note that interest earnings are subject to tax regulations as set by the Government of the Republic of Zambia from time to time.

8.1.2 All participants that are exempt from paying withholding tax must provide a tax exemption certificate from the Zambia Revenue Authority (ZRA) to the Bank of Zambia.

### **8.2 Day Count Convention**

8.2.1 The Actual/365 day count convention shall be used on all interest calculations.

## **9.0 PROCEDURES FOR SECONDARY MARKET TRADING OF GOVERNMENT SECURITIES**

### **9.1 Commercial Banks – Rediscounting Treasury Bills Purchased on a Competitive Basis**

9.1.1 The minimum re-discountable amount at the Bank of Zambia is Fifty Thousand Kwacha (K50,000.00) and thereafter in multiples of Five Thousand Kwacha (K5,000.00). Currently, commercial banks' monthly rediscount limit is 10 percent of paid up capital plus reserves at the ruling penalty rates. The penalty rate applicable is 0.64 percent on price, 0.73 percent on income and 0.84 percent on cost. Rediscounts above the monthly limit shall be subject to a higher price penalty of 3.5 percent. The Bank of Zambia reserves the right to change the monthly limit and rediscount penalties as and when deemed necessary.

9.1.2 Rediscounts can be done using the CSD by sending an MT 543 message type before DVP Cut Off time in the time table (See Appendix III).

9.1.3 Rediscount proceeds shall be credited to the current account of the respective commercial bank

9.1.4 The rediscount formula is explained on Annex II.

## **9.2 Non-Bank Institutions and Individual Investors - Rediscounting Treasury Bills Purchased on a Competitive Basis**

9.2.1 The minimum re-discountable amount at the Bank of Zambia is Fifty Thousand Kwacha (K50,000.00) and thereafter in multiples of Five Thousand Kwacha (K5,000.00) up to One Hundred Thousand Kwacha (K100,000.00) at the ruling penalty rates. The penalty rates applicable are on the price 0.44 percent, income 0.53 percent and cost 0.64 percent. Rediscounts in excess of K100,000.00 shall be subject to a higher price penalty of 3.5 percent. The Bank of Zambia reserves the right to change rediscount penalties as and when deemed necessary.

9.2.2 Rediscounts can be done through the commercial banks using the CSD system before DVP Cut Off time in the time table (See Appendix II).

9.2.3 A rediscount notice can be obtained from the Bank of Zambia and Commercial banks.

9.2.4 Rediscount proceeds shall be credited to the current account of the participants' settlement bank as indicated on CSD application form.

## **9.3 Rediscounting of Bonds Purchased on both Competitive and Off-Tender Auction**

9.3.1 Government bonds are not re-discountable at the Bank of Zambia. Secondary trading of Government bonds takes place at the Lusaka Stock Exchange (LuSE). Thus, investors wishing to participate in secondary market trading of Government bonds should contact LuSE for details.

## **10.0 REVIEW OF EXTERNAL OPERATING RULES AND GUIDELINES**

These Operating Rules and Guidelines will be reviewed annually or when deemed necessary.

## **APPENDIX I: TRADE CEILINGS LIMIT FOR NON DIRECT PARTICIPANTS ON THE CSD**

### **Trade Ceiling**

- 1.1 A Trading Ceilings is a mechanism by which settlement agents (commercial banks) control their settlement risk in the CSD. A transaction executed by a Participant in the CSD who uses a settlement agent will not settle if it would result in the Trading Ceiling being breached.
- 1.2 Commercial Banks are required to set Trading Ceilings on behalf of their Clients who have the ability to bid on their own using the VPN. Trading ceiling limits can be adjusted at any time.

## APPENDIX II: REDISCOUNT FORMULA

### Rediscount

The CSD accommodates a special type of DvP transactions that will be identified as operation type Premature Disinvestment. The operation is created using single MT 543 entered by the Participant requesting the Rediscount.

The cash value of the transaction is calculated by the system using the following procedure:

#### 1. Computation of Rediscount Price

The rediscount price (RDP) is equal to the daily value of the security being rediscounted.

$$RDP = \text{Daily Value}$$

The daily value is determined based on the type of security using the following formulas:

##### Treasury Bills

$$\text{Daily Value} = \frac{1}{1 + \text{yield} * \frac{\text{nrDays}}{\text{YearBase}}}$$

where:

**yield** is the current yield rate expressed as percentage (%) obtained on the most recent auction for this instrument and it is managed at the instrument level,

**nrDays** is the number of days from settlement date (valuation date) until maturity;

**YearBase** is the number of days in year according to the Day Count Convention.

#### 2. Computation of Income

$$Y = FA * (RDP - AWP)$$

where: **Y** is the Income earned on the rediscount,

**FA** is the Face Amount of the securities being rediscounted; **RDP** is the Rediscount Price calculated in Step One.

**AWP** is the Average Weighted Price of the account where the securities are being rediscounted.

### 3. Computation of Tax

$$T = s * Y$$

where: **T** is the  
Tax  
payable,

**s** is the Tax Rate applicable defined in the participant or client taxation scheme.

### 4. Computation of Commission

$$CM = c * Y$$

where:

**CM** is the Commission, **c** is the Commission Rate defined as system parameter in the CSD.

### 5. Computation of Penalties

#### Income Penalty

$$IP = i * Y$$

where:

**IP** is the Income Penalty, **i** is the Income Penalty Rate defined as system parameter in the CSD.

#### Price Penalty

$$PP = p * FA * RDP$$

where: **PP** is the  
Price  
Penalty,

**p** is the Price Penalty Rate defined as system parameter in the CSD, **FA** is the Face Amount being rediscounted,  
**RDP** is the Rediscount Price.

#### Cost Penalty

$$CP = c * FA * AWP$$

where:

**CP** is the Cost Penalty, **c** is the Cost Penalty Rate defined as system parameter in the CSD,

**FA** is the Face Amount being rediscounted,

**AWP** is the Average Weighted Price of the account where the securities are being rediscounted.

#### Total Penalty

$$TP = IP + PP + CP$$

where:

**TP** is the Total Penalty payable,

**IP** is the  
Income  
Penalty, **PP** is  
the Price  
Penalty, **CP** is  
the Cost  
Penalty.

## 6. Computation of Net Proceeds

$$NP = FA * RDP - (T + CM + TP)$$

where:

**NP** is the Net proceeds,

**FA** is the Face Amount being rediscounted,

**RDP** is the  
Rediscount Price,

**T** is the Tax  
payable,

**CM** is the Commission,

**TP** is the Total Penalty.

**APPENDIX III: CSD TIME TABLE**

<b>CSD Event</b>	<b>Time</b>	<b>Activities</b>
Start of Day	8.00 hrs	The business date is moved to current system date. Housekeeping functions can be undertaken such as maintenance of parameters, participant details, user maintenance
Start of Business Day	8.15 hrs	The system is ready to process available future transactions and new transactions.
Intraday Auction Cut Off	16.00 hrs	The system processes auction related transactions only when the intraday auction window is open. No auction related transactions can be undertaken after the intraday auction cut-off.
DvP Cut Off	16.20 hrs	The system processes DvP Transactions only when DvP service is open. When DvP is executed, all DvP transactions that are not in final status are cancelled. Also all DvP transactions that are not matched will be automatically cancelled.
FoP Cut Off	16.25 hrs	The system processes FoP Transactions only when FoP service is open. When FoP is executed, all FoP transactions that are not in final status are cancelled. Also all FoP transactions that are not matched will be automatically cancelled.
End of Business Day	16.30 hrs	All business transactions cannot be processed beyond this time. Housekeeping functions can take place.
End of Day	16.35 hrs	CSD system closes. Back-up and archiving can take place.

**APPENDIX IV: CSD APPLICATION FORM FOR INDIVIDUAL INVESTORS**

<b>Application to Join the CSD</b>		
<b>To:</b>	Director Financial Markets Department Bank of Zambia P O Box 30080 Lusaka Zambia	
<b>I Details of Prospective Investor</b>		
<b>From:</b>	Name of Applicant (s):	
	Date of Birth	
	NRC/Passport	
	Sex	
	Physical and Postal Addresses in Zambia:	
	Cell/Telephone Number:	
	Fax Number:	
	E-mail:	
<b>II Details of Settlement Bank</b>		
	Name of settlement Bank	
	Name of settlement Branch	
	Account Number of Settlement Branch	
	Address of settlement Bank	
	Name of Contact Person at the Settlement Bank:	
	Telephone Number:	
	Fax Number:	
	E-mail:	
<b>III Persons Authorised to issue instructions on the CSD Account</b>		
	<b>Name</b>	<b>Authorised Signature</b>
<b>A</b>		
<b>B</b>		
<b>C</b>	Preferred Start Date: <i>(This is the preferred date on which the Applicant wishes to be admitted as a Participant of CSD.)</i>	



The above named body corporate/ Applicant hereby applies for membership as a Participant in CSD. The Applicant agrees that if this application is accepted then subject to and in consideration of that acceptance:

1. The Applicant will observe and comply with the Rules of CSD and the procedures detailed in the User Manual (as defined in those Rules) in force from time to time. Direct participants should collect a copy of the Rules and the User Manual which are currently in force.
2. The Applicant will observe and comply with the requirements and directions of CSD and any relevant statutory authority in force from time to time relating to CSD.
3. The Applicant undertakes not to adversely affect the integrity of instructions sent and received between Participants or the settlement of those instructions (or otherwise introduce a significant new risk into CSD after becoming a Participant).
4. The Applicant undertakes not to impair the overall efficiency of CSD after becoming a Participant.
5. The Applicant undertakes to pay the fees and other amounts payable under the Rules by a Participant.
6. The rights and obligations contained herein shall ensure not only to CSD, but to every other Participant who has agreed to observe and comply with the Rules and User Manual.

Terms not defined in this application have the same meaning as in the Rules of CSD.

For Official Use only

Checked by.....  
**Bank of Zambia**

Approved by.....  
**Bank of Zambia**

## APPENDIX V: CSD APPLICATION FORM FOR CORPORATE INVESTORS

<b>Application to Join the CSD</b>		
<b>To:</b>	Director Financial Markets Department Bank of Zambia P O Box 30080 Lusaka Zambia	
<b>I Details of Prospective Investor</b>		
<b>From:</b>	Name of Applicant:	
	Date of Incorporation	
	Place of Incorporation	
	Zambian Company Number (e.g PACRA number)	
	TPIN	
	Physical and Postal Addresses in Zambia:	
	Name of Contact Person of the Investor:	
	Company Cell/Telephone Number:	
	Company Fax Number:	
	E-mail:	
<b>II Details of Settlement Bank</b>		
	Name of settlement Bank	
	Name of settlement Branch	
	SWIFT BIC	
	Account Number of Settlement Branch	
	Address of settlement Bank	
	Name of Contact Person at the Settlement Bank:	
	Telephone Number:	
	Fax Number:	
	E-mail:	
<b>III Persons Authorised to operate the CSD Account</b>		
	<b>Name</b>	<b>Authorised Signature</b>
<b>A</b>		
<b>B</b>		
<b>C</b>	Preferred Start Date: <i>(This is the preferred date on which the Applicant wishes to be admitted as a Participant of CSD.)</i>	

The above named body corporate/ Applicant hereby applies for membership as a Participant in CSD. The Applicant agrees that if this application is accepted then subject to and in consideration of that acceptance:

1. The Applicant will observe and comply with the Rules of CSD and the procedures detailed in the User Manual (as defined in those Rules) in force from time to time. Direct participants should collect a copy of the Rules and the User Manual which are currently in force.
2. The Applicant will observe and comply with the requirements and directions of CSD and any relevant statutory authority in force from time to time relating to CSD.
3. The Applicant undertakes not to adversely affect the integrity of instructions sent and received between Participants or the settlement of those instructions (or otherwise introduce a significant new risk into CSD after becoming a Participant).
4. The Applicant undertakes not to impair the overall efficiency of CSD after becoming a Participant.
5. The Applicant undertakes to pay the fees and other amounts payable under the Rules by a Participant.
6. The rights and obligations contained herein shall ensure not only to CSD, but to every other Participant who has agreed to observe and comply with the Rules and User Manual.

Terms not defined in this application have the same meaning as in the Rules of CSD.

For Official Use only

Checked by.....  
**Bank of Zambia**

Approved by.....  
**Bank of Zambia**

## Contact Details

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Financial Markets Department  
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Fax. +260 211 226707  
Email: [csd@boz.zm](mailto:csd@boz.zm)**