

**PROHIBITION AND PREVENTION OF MONEY LAUNDERING ACT
(No. 14 of 2001)**

**SECURITIES AND EXCHANGE COMMISSION ANTI-MONEY LAUNDERING
DIRECTIVES, 2009**

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**The Prohibition and Prevention of Money Laundering Act
(No. 14 of 2001)**

Securities and Exchange Commission Anti-Money Laundering Directives, 2009

IN EXERCISE of the powers contained in *section 12(4)* of the Prohibition and Prevention of Money Laundering Act, Number 14 of 2001, the following Directives are hereby made:

**PART 1
PRELIMINARY**

Short title	1. These Directives may be cited as the Securities and Exchange Commission Anti-Money Laundering Directives, 2009
Interpretation	2. In these Directives, unless the context otherwise requires, “Act” shall mean the Prohibition and Prevention of Money Laundering Act;
No. 14 of 2001	 “Anti-money laundering measures and practices” includes policies, procedures and controls put in place by a regulated institution to prevent and detect money laundering as prescribed in these Directives and by the Securities and Exchange Commission from time to time. “Corporate body” shall include companies incorporated under the Companies’ Act, and other legal entities.
Cap. 388	 “establishing a business relationship” means entering into a business relationship with a regulated institution or any other obligation arising out of the contractual relationship between a regulated institution and a customer, and includes acquiring, disposing of, subscribing for or underwriting securities or making or offering to make with any person, or inducing or attempting to induce any person to enter or to, an agreement relating to the acquisition or disposal of, subscription of or underwriting of securities to a customer by a regulated institution;
No. 14 of 2001	 “money laundering” shall have the meaning assigned to it in section 2 of the Prohibition and Prevention of Money Laundering Act;

“politically exposed person” shall mean an individual who is or has been entrusted with prominent public functions, such as, Heads of State or of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials and shall include family members and business associates of politically exposed persons but shall not include middle ranking or more junior individuals in the foregoing capacities.

“property” shall have the same meaning assigned to it under section 2 of the Prohibition and Prevention of Money Laundering Act;

No. 14 of 2001

“regulated institution” shall mean an institution as licensed or supervised by the Securities and Exchange Commission

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“relevant authorities” shall include the Securities and Exchange Commission and any other authority as may be established by law;

“suspicious transaction” means a transaction which is inconsistent with a customer's known legitimate business or personal activities or with the normal business for the type of securities holdings or contract which the customer holds, and includes, but is not limited to, the activities listed in the First Schedule hereto; and

Application

3. These Directives shall apply to all persons licensed, authorised and supervised by the Securities and Exchange Commission.

PART II

AUTHORITY OF SECURITIES AND EXCHANGE COMMISSION

Authority of the
Securities and
Exchange Commission

4. Securities and Exchange Commission shall be the regulatory authority for the purposes of giving effect to these Directives.

PART III

ANTI-MONEY LAUNDERING MEASURES AND PRACTICES

Anti-money laundering measures and practices

5. A regulated institution shall put in place such anti-money laundering measures and adopt such practices as are necessary for the detection and prevention of money laundering as set out in these Directives.

Customer Identification

6. (1) A regulated institution shall require its individual customers, when establishing business relations, or conducting transactions, with it, to produce the following documents for identification purposes -

(a) in the case of a Zambian national, a National Registration Card or valid passport; or

(b) in the case of a foreign national, a valid passport with, where applicable, a duly issued visa.

(2) When a regulated institution has doubts as to the identity of a customer in the course of its business relationship with that customer, the regulated institution shall require that customer to renew his identification.

(3) A regulated institution shall identify the client, and if the regulated institution fails to ascertain the identity of client, it shall deny the facilities concerned.

Verification of individual customers' names and addresses

7. A regulated institution shall verify the names and addresses of its individual customers by any or more of the following methods:-

(a) obtaining a reference from a professional, an employer of the individual customer, a known customer of the regulated institution, or a customary authority that knows the applicant;

(b) in the case of non-residents, obtaining references from securities and capital markets regulators from the individual

customer's place of residence;

(c) requesting an original or certified true copy of recent council or applicable rates or utility bill receipt;

(d) using one of the address validation or verification services on offer; or

(e) conducting a personal visit to the home of the applicant where appropriate, or possible.

Politically Exposed
Persons

8. A regulated institution shall, in relation to politically exposed persons, in addition to performing normal due diligence measures:

(a) Have appropriate risk management systems to determine whether the customer is a politically exposed person;

(b) Obtain senior management approval for establishing business relationships with such customers;

(c) Take reasonable measures to establish the source of wealth and source of funds; and

(d) Conduct enhanced ongoing monitoring of the business relationship.

Verification of
Corporate Bodies'
names and addresses

9. (1) Where a corporate body transacts with a regulated institution, the regulated institution shall verify the legal existence of the corporate body and identify the directors, the beneficial owners and the management of that corporate body.

(2) A regulated institution shall obtain the following information and documentation from a corporate body before it allows the corporate body to do any transaction with it:

(a) a certified copy of the certificate of incorporation or equivalent,

(b) details of the registered office and the place of business;

(c) Articles of Association

(d) details of the nature of the corporate body's business,

- (e) where there is more than one signatory to the account, satisfactory evidence of the identity of all the signatories;
- (f) a certified copy of the resolution of the Board authorising an Individual to act on behalf of the entity ;
- (g) certified copy of power of attorney, or any other authority, affecting the business transaction given by the directors in relation to the corporate body;
- (h) certified copy of the company's list of directors, and
- (i) such other additional documents as the regulated institution may deem necessary for this purpose.

(3) Where a corporate body intends to establish a business relationship or conduct a specific transaction with a regulated institution, the regulated institution shall obtain the following information and documentation from the corporate body prior to establishing the business relationship or conducting the transaction

- (a) the certificate of incorporation or equivalent, details of the registered office and the place of business;
- (b) details of the nature of the corporate body's business, the source of funds, and a copy of the last available accounts, where applicable;
- (c) such other documents as the regulated institution may deem necessary for this purpose.

Trusts

10. The regulated institution shall, when a person transacts for and on behalf of a trust, endeavour to know and understand the structure of the trust and identity of the trust owners sufficiently to determine the provider and source of funds and the controlling authority

Anonymous clients

11. A regulated institution shall not conduct business with anonymous individuals or with institutions with fictitious names.

Business transaction through Internet and other Electronic Means

12. A regulated institution shall establish clear procedures on how to

identify a customer who applies to transact through the internet or other electronic means, and shall not permit a customer to establish a business relationship through this means unless the identity documents of the customer have been verified or confirmed.

Record Keeping

13. (1) A regulated institution shall keep a record of copies of identification and transaction records of customers for a period of at least ten years from the date of terminating the relationship with the regulated institution.

(2) A regulated institution shall keep records under this directive by way of original documents, either in the form of hard copies or by using electronic storage devices.

(3) Where the records referred to in this directive relate to an on-going investigation or transaction, which has been the subject of a disclosure, a regulated institution shall retain those records until, in the case of an on-going investigation, the law enforcement agencies confirm that the investigation has been closed or completed, as the case may be, or, in the case of an on-going transaction, the regulated institution confirms that the transaction has been completed.

(4) A regulated institution shall maintain, for a period of at least ten years, all records on identification and transactions, both domestic and international, to enable it to comply expeditiously with information requests from the Securities and Exchange Commission or any competent authority.

(5) The records referred to in sub directive (4) shall be sufficient to permit a reconstruction of individual transactions, including the amounts and types of currency involved, if any, so as to provide, if necessary, evidence for prosecution of criminal behaviour.

Record of inward and onward transfers

14. (1) A regulated institution shall complete such forms as the Securities and Exchange Commission may prescribe to record the

following:

- (a) a foreign currency payment;
- (b) funds from external sources

where the transaction amount is equal to or exceeds an amount to be prescribed by the Securities and Exchange Commission.

(2) A regulated institution shall require a customer to provide full details of the transaction referred to in 13(1) including the name, identity number and full address of the customer and the beneficiary, as well as the source of funds and purpose of the transaction.

(3) A regulated institution shall submit the forms referred to in 14(1) to the relevant authorities.

Reporting of
suspicious activities

15. (1) A regulated institution shall report to the Anti Money Laundering Investigations Unit in the Form set out in the Second Schedule hereto any suspicious transactions or suspicious activities by its customers and shall, on request, send to the Anti Money Laundering Investigations Unit copies of the relevant documents and retain the originals.

(2) A regulated institution shall submit to the Securities and Exchange Commission, in the Form set out in the Third Schedule hereto a report of every report made to the Anti Money Laundering Investigations Unit in *subsection (1) of section 13* of the Act.

Money Laundering
Reporting Officer

16. (1) A Money Laundering Reporting Officer as provided for in section *13(1)(f)* of the Act shall be a person at management level in a regulated institution.

Obligations of Money
Laundering Reporting
Officer

(2) The Money Laundering Reporting Officer shall:

- (a) keep a register of all reports made by employees of the regulated institution and of all reports that the officer makes to the Anti Money Laundering Investigations Unit

and the Securities and Exchange Commission;

(b) on written request by the law enforcement agencies,

- i. give to them an acknowledgment receipt of the reports, from the Securities and Exchange Commission and the Anti Money Laundering Investigations Unit ;
- ii. make available to the law enforcement agencies copies of reports he makes to the Anti Money Laundering Investigations Unit and the Securities and Exchange Commission and those made to the Anti Money Laundering Reporting Officer by employees of the regulated institution.

(c) after receiving a report in terms of sub directive (3), promptly evaluate whether or not there are reasonable grounds for believing that a customer has been engaging in illegal activities or crime, and if after such evaluation, the Anti Money Laundering Reporting Officer finds that such grounds exist, the Anti Money Laundering Reporting Officer shall immediately report the case to the Anti Money Laundering Investigations Unit in the prescribed format.

Obligations
employees of

17. An employee of a regulated institution shall promptly report to a Money Laundering Reporting Officer all cases where –

(a) he becomes aware, has knowledge or suspects or has reasonable grounds to believe, that a customer has been or is involved in an illegal activity or crime;

(b) a customer in respect of whom the employee becomes aware, has knowledge or suspects or has reasonable grounds to believe, that another customer has been engaging in illegal activities or crime or seeks to deal in securities transaction

proceeds or with proceeds from such illegal activities or crime; or

(c) the regulated institution holds funds on behalf of a customer who has been, is suspected to have been or in respect of whom there exist reasonable grounds to believe that such customer has been engaging in illegal activities or crime.

Obligations of a regulated institution

18. A regulated institution shall ensure that all employees concerned with the holding, receipt, transaction and or investment of funds, whether in cash or otherwise, obtained or suspected to have been obtained from illegal activities or crime, or the making of loans against the security of such funds are aware of the procedures set out in these Directives.

PART IV

CO-OPERATION WITH LAW ENFORCEMENT AGENCIES

Co-operation with Law Enforcement Agencies

18. (1) A regulated institution shall –

- a. co-operate with the law enforcement agencies to facilitate the exchange of information relating to money laundering; and
- b. comply with any law which requires the provision of information to the law enforcement agencies to assist in an investigation.

(2) A person shall not institute any civil or criminal proceedings against any regulated institution which, or any director, principal officer or employee of a regulated institution who, in good faith,

co-operates with law enforcement agencies and reports any information relating to money laundering relating to that person.

PART V

OBLIGATIONS OF THE BOARD

Obligations of the board and principal officers of the Authority

19 (1) The board and principal officers of a regulated institution shall put in place an anti-money laundering programme consisting of anti money laundering measures to be put in place and practices to be adopted in order to detect and prevent the commission of the offence of money laundering; and shall ensure that the employees of the regulated institution are familiar with and comply with the programme.

(2) The measures and practices referred to in sub directive (1) shall include: -

(a) the development of internal policies, procedures and controls with due regard to the risks posed by money laundering;

(b) the establishment of "know your customer" procedures, which shall include knowing the customer's business, establishing systems that would recognise suspicious activities and having in place internal reporting procedures of suspicious transactions;

(b) the appointment of Money Laundering Reporting Officers;

(c) the establishment of a sound anti- money laundering compliance policy;

(d) procedures to be followed by directors, principal officers, officers and employees of a regulated institution in the conduct of the business of the regulated institution.

(f) instructions given to directors, principal officers, officers and

employees of a regulated institution on the prevention of the use of the regulated institution for the purpose of engaging in activities of money laundering; and

(g) training of directors, principal officers, officers and employees of a regulated institution for the purpose of enabling them to identify transactions which may relate to the commission of the offence of money laundering.

- Annual report compliance 20. The Money Laundering Reporting Officer shall prepare, for the board of the regulated institution, an annual compliance report, relating to but not limited to:
- (a) changes in legislation or industry rules on money laundering issues;
 - (b) compliance deficiencies in relation to money laundering; and;
 - (c) number of internal reports received on money laundering and the percentage of reports that have been submitted to law enforcement agencies.

PART VI

STAFF TRAINING

- Staff training 21. A regulated institution shall train its employees, irrespective of the level of seniority, on what money laundering is and the importance of reporting any suspicious transactions to its Money Laundering Reporting Officer, and shall draw up a programme for the training of employees of the regulated institution.

- Programme for staff training 22. (1)The programme referred to in directive 21 shall include-
- (a) indicators that may give rise to suspicion and the procedures to be adopted when a transaction is considered to be suspicious;

- (b) a component to train the staff of a regulated institution on how to make a report on suspicious activities;
- (c) the identification and prevention of money laundering for employees of regulated institutions who have contact with clients and compliance personnel;
- (d) instruction, covering all aspects of money laundering procedures, to those with the responsibility for supervising or managing staff; and
- (e) an in-depth training for the money laundering reporting officer on all legislation relating to money laundering and the Authority's internal policies on money laundering.

(2) A regulated institution shall hold courses at regular intervals of at least annually for principal officers of a regulated institution, to remind such officers of their responsibilities in relation to money laundering and to raise awareness of any changes in the anti-money laundering measures and internal procedures.

(3) Notwithstanding the provisions of sub Directives (I) and (2), a regulated institution shall tailor its training programme to suit the needs of the regulated institution depending on the size, the resources available and the type of business it undertakes.

Staff not to disclose investigations to customers

23. An employee of a regulated institution shall not disclose to a customer, directly or indirectly through third parties, that the customer is being investigated for money laundering activities.

Staff to report money laundering offence in which involved

24. An employee of a regulated institution may report to a principal officer of the regulated institution or to Securities and Exchange Commission or the Anti Money Laundering Investigations Unit any money laundering offence in which the employee is involved.

PART VII

GENERAL

- External Auditors
25. (1) The Securities and Exchange Commission may require a regulated institution, at the expense of the regulated institution, to be audited by independent external auditors who shall conduct a special audit on the adequacy of anti-money laundering measures, practices and enforcement thereof.
- (2) The external auditors referred to in sub directive (1) shall report in writing to the Securities and Exchange Commission any finding resulting from any audit, or contact by a person with the regulated institution which suggests the commission of the crime of money laundering by that person in that regulated institution; and the Securities and Exchange Commission shall, where such a crime has been or is suspected to have been committed, report the same to the anti money laundering unit.
- Offence and Penalty
- No. 14 of 2001
- Directives to come into force
26. A person who contravenes the provisions of these Directives shall be guilty of an offence under *section 13* of the Prohibition and Prevention of Money Laundering Act.
27. These Directives shall come into force on such day as the Securities and Exchange Commission may prescribe.

FIRST SCHEDULE

Examples of suspicious activities (Directive 14(1))

Suspicious Customer Behaviour

- (a) Client has an unusual or excessively nervous demeanour during the transaction;
- (b) Client discusses the regulated institution's record keeping or reporting duties with the apparent intention of avoiding them;
- (c) Client threatens an employee of a regulated institution attempting to deter a record keeping or reporting duty;
- (d) Client is reluctant to proceed with a transaction after being told it must be reported;
- (e) Client suggests payment of a gratuity to an employee of the regulated institution;
- (f) Client appears to have a hidden agenda or behaves abnormally, or
- (g) Client applying for a securities contract from a distant place where a comparable transaction could be provided "closer to home"
- (h) Introduction by _____ an agent/intermediary in an unregulated or loosely regulated _____ jurisdiction or where organised criminal activities or corruption are prevalent
- (i) the client accepts very unfavourable conditions unrelated to current market transaction values or prices
- (j) Client requests a securities transaction or product that has no discernible purpose and is reluctant to divulge the reason for the investment
- (k) Client shows no concern for the performance of the investment but much interest in the early cancellation of the contract
- (l) the applicant for securities business requests to make a lump sum payment by a wire transfer or with foreign currency

- (m) Client establishes a large investment portfolio and within a short time period liquidates the investment, requests the return of the cash value payable to a third party
- (n) Customer for securities services business wants to borrow the maximum cash value of his or her investment, soon after paying for the securities

Suspicious Customer Identification Circumstances

- (a) Client claims to be a law enforcement agent conducting an undercover operation when there are no valid indications to support that;
- (b) Client furnishes unusual or suspicious identification documents and is unwilling to provide personal background information;
- (c) Client is unwilling to provide personal background information when it is requested;
- (d) Client's permanent address is outside Zambia;
- (e) Client's home or business telephone is disconnected;
- (f) Client is reluctant to reveal details about the business activities or to provide financial statements or documents about a related business entity; or
- (g) Client is reluctant to provide normal information when applying for a policy,
- (h) Client provides minimal or fictitious information or, provides information that is difficult or expensive for the institution to verify
- (i) any want of information or delay in the provision of information by the client to enable verification to be completed

Suspicious Transactions

- (a) Client's financial statement makes representations that do not conform to generally accepted accounting principles;
- (b) Client makes large fund flows through non-resident accounts with brokerage firms
- (c) Client makes transaction with an undisclosed party

- (d) early termination of a product, especially at a loss, or where cash was tendered and/or the refund cheque is to a third party
- (e) a transfer of the benefit of a product to an apparently unrelated third party
- (f) applicant for securities business purchases securities in amounts considered beyond the customer's apparent means
- (g) the applicant for securities business appears to have investments portfolios with several institutions
- (h) the applicant for securities business attempts to use cash to complete a proposed transaction when this type of business transaction would normally be handled by cheques or other payment instruments
- (i) the client conducts a transaction that results in a conspicuous increase of investment contributions
- (j) attempts to use a third party cheque to make a payment for a proposed purchase of securities
- (k) Client requests for a large purchase of a lump sum contract where the client has usually made small, regular payments
- (l) Investment contracts with instalments that exceed the client's apparent means
- (m) Clients settlements are paid from accounts outside the country
- (n) Investment vehicles with values that appear to be inconsistent with the client's investment preferences
- (o) any atypical incidence of pre-payment of investment contract instalments
- (p) substitution, during the life of an investment contract, of the ultimate beneficiary with a person without any apparent connection with the shareholder
- (q) a change of the designated beneficiaries (especially if this can be achieved without knowledge or consent of the securities dealer and/or the right to payment could be transferred simply by signing an endorsement on the contract certificate)

Suspicious Trade Financing Transactions

- (a) Customer makes changes to details of transaction beneficiary just before payment is to be made;
- (b) Customer changes the place of payment in a letter of credit to an accountant in a country other than the beneficiary's stated location; or

Miscellaneous Suspicious Customer Activity

- (a) Agent, attorney or financial advisor acts for another person without proper documentation such as a Power of Attorney.

Suspicious Employee Activity

- (a) Employee exaggerates the credentials, background or financial ability and resources of a customer in written reports the regulated institution requires;
- (b) Employee is frequently involved in unresolved exceptions or recurring exceptions on exception reports;
- (c) Employee lives a lavish lifestyle that cannot be supported by his or her salary;
- (d) Employee frequently overrides internal controls or established approval authority or circumvents policy;
- (e) Employee uses company resources to further private interests;
- (f) Employee assists transactions where the identity of the ultimate beneficiary or counter party is undisclosed; or
- (g) Employee avoids taking vacations.

SECOND SCHEDULE

Suspicious activity report to the Anti Money Laundering Unit (Directive 14(1))

Purpose of this Form

This form provides an effective means for a regulated institution to notify the appropriate authorities of known, suspected, criminal conduct or suspicious activities, that may be associated with violations of the law, that come to their notice.

Authority for making the Report

In addition to directive 14 of these Directives, this Report is made under the authority of the Prohibition and Prevention of Money Laundering Act. The Act provides for criminal liability for any person licensed or authorised by the Securities and Exchange Commission, its directors and its employees arising as a result of any of the suspected violations of the law made by way of this Report.

Part I: Reporting Entity

Details of Regulated Institution	
<i>Name:</i>	
<i>Postal Address:</i>	
<i>Address of branch where activity occurred:</i>	
<i>Postal Address:</i>	
<i>Nature of Business being transacted</i>	
<i>Supervisory Authority</i>	

Part II: Details of Employee Effecting Transaction

Details of Employee
<i>Name and Address:</i>
<i>NRC Number(or valid passport Number, in the case of foreigners):</i>
<i>Date and details of Employment:</i>
<i>Is employee still with the regulated institution? If no, give reasons:</i>

Part III: Suspicious Activity Information

Date of suspicious activity:	Amount involved in known or suspected activity: K..... US\$.....
Summary characterization of suspicious activity (Tick accordingly): Bribery Money laundering False statement Other (specify)	
Amount of loss prior to recovery (if applicable) K..... \$.....	Amount of recovery (if applicable) K..... \$.....
Has the suspicious activity had a material	(Tick)

impact on the financial soundness of the institution?	Yes No
<p>If any law enforcement agency has already been advised, please list the agency, address and contact details as follows:-</p> <p>Agency:</p> <p>Physical Address:</p> <p>Postal Address:</p> <p>Contact Person:</p> <p>Telephone/Fax:</p> <p>Cellular:</p> <p>Email:</p>	

Part IV: Witness Information (where applicable)

Last Name:	First Name:	Other names:
<p>Business/Home Address:</p> <p>Postal Address:</p> <p>NRC Number (or passport Number, for foreigners):</p>		<p>Phone numbers:</p> <p>Work:</p> <p>Home:</p> <p>Cell:</p> <p>Email Address:</p>

Part V: Person preparing the Suspicious Activity Report

Last Name:	First Name:	Other Names:
Title:	Phone No. Work: Home: Cell:	Date:

PART VI: Contact for Assistance (if different from person named in Part V)

Last Name:	First Name:	Other Names:
Title: NRC No.....	Phone No. Work: Home: Cell:	Date:

Part VII: Description of Suspicious Activity

This section of the report is critical. The care with which it is written may make the difference in whether or not the described conduct and its possible criminal nature are clearly understood. Please provide on the next page an account of the possible violation of law, including what is unusual, irregular or suspicious about the transaction. Use the following checklist as a guide:

- (1) Explain who benefited from the transaction, how, and by how much. Indicate whether currency or monetary instruments were involved;
- (2) Indicate where the possible violation(s) took place;

- (3) Indicate whether the transaction is an isolated incident or involves other transactions;
- (4) Is there any related litigation? If so, explain the nature of the litigation;
- (5) Describe any supporting documentation, including any explanation of the transaction given by the suspect (or anybody else) and indicate to whom and when it was given. Retain any supporting documentation;
- (6) Retain any evidence of a cover-up or attempt to deceive auditors or investigators; and
- (7) Recommend any further investigation that might assist law enforcement authorities.

INSTRUCTIONS

WHO SHOULD COMPLETE THE FORM

All regulated institutions operating in Zambia are required to make this report following discovery of suspicious activity that is suspected of being associated with violations of the law in the categories listed below -

(a) **Inside abuse**

A report should be made whenever the regulated institution detects any known or suspected criminal violation(s), committed against that regulated institution or involving a transaction conducted through that regulated institution, where the regulated institution has a substantial basis for identifying one of its directors, officers, employees, or agents as having committed, or aided in the commission of a criminal act.

(b) **Transactions involving potential money laundering**

A report should be made whenever the regulated institution becomes aware of a suspicious transaction, or series of transactions that it knows or suspects may be in the categories listed below –

- (1) the transaction involves funds derived from illegal activities or is intended to hide or disguise funds or assets derived from illegal activities (including the ownership, nature, source, location, or control of such funds or assets) as part of a plan to violate any law or directive; or

- (2) the transaction has no business or apparent lawful purpose or is not the sort in which the particular customer would normally be expected to engage, and the regulated institution knows of no reasonable explanation of the transaction after examining the available facts, including the background and possible purpose of the transaction.

(c) **Other suspect transactions**

A report should be made whenever the regulated institution becomes aware of any other transaction (or series of transactions) that it knows or suspects may be associated with any actual or potential violation of any law or directive. A report should be made regardless of whether a suspect can be identified and regardless of whether the regulated institution has suffered actual or potential loss.

NOTIFICATION PROHIBITED

The law requires that a regulated institution and its directors, officers, employees and agents, who complete a suspicious activity report, should not, either directly or indirectly, notify any person involved in the transaction that the transaction has been reported.

SUBMISSION OF REPORTS

Send each completed suspicious activity report to:

The Commissioner
Anti Money Laundering Investigations Unit
Drug Enforcement Commission
Ridgeway
Lusaka, Zambia

Do not include supporting documentation with the suspicious activity report. Retain a copy of the report and all supporting documentation for 10 years after termination of the business relationship with the customer or, in some cases, upon notification of the closure of a case by a law enforcement agency. All supporting documentation must be made available to appropriate authorities upon request.

In cases requiring immediate attention, such as when a violation is in progress, the regulated institution should notify the Anti Money Laundering Investigations Unit or any other competent authority.

This report was made this day of, 20.....

.....
Anti Money Laundering Reporting Officer

THIRD SCHEDULE

Suspicious Activity Report to Securities and Exchange Commission (Directive 14(2))

Purpose of this Form

This form provides an effective means for a regulated institution to notify the Securities and Exchange Commission of reports of known or suspected criminal conduct or suspicious activities that have been made to the Anti Money Laundering Unit.

Authority for making the Report

This Report is made pursuant to Directive 14(2) of these Directives.

Frequency of making the Report

This report shall be submitted to Securities and Exchange Commission no later than the close of business every Monday, and where Monday day is a holiday, by the close of business of the first working day thereafter.

Part II: Details of Employee Effecting Transaction

Details of Employee
<i>Name and Address:</i>
<i>NRC Number (or passport number for foreigners):</i>
<i>Date and details of Employment:</i>
<i>Is employee still with the regulated institution? If no, give reasons:</i>

Part III: Suspicious Activity Information

Date of suspicious activity:	Amount involved in known or suspected activity:
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	K..... US\$.....
Summary characterization of suspicious activity (Tick accordingly): Bribery Money laundering False statement Other (specify)	
Amount of loss prior to recovery (if applicable) K..... \$.....	Amount of recovery (if applicable) K..... \$.....
Has the suspicious activity had a material impact on the financial soundness of the institution?	(Tick) Yes No
If any law enforcement agency has already been advised, please list the agency, address and contact details: Agency: Physical Address: Postal Address: Contact Person: Telephone/Fax: Email:	

Part VII: Description of Suspicious Activity

This section of the report is critical. The care with which it is written may make the difference in whether or not the described conduct and its possible criminal nature are clearly understood. Please provide on the next page an account of the possible violation of law, including what is unusual, irregular or suspicious about the transaction. Use the following check list as a guide:

- (8) Explain who benefited from the transaction, how, and by how much. Indicate whether currency or monetary instruments were involved;
- (9) Indicate where the possible violation took place;
- (10) Indicate whether the transaction is an isolated incident or involves other transactions;
- (11) Is there any related litigation? If so, explain the nature of the litigation;
- (12) Describe any supporting documentation, including any explanation of the transaction given by the suspect (or anybody else) and indicate to whom and when it was given. Retain any supporting documentation;
- (13) Retain any evidence of a cover-up or attempt to deceive auditors or investigators; and
- (14) Recommend any further investigation that might assist law enforcement authorities.

This report was made this day of, 20.....

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Anti Money Laundering Reporting Officer

These Directives have been duly approved by the Anti Money Laundering Investigations Unit pursuant to *Section 12* of the Prohibition and Prevention of Money Laundering Act, No. 14 of 2001.

Signed by:

Date:

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Securities and Exchange Commission

Approved by:

Date:

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Anti-Money Laundering Investigations Unit