



ZIMBABWE

PRESS STATEMENT

CONCLUSION OF INVESTIGATIONS ON ACTIVITIES ON THE ZIMBABWE STOCK EXCHANGE

Following the unprecedented speculative and destabilizing behaviour on the Zimbabwe Stock Exchange-(ZSE), which was in large part contributing to broader macro-economic instability, a decision was made to suspend trading on the ZSE in order to pave way for a thorough inquiry by the Government into the goings on the Securities Exchange.

The Financial Intelligence Unit, was tasked to look into the matter and I am pleased to advise that the investigation is now complete and a detailed review report has been submitted to the Government.

The report also contains several recommendations and areas of further enquiry which will be taken up by relevant security and criminal investigative arms of the government.

The Financial Intelligence Unit has established that:-

1. Some market players have been found to have acted out of line with the norm of the rules of the ZSE and best trading practice, in the nature of their activities.
2. Whilst there was no observed evidence of the direct involvement of the listed entities themselves, significant evidence of a strong link between the price behaviour, and transaction patterns on internationally-listed shares, namely Old Mutual PLC, Seedco International and PPC, and the behaviour of the parallel market exchange rate was also established, with varying degrees of causality.



3. In particular, the Old Mutual Implied Rate, -(OMIR), was observed to be the key driver of parallel market pricing behaviour, with many market players in the real economy using this highly visible rate as a benchmark for forward pricing and costing of goods and services, as well as determination of foreign exchange rates in market.
4. Given the findings of the inquiry, Government has taken the decision to allow trading on the ZSE to resume on 3 August 2020.
5. However, the three internationally listed stocks, namely Old Mutual PLC, Seedco International and PPC remain suspended from trading on the local bourse for the time being, whilst further consultations continue on the best way forward regarding their re-listing, under suitable rules. The public will be updated periodically on progress.
6. In the meantime, further investigations into market conduct behaviour by some identified market participants, (Brokers, Asset Managers and Share market investors) are being conducted by relevant regulatory and security agencies, and the findings thereof will result in suitable actions being taken.
7. The Government of Zimbabwe remains committed to restoration of order and the removal of aberrations on the financial markets in order to maintain the credibility and integrity of Zimbabwe's financial markets so that they continue to play a critical role of attracting global capital into Zimbabwe.



Hon.Prof. Mthuli. Ncube



MINISTER OF FINANCE AND ECONOMIC DEVELOPMENT

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