



**ZIMBABWE STOCK EXCHANGE DEPOSITORY
SERVICES INCORPORATING ZSE & VFEX
DEPOSITORIES**

Overview

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Overview of the Zimbabwe Stock Exchange

- ❑ The Zimbabwe Stock Exchange (ZSE) is the oldest exchange in Zimbabwe having been formed in 1894. The ZSE has evolved in recent years from a traditional stock exchange focusing only on the trading of stocks to the establishment of depository services, the establishment of online trading platforms and now there are plans to establish a commodities exchange which are now at an advanced stage. The ZSE is also working on the introduction of CFDs trading before the year end.
- ❑ The Victoria Falls Stock Exchange (VFEX) was established in 2020 to kick start the Offshore Financial Services Centre (OFSC) earmarked for the special economic zone in Victoria Falls. The VFEX is a subsidiary of the ZSE. The trading and settlement of securities is in USD. The VFEX Depository caters for securities listed on the VFEX.
- ❑ The Zimbabwe Stock Exchange Depository (ZSE Depository) was established in 2021 and caters for securities listed on the ZSE.
- ❑ Both the Zimbabwe Stock Exchange (ZSE) and the Victoria Falls Stock Exchange (VFEX) have established online trading platforms, ZSE Direct and VFEX Direct catering mainly for retail investors. Plans are under way to extend the trading hours of the two online trading platforms.

VFEX & ZSE Depository market statistics

VFEX Depository

- ❑ 14 counters resident on the VFEX depository as of 31 March 2024.
- ❑ The average demat ratio for the counters on the VFEX depository as of 31 March 2024 was 52.48%.
- ❑ A total of 2,841 trades have been settled on the VFEX depository as of 31 March 2024.
- ❑ The VFEX depository controls 100% market share on securities listed on the VFEX.

ZSE Depository

- ❑ 13 counters resident on the ZSE Depository as of 31 March 2024.
- ❑ The average demat ratio for the counters on the ZSE depository as of 31 March 2024 was 88.41%.
- ❑ A total of 3,071 trades have been settled on the ZSE depository as of 31 March 2024.
- ❑ The ZSE depository controls around 28% market share on securities listed on the ZSE.

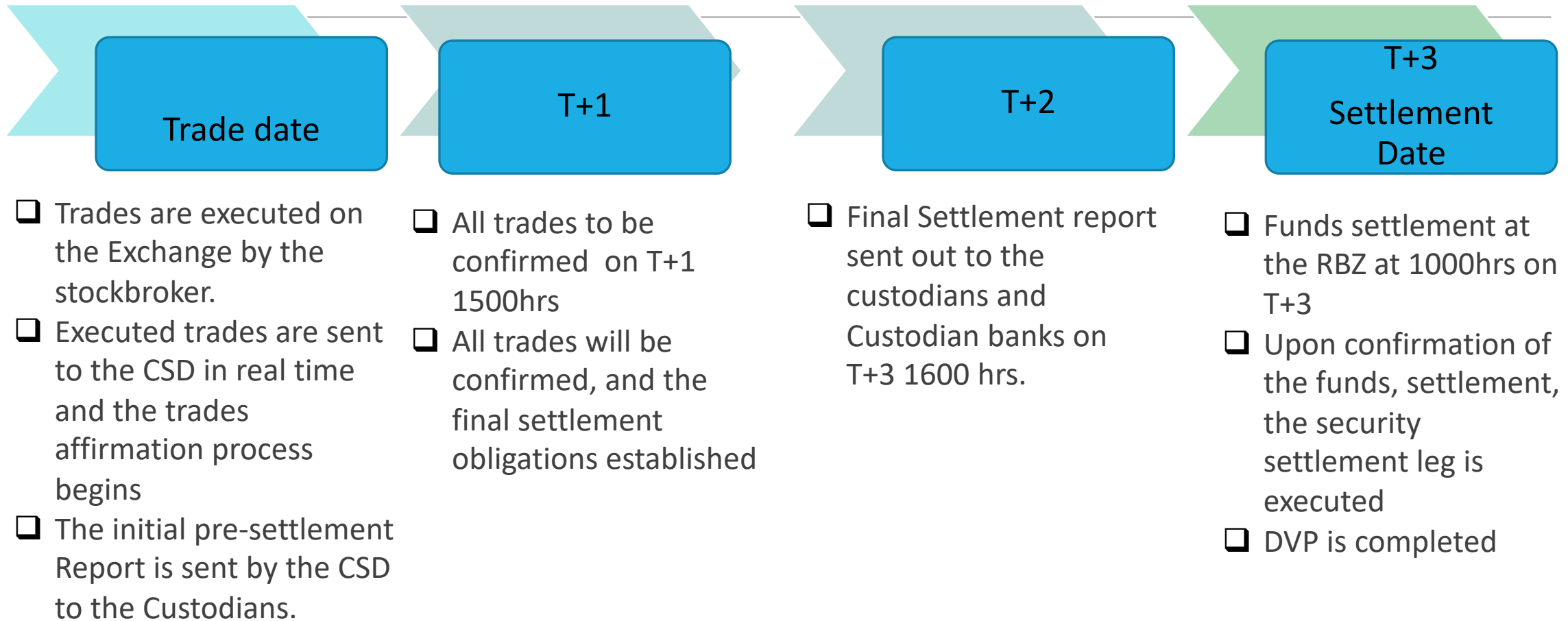
Zimbabwe Stock Exchange 2024 initiatives

The Zimbabwe Stock Exchange is working on several initiatives meant to diversify its product offering and enhance its attractiveness to investors.

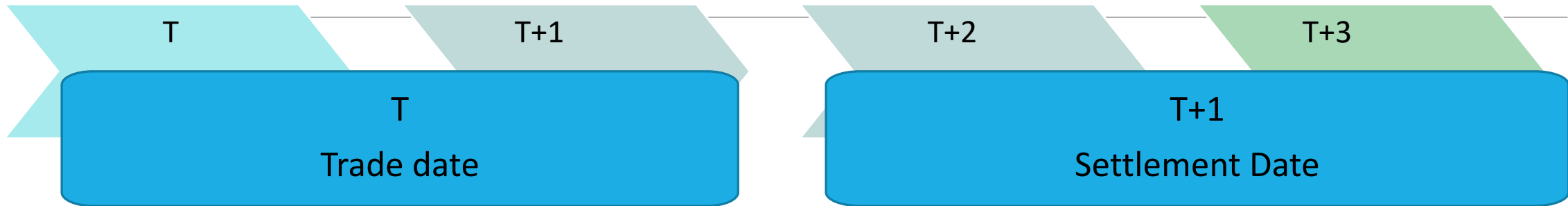
- ❑ **Migration from T+3 settlement to T+1 settlement** - the migration to T+1 will start with an initial migration to T+2 at the end of June and T+1 at the end of September.
- ❑ **Introduction of day trading** - the introduction of day trading is at an advanced stage and is expected to be launched at the end of May.
- ❑ **Introduction of CFD trading** - the necessary infrastructure is now in place and CFD trading is expected to start in the second week of May.
- ❑ **Establishment of a commodities exchange** - rules have been approved and the commodities exchange is expected to be launched before the end of this year.

*The depository is playing a key role in all these initiatives by providing the settlement platform for T+1 settlement, day trading and the commodities exchange. In CFDs the depository will be responsible for monitoring the daily exposures of the CFD broker to ensure that investor winnings are protected.

The current market settlement cycle T+3



Target market settlement cycle T+1



- Trades are executed on the Exchange by the stockbroker.
- Executed trades are sent to the CSD in real time and the trades affirmation process begins
- The initial pre settlement report is sent by the CSD to the Custodians by T+0, 1400hrs.
- All trades to be confirmed on T+0, 1500hrs.
- All trades will be confirmed, and the final settlement obligations established on T+0, 1600hrs

- Funds settlement at the RBZ at 0900hrs on T+1
- Upon confirmation of the funds, settlement, the security settlement leg is executed
- DVP is completed
- Post settlement reports send to custodian by 1200hrs.

Opportunities for artificial intelligence (AI) on the settlement landscape

The adoption of artificial intelligence (AI) by the depository could result in increased operational efficiency and could also enable the depository to support new products and structures.

We envisage the use AI in the following areas:

- ❑ **Clearing and settlement** - the migration to a T+1 settlement cycle comes challenges, the primary one being the risk of settlement failure given the marked reduction in the amount of time available for post trade operational processes. AI could become useful in automating some manual processes thus creating opportunities for increased operational efficiencies and a reduction in costs.
- ❑ **Regulatory and compliance monitoring** - the monitoring of participant activities requires the analysis of huge amounts of data. AI could make this process more effective and efficient resulting in quicker responses to regulatory and compliance risks. This could be very useful in the monitoring of complex transactions such as the trading in CFDs.
- ❑ **Market development:** AI could also be useful in analysing data and trends which can be then be used in determining areas of focus in market development.

A deep understanding of AI must precede any potential successful deployment of the technology. There are hurdles which must be overcome such as dispersed data, potential for misplaced focus, inexistent data strategy, the level of faith in technology and data security issues.

THANK YOU

