

Securities and Exchange (Victoria Falls Stock Exchange Mineral
Commodities) Rules, 2024

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IT is hereby notified that the Securities and Exchange Commission has approved these rules made by the Victoria Falls Stock Exchange, in terms of section 65(3) of the Securities and Exchange Act [*Chapter 24:25*]:—

PART I

PRELIMINARY

Title

1. These rules may be cited as the Securities and Exchange (Victoria Falls Stock Exchange Mineral Commodities) Rules, 2024.

Interpretation

2. In these rules—

- “approved user(s)” means in respect of a member, an individual approved by the Exchange or the purpose of entering orders on a trader workstation of that member;
- “automated trading system” means the electronic system provided by the Exchange to members for trading of warehouse receipts and contracts;
- “Board” means board of directors of the Exchange;
- “buyer” means a buyer of a contract listed on the Exchange;
- “call” means a demand for payment of a sum of money made upon a client;
- “class of contracts” means all those contracts that have the same individual contract specifications as more particularly described by the Exchange;
- “clearing house” means a licensed company which has been admitted as a participant by the Exchange to facilitate the clearing and settlement of warehouse receipts, contracts and funds;
- “commodity dealing company” means a company authorised to trade on warehouse receipts only on behalf of clients;
- “contract” means a futures, option or spot contract, traded on the Exchange or capable of being traded on the Exchange;
- “daily settlement price” means the official daily quotation for each contract traded on the Exchange for each delivery month (in the case of futures contracts) and for each series (in the case of option contracts), each as determined by the Exchange for the purpose of margining and settling by the clearing house;

- “Exchange” means Victoria Falls Stock Exchange;
- “general commodity dealing company” means a dealer authorised to deal in warehouse receipts and contracts on behalf of clients;
- “individual commodity dealer” means a dealer authorised to trade warehouse receipts only on behalf of clients and can be employed in a commodity dealing company or a general commodity company;
- “individual general commodity dealer” means an individual authorised to trade warehouse receipts and contracts on behalf of clients and can be employed in a commodity dealing company;
- “key personnel” means a director, compliance officer, traders and a shareholder holding at least 10 *per centum* shareholding;
- “mark to market” means the revaluation of a position in the exchange contract at its current market value;
- “market maker” means an entity registered by the Exchange that quotes bids and offers continuously for selected commodities and future contracts that it holds in inventory and is prepared and able to buy or sell these commodities and future contracts at any time on its own account or on behalf of another party;
- “market halt” means a period of time when trading in a market has been temporarily suspended by the Exchange as set out in these rules;
- “maximum spread” means the difference between the minimum price at which a market maker is required to buy a security and the maximum price at which it is required to sell the security;
- “participant” means any person who has been admitted to participate on the Exchange in accordance with these rules and who has not resigned or whose participation has not been terminated by the Exchange;
- “open position” means obligations under a contract held by a party which has not been closed out and are yet to be performed;

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- “security halt” means the temporary stopping of trading in a particular security during a trading session;
- “settlement bank” means a central bank or a licensed commercial bank appointed by the Exchange from time to time to facilitate the settlement of funds in the trading and settlement of warehouse receipts and contracts;
- “settlement price” means in relation to a contract, the daily settlement price on the last trading day;
- “trader” means a producer or seller or buyer who trades any contracts on the marketplace;
- “trading day” means a day on which one or more markets of the Exchange are open for business;
- “undesirable situation or practice” means a situation or practice which threatens or may threaten fair, orderly and transparent trading in, or liquidation, settlement, exercise or delivery of, any contract and may, without affecting the generality thereof, be—
- (a) a *vis major*; or
 - (b) a systems or communications failure causing a general loss of access to the Exchange’s trading or clearing systems; or
 - (c) a situation or practice which is contrary to the maintenance of a fair, orderly, and transparent market; or
 - (d) action or proposed action by a government, government instrumentality, Exchange or any other body in Zimbabwe, or any exceptional or unforeseen circumstance, which is at variance with, or which threatens or may threaten just and equitable principles of trading or the public interest;
- “warehouse” means any building, structure or protected enclosure in which a mineral commodity is stored for a third party in return for a storage or processing charge;
- “warehouse operator” means a person who operates a registered warehouse;

“warehouse receipt” means an acknowledgement in writing by a warehouse person of the receipt for storage in a warehouse of a mineral commodity belonging to a depositor;

“warehouse person” means a person who is licensed in terms of rule 30.

Objectives of Victoria Falls Stock Exchange

3. The objectives of the Exchange with respect to mineral commodities shall be to—

- (a) provide a regulated platform for the trading of minerals; and
- (b) promote transparency; and
- (c) enhance price discovery;

in the market place.

PART II

VICTORIA FALLS MINERALS COMMODITY EXCHANGE

General Powers of Exchange

4. The Exchange has authority to exercise the following powers—

- (a) register, review and suspend or terminate contracts;
- (b) specify from time to time the minimum contracts specifications which an applicant must comply with before each contract is signed or registered;
- (c) suspend, alter or rescind a contract entered into between the Exchange and the trader where there is just cause for such suspension, alteration or rescission;
- (d) specify the circumstances under which a signed contract may be suspended or terminated;
- (e) impose fines and penalties as specified in the First Schedule on members that fail to observe the standards provided in these rules;
- (f) issue practice notes and directives;

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- (g) carry out audits of the commodity inventory of warehouse operators annually;
- (h) investigate or cause to be investigated potential or alleged breaches of the rules;
- (i) register members and monitor and inspect compliance by members to these rules;
- (j) establish a central contracts and warehouse registry to manage contracts and warehouse receipts.

PART III

PARTICIPANTS ON EXCHANGE

*Persons required to be licensed by Commission and registered on
Exchange*

5. Persons who may be licensed by the Commission and registered to participate on the Exchange consists of—

- (a) warehouse operator;
- (b) warehouse person;
- (c) individual commodity dealer;
- (d) individual general commodity dealer;
- (e) commodity dealing company;
- (f) general commodity dealing company;
- (g) market maker;
- (h) clearing house.

Application for licence to participate on Exchange

6.(1) An applicant for a licence for participation on the Exchange shall lodge with the Exchange an application by completing and submitting a form as set out on the Exchange's website together with an application fee as provided in the Second Schedule.

(2) An applicant referred to in subrule (1) other than those referred to in rule 5(b), (c) & (d), shall submit the following—

- (a) constitutive documents;

- (b) list of the directors, partners and key personnel together with two (2) passport sized photos;
- (c) letter of undertaking signed by the directors;
- (d) capital adequacy as specified on the Exchange's website;
- (e) copy of national identity document or passport and police clearance of directors and key personnel;
- (f) proof of business address;
- (g) bank details;
- (h) audited financial statements or auditor's certificate;
- (i) copy of valid tax clearance certificate;
- (j) proof of insurance cover.

(3) Where an application in terms of subrule (1) is required by an individual he or she must submit the following—

- (a) proof that he or she has attained the age of twenty-one (21) years;
- (b) proof of business or mining related qualification at least at Diploma level;
- (c) proof that he or she satisfactorily completed a commodity dealership training offered by the Exchange;
- (d) police clearance certificate;
- (e) pay such fees as specified in the Second Schedule.

(4) The Exchange may request for further information with respect to an application submitted by an applicant where it is necessary to do so.

(5) Upon receiving the application, the Exchange shall within 14 days (save for an application for a warehouse operator) submit the application together with its recommendation to the Commission for its consideration.

(6) The Commission shall within 14 days—

- (a) grant the application and notify the applicant through the Exchange; or

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- (b) reject the application and provide reasons for rejecting the application:

Provided that where the Commission is of the view that further information is required, it will request such information from the applicant.

(7) Where the Commission requests for further information from the applicant, the applicant shall submit the requested information within seven (7) days.

(8) The Commission after being satisfied that the applicant has complied with all the requirements, shall issue a license to the applicant with such conditions as the Commission may require.

(9) A license issued in terms of subrule (1) may be renewed after every twelve (12) months subject to the payment of an annual renewal fee and satisfactorily meeting continuous obligations as referred to in rule 7.

General continuing obligations

7. (1) All participants shall—

- (a) at all times comply, and in the case of a corporate participant, ensure that its representatives comply, with these rules;
- (b) notify the Commission and the Exchange immediately upon becoming aware that it has or any of its representatives have breached any provision of these rules;
- (c) notify the Commission and the Exchange of any changes of directors and key personnel;
- (d) cooperate with any committee or participants of staff of the Exchange in the performance by such committee or participant of staff of its respective duties;
- (e) not submit information to the Exchange that it knows, or ought reasonably to know, to be false or misleading;
- (f) be responsible for all orders entered into the automated trading system (ATS) by any way and shall become a party to each trade so executed;

- (g) maintain records for all its operations including own and clients' positions;
- (h) maintain adequate resources in accordance with the directive issued by the Exchange and in compliance with the directive issued by the Commission;
- (i) comply with all relevant laws, regulations and circulars relating to combating of money laundering and terrorist financing;
- (j) notify the Commission and the Exchange immediately upon becoming aware that any regulatory body or institution is investigating or instituting proceedings against it;
- (k) provide the Exchange with such contact information as the Exchange may require from time to time, and to immediately notify the Exchange of any changes to such information;
- (l) submit annual audited accounts to the Commission and the Exchange within ninety (90) days from end of financial year.

(2) Participants shall pay fees for services as specified in the Second Schedule.

(3) Annual fees shall be payable notwithstanding the suspension of a participant's status.

(4) A participant that fails to pay an annual fee within one (1) month from the due date shall be suspended, unless after application by the participant, Exchange grants an extension for payment, until such time as the total outstanding fees is paid, together with interest at secured overnight financing rate (SOFR) plus 2 *per centum*.

(5) Should the non-payment of fees not be remedied within a further one (1) month of the due date, as extended, the Exchange may terminate the defaulting participant's registration and may pursue any outstanding fees and interest charges from such participant.

Renewal of licence or registration

8. (1) Participants who wish to remain registered must notify the Exchange by no later than 31st December of each year confirming that

they are still actively involved as participants and intend to continue to do so.

(2) Rules 6(5) & (6) shall apply *mutatis mutandis* with respect to a notification given under subrule (1).

SUB-PART I

DEALERS

Roles of commodity dealers

9. (1) No person shall trade on the Exchange on behalf of a client unless they are licensed as a commodity dealer.

(2) The following types of commodity dealers are authorised to provide trading services on the Exchange—

- (a) individual commodity dealer;
 - (b) individual general commodity dealer;
 - (c) commodity dealing company; and
 - (d) general commodity dealing company.
- (3) A commodity dealer is responsible for the following—
- (a) competently ensure execution of trades (taking orders from clients and submitting in ATS, producing brokers notes);
 - (b) ensure clearing and settlement of trades;
 - (c) advising clients on how to buy and sell on the Exchange;
 - (d) the accuracy of details, the integrity and *bona fides* of all orders, trades executed in the trading system;
 - (e) to provide sponsoring services such as bringing contracts for listing, meeting continuing obligations for the listing, and communicating with the exchange;
 - (f) issue contract notes on executed transactions to the respective clients;
 - (g) ensure that fit and proper staff members are appointed;
 - (h) ensure and maintain at least the following—
 - (i) a risk disclosure form signed by clients;

- (ii) a complaints register;
- (iii) proper records of clients' transactions and information; and
- (iv) adequate capital and resources to cover operational risk;
- (i) continuously provide professional training or human development programmes to personnel within its organisation.

(4) No dealer shall provide a service which relate to a class of dealership for which he, she or it is not a participant.

Individual commodity dealer

10. (1) An individual commodity dealer shall be an individual employed by either a commodity dealing company or general commodity dealing company and shall only trade warehouse receipts.

(2) Any individual commodity dealer who trades contracts shall be liable to a fine as specified in the First Schedule.

Individual general commodity dealer

11. (1) An individual general commodity dealer shall be an individual employed by general commodity dealing company and shall trade both warehouse receipts and contracts.

(2) Where a commodity dealing company employs an individual general commodity dealer, that individual general commodity dealer shall not trade contracts whilst under the employ of such commodity dealing company.

Commodity dealing company

12. A commodity dealing company shall only trade in warehouse receipts and must employ at least one individual dealer.

General commodity dealing company

13. A general commodity dealing company shall trade in warehouse receipts and contracts and must employ at least one individual general commodity dealer.

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Suspension of commodity dealers

14. A commodity dealer's trading rights on the Exchange shall be suspended if at any time—

- (a) the commodity dealer fails to meet the depository requirements for purposes of clearing and settling trades;
- (b) a liquidator is appointed in respect of the commodity dealer or its property, or if the broker or a partner of the commodity dealer becomes, or is deemed to be, bankrupt or insolvent and is unable to pay its debts as they fall due;
- (c) the commodity dealer fails to pay any fees or any other financial liability arising under these rules, in either case by the relevant due date, unless the Exchange grants an extension of time for payment;
- (d) the commodity dealer fails to comply with an arbitration award made against it in accordance with these rules;
- (e) the commodity dealer fails to comply with any other obligation under these rules, after the expiry of any grace period granted by the Exchange, if any, unless the Exchange waives such breach in accordance with its powers under these rules.

SUB-PART II

MARKET MAKERS

Registration of market makers

15. To be registered as a market maker for a given security, an applicant must, over and above the requirements in rule 6(1), submit written consent from the relevant regulator.

Termination of registration

16. (1) Registration can be terminated in the following ways—

- (a) voluntary termination of registration where a participant gives at least (thirty) 30 days written notice to the Exchange;

- (b) involuntary termination of registration where a participant—
 - (i) is placed in liquidation, whether provisional or final; or
 - (ii) is placed under business rescue proceedings; or
 - (iii) fails to comply with these rules.
- (2) Where a participant requests for voluntary termination in terms of subrule (1) the Exchange may—
 - (a) accept such termination unconditionally; or
 - (b) require the participant to first meet certain conditions before terminating.
- (3) There shall be no entitlement to a refund of any portion of the fees paid to the Exchange by a participant upon the suspension or termination of the participant’s registration.

Pricing by market maker (maximum spread)

- 17. (1) The maximum spread will be determined by the Exchange in consultation with the market maker for each designated security and communicated to the market by the Exchange from time to time taking into account the unique characteristics of each security.
- (2) The maximum spread will be determined with reference to the last traded price. In the event there is no last traded price, the maximum spread shall be calculated with reference to the international price.
- (3) No market maker shall trade outside the specified maximum spread.

Roles of market makers

- 18. The market maker shall have the following roles—
 - (a) to maintain executable orders on both the buy and sell side, for each specified commodity it is registered to make the market for, at all the agreed times until the agreement is reached;

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- (b) keep its market making activities separate from other trading activities. For this purpose, the market maker shall open a separate accounts and records for market making activities;
- (c) provide liquidity for the designated contracts that they are market making;
- (d) ensure that all trades that are executed are cleared and settled;
- (e) ensure and maintain at least the following—
 - (i) a risk disclosure form signed by clients;
 - (ii) a complaints register; and
 - (iii) proper records of clients' transactions and information;
- (f) continuously provide professional training or human development programmes to personnel within its organisation;
- (g) disclose all conflict of interest that may arise during the course of its operations and provide written policies on how such conflicts will be managed;
- (h) disclose details of all its other businesses, if any.

Trades by market maker

19. (1) The market maker shall report details of all trades they execute on the Exchange and no trades by a market maker shall impact closing prices.

(2) Notwithstanding subrule (1), trades by a market maker may impact closing prices when there are no trades on the market.

General provisions relating to market maker

20. (1) There may be as many market makers at any time per any specified security.

(2) The holder of a market maker licence issued by the Exchange shall not transfer it to any other person.

(3) A market maker who intends to exchange or transfer one or more specified securities to another market maker in exchange for consideration, shall submit a proposal in writing to the Exchange for approval.

(4) The Exchange shall publish and regularly update the list of market makers and relevant information relating to their activities.

Waiving of rules regulating market makers

21. (1) Where there are wide price movements in a particular security, the Exchange may on the request of a market maker, suspend or vary the market maker's obligations.

(2) The Exchange may waive any of the terms of the agreement with the market maker if it is of the opinion that such waiver is warranted.

SUB-PART III

WAREHOUSE

Application for warehouse operator licence

22. (1) No person shall provide a mineral commodity warehouse service unless they are licensed by the Commission and registered on the Exchange.

(2) Any person who wishes to provide warehouse services to the Exchange shall submit an application in the form specified on Exchange's website.

(3) An application in terms of subrule (2) shall include the requirements specified in rule 6(1) and the following further requirements—

- (a) the specimen signature of each warehouse person; and
- (b) proof of availability of warehouse facility.

(4) The Exchange shall, no later than thirty (30) days after receiving an application for a licence—

- (a) satisfy itself that the applicant has complied with subrule (3) and conduct any necessary inspections; and

- (b) submit the application to the Commission in terms of rule 6(5).

(5) Where an applicant for a warehouse operator licence is granted a licence by the Commission the Exchange shall register one or more warehouses subject to the payment of a registration fee for each warehouse.

Functions of warehouse operator

23. The functions of the warehouse operator include the following—

- (a) storage and preservation of mineral commodities;
- (b) certification and assurance of quality and quantity of commodities received;
- (c) management of commodity risks;
- (d) provision of a system or systems for the creation, withdrawal and electronic transfer of warehouse receipts;
- (e) facilitation of delivery of commodities between owners and buyers of warehouse receipts;
- (f) facilitation of settlement of trades;
- (g) disclosure of stock levels to the Exchange;
- (h) periodic provision of account statements to owners of warehouse receipts;
- (i) advising the Exchange of any material changes to the business;
- (j) keeping an up-to-date insurance cover for its operations;
- (k) providing the Exchange with copies of its audited financial statements no later than ninety (90) days from the end of its financial year;
- (l) submitting a monthly return by the 10th of every month following, and any other reports that the Exchange may require.

Standards of warehouse facilities

24. Every warehouse operator shall ensure that every warehouse has the following—

- (a) appropriate loading facilities;
- (b) adequate security;
- (c) sampling, assaying and weighing equipment;
- (d) administration offices;
- (e) adequate storage facilities;
- (f) safety, health and environment standards.

Register of warehouses

25. The Exchange shall maintain a register of warehouses which shall be available for inspection by the public.

Annual fees payable in respect of registered warehouse

26. (1) A warehouse operator shall pay to the Exchange in respect of each registered warehouse an annual fee specified in the Second Schedule.

(2) The annual fee referred to in subrule (1) shall be paid by the 31st January of each year.

(3) Where a warehouse operator fails to pay an annual fee by the 31st of January, the operator shall be liable to a late payment fee as specified in the Second Schedule.

(4) Where a warehouse operator fails to pay the annual fee by the due date and further fails to pay the late payment fee as provided in this rule, the Exchange may remove the warehouse in question from the register and the operator shall not provide warehouse services with respect to that warehouse.

Amendment of warehouse operator licence

27. (1) Subject to the provisions of this rule, the Commission may, on the recommendation of the Exchange at any time amend a warehouse operator licence—

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- (a) to correct any error in the licence; or
- (b) if the warehouse operator requests the amendment; or
- (c) if the Commission considers the amendment necessary to reflect the true nature of the business which the warehouse operator is conducting.

(2) Before amending a warehouse operator licence in terms of subrule (1)(a) and (c), the Commission shall notify the warehouse operator in writing citing reasons for the amendment and giving the warehouse operator ten (10) days within which to make representations on the matter.

(3) If the Commission refuses to amend a licence at the request of the warehouse operator, it shall, within ten (10) days of receipt of the application, notify the warehouse operator in writing of its decision and the reasons thereof.

Suspension of warehouse licence

28. (1) The Commission may at any time suspend a warehouse licence if the Commission has reasonable grounds for believing that—

- (a) the licensee has contravened any provision of the Act or these rules or any condition of their licence; or
- (b) licensee has failed to remedy or desist from an act or omission constituting a violation within the prescribed time despite being ordered to do so by the Exchange.

(2) The Exchange shall notify the licensee in writing of its intention to suspend its licence and the reasons for doing so, and shall call upon the licensee to show cause, within seven (7) days from the date of the notice, why the licence should not be suspended, as the case may be:

Provided that if in the opinion of the Exchange the licence needs to be immediately suspended in the public interest or to avert an emergency, it can issue the notice requiring the licensee to show cause after suspending the licence.

(3) If, at the expiry of the period specified in the notice given in terms of subrule (2), and after considering any representations made by the licensee, the Exchange is satisfied that the licence concerned should be cancelled, the Commission shall cancel the licence.

Cancellation of warehouse licence

29. (1) The Commission may at any time cancel a warehouse licence where—

- (a) a licensee gives at least thirty (30) days written notice to the Commission for the voluntary cancellation of its licence; or
- (b) the license was issued in error; or
- (c) the license was acquired through fraud or misrepresentation or non-disclosure of a material fact; or
- (d) the warehouse operator has been declared insolvent; or
- (e) the warehouse operator fails to comply with these rules; or
- (f) the warehouse operator has failed to remedy or desist from an act or omission constituting a violation within the prescribed time despite being ordered to do so by the Exchange.

(2) Where a licensee requests for voluntary cancellation in terms of subrule (1) the Commission may—

- (a) accept such cancellation unconditionally; or
- (b) require the licensee to first meet certain conditions before cancellation.

(3) There shall be no entitlement to a refund of any portion of the fees paid to the Commission by a licensee upon the cancellation of the licence.

(4) Where a licence has been cancelled the licence shall be surrendered to the Commission.

Licensing of warehouse person

30. (1) No individual shall be responsible for the management of a warehouse operated by a warehouse operator unless such person is the holder of a valid licence issued in terms of these rules.

(2) An application for a licence shall be made in the form provided on the Exchange's website together with an application fee as specified in the Second Schedule.

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(3) An applicant shall be deemed fit to be licensed as a warehouse person if he or she has—

- (a) a minimum of a national diploma which includes chemistry, chemical technology, metallurgical assaying or geology;
- (b) at least two years' experience in warehousing;
- (c) not been convicted of an offence involving an element of dishonesty within the preceding five years.

Issuance of licences

31. A licence shall be issued subject to such terms and conditions as may be specified and shall not be transferable to any other person.

Register of licences

32. The register kept in terms of rule 25 shall be open for inspection by members of the public at all reasonable times at the office of the Exchange upon payment of the fee specified in the Second Schedule.

Annual fee payable by warehouse operator on behalf of warehouse person

33. Every warehouse operator shall, in respect of each warehouse person in its employ, pay to the Exchange an annual fee specified in the Second Schedule.

SUB PART IV

CLEARING AND SETTLEMENT PARTICIPANTS

Admission of participants by Exchange

34. (1) The Exchange may admit one or more of the following as clearing and settlement participants—

- (a) central bank;
- (b) commercial banks;
- (c) any other person as the Exchange may determine.

(2) The following shall be clearing participants—

- (a) commodity clearing participant which shall focus on the function of clearing warehouse receipts; and
- (b) contracts clearing participant which shall focus on the function of clearing contracts.

Application for clearing and settlement licence

35. (1) Any person who wishes to be licensed as a clearing or settlement participant shall complete and submit an application to the Exchange in the form provided on the Exchange's website together with a fee as specified in the Second Schedule.

(2) An application for a licence referred in subrule (1) must satisfy the requirements for application specified in rule 6(2).

(3) Rule 6(5) & (6) shall apply to an application for a clearing and settlement licence.

Roles of clearing and settlement participants

36. (1) The role of a clearing or settlement participant shall include—

- (a) ensuring accuracy and completeness of all its communications to the Exchange, commodity dealer and clients;
- (b) developing and implementing a business continuity plan and risk management plan;
- (c) informing the Exchange of any system failure, within half-an-hour (½-hr) of the discovery of the failure;
- (d) notifying the Exchange at least thirty (30) days in advance, and in writing of any such hardware or software changes which will impact the participant's involvement on the Exchange;
- (e) disclosing to clients the fees and charges required for its services;
- (f) establishing and maintaining appropriate technical capability, including adequate business continuity arrangements, so as not to hinder the smooth operations of the Exchange;

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- (g) in the case of a settlement participant—
 - (i) setting up a facility and the issuing of instructions on settlement processes;
 - (ii) settling of trades within the agreed settlement cycle;
 - (iii) sharing of settlement reports in the manner and form required on time; and
 - (iv) maintaining collateral accounts on behalf of clearing participants and clearing house;
- (h) in the case of a clearing participant—
 - (i) opening an account with a clearing house, in the case of a custodian;
 - (ii) timeously facilitate settlement of trades on behalf of its clients;
 - (iii) managing margin accounts on behalf of clients;
 - (iv) providing at least once a month, a statement of accounts to clients;
 - (v) opening and maintaining settlement and collateral accounts with the central bank;
 - (vi) guaranteeing remittances of all payments of securities transacted and related entitlements on the Exchange.

(2) A clearing or settlement participant who contravenes any of the requirements provided in subrule (1) shall be liable to a fine specified in the First Schedule.

Restriction of access

37. (1) The Exchange may restrict clearing and settlement participants from accessing its clearing and settlement system to preserve the integrity of the market in the following circumstances—

- (a) where there are suspicious activities;
- (b) where there are operation and technical faults;
- (c) in the event of an act of force major;
- (d) any other circumstances that may affect the integrity of the market.

(2) The Exchange shall notify the participants of any restricted access and give reasons thereof.

(3) Restriction in terms of subrule (1) shall be implemented for a period not exceeding 3 hours.

Cancellation

38. (1) The Commission may cancel the licence of a participant for the following reasons—

- (a) failure to comply with these rules;
- (b) where the participant is declared insolvent;
- (c) where the participant requests for cancellation;
- (d) where the participant has not fulfilled the suspension conditions within the stipulated period.

(2) Where the Commission intends to cancel a licence, the Commission shall give written notice of its intention to do so and allow the participant an opportunity to show cause why its licence should not be cancelled.

(3) Where the Commission has cancelled a licence, it shall promptly publish a notice to that effect on its website.

(4) The outstanding liabilities of a participant to the Exchange, other participants and clients arising from the use of any service pursuant to these rules shall remain enforceable upon cancellation of a participant's licence.

(5) Before a participant's licence is cancelled the Exchange may appoint another participant to finalise the outstanding obligations of that participant.

PART V

WAREHOUSE RECEIPTS

Issuance of warehouse receipts

39. Warehouse receipts shall only be issued by a warehouse operator in respect of mineral commodities received by him or her for warehousing or marketing or both.

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Form and negotiability of warehouse receipts

40. (1) A warehouse person shall issue electronic warehouse receipts in the design approved by the Exchange.

(2) A warehouse receipt shall be negotiable.

Replacement of warehouse receipts

41. (1) If a warehouse receipt is lost, stolen or destroyed the depositor or holder at the time shall inform the warehouse person within 24 hours of his or her becoming aware of the loss.

(2) Subject to subrule (1) a warehouse person shall issue a replacement warehouse receipt after having taken all reasonable steps to ascertain the need for such issue and obtained the consent of the depositor to issue the same.

(3) In issuing a replacement warehouse receipt, the warehouse person shall—

- (a) cancel his or her copy of the original receipt; and
- (b) issue a replacement warehouse receipt endorsed in such a manner as to show that it is a replacement warehouse receipt; and
- (c) make an entry in his or her records to the effect that the mineral commodity described in the replacement warehouse receipt is the same as that specified in the original receipt.

Warehouse operator's lien

42. (1) Every warehouse operator shall have a *lien* over the mineral commodity stored in its warehouse to cover its storage and processing charges.

(2) Any person claiming a mineral commodity specified in a warehouse receipt shall satisfy the warehouse operator's cost before delivery of the mineral commodity to him or her.

Exemption of warehouse operators and warehouse person from liability

43. (1) Subject to these rules, if a warehouse operator or warehouse person, in good faith and without negligence and acting in accordance with the instructions of a depositor—

- (a) makes entries in any record or account in respect of any deposited commodities; or
- (b) transfers or delivers any deposited commodities;

the warehouse person or warehouse operator shall not be liable to any person on the ground that the depositor, as the case may be, had no right to dispose of or take any other action in respect of the commodities.

(2) A warehouse operator or warehouse person, acting in good faith and without negligence on the instructions of the depositor, shall have discharged its obligations to the depositor by dispatching the deposited commodities.

Cancellation of warehouse receipt

44. (1) Any person who claims delivery of mineral commodities specified in any warehouse receipt shall show the receipt to the warehouse person for cancellation of the warehouse receipt.

(2) If any person claims delivery of part of the mineral commodity specified in a receipt, the warehouse person shall endorse such partial delivery on that warehouse receipt.

PART VI

REGISTRATION OF WAREHOUSE RECEIPTS AND CONTRACTS

Registration on Exchange

45. The Exchange will register the following securities—

- (a) warehouse receipts; and
- (b) contracts.

Classification of warehouse receipts and contracts

46. (1) The Exchange shall publish grades for mineral commodities in respect of warehouse receipts and contracts that will be traded on the Exchange.

- (2) The warehouse operator shall—
 - (a) grade every commodity brought to a warehouse and issue a warehouse receipt that corresponds with the grade of the commodity;
 - (b) forward to the Exchange a list of warehouse receipts that it issues for each commodity.
- (3) The clearing participant shall—
 - (a) issue contracts according to their classes or grades that will be traded on the Exchange;
 - (b) forward to the Exchange a list of contracts that it issues for each commodity.

PART VII

TRADING

Trading of warehouse receipts and contracts

47. (1) The buying and selling of warehouse receipts and contracts shall be conducted—

- (a) through commodity dealers; or
- (b) directly through a system approved by the Exchange where the authorised person is not an employee or agent of a producer using own warehouse.

(2) All buying and selling which is done in terms of subrule (1) shall be executed through the ATS.

Automated trading system

48. (1) Access to the ATS shall be by way of user identification (ID) allocated to participants or individuals on such terms and conditions as the Exchange may determine.

(2) The Exchange may disconnect any user ID allocated to an approved user if continued access of the ATS by that approved user will affect the orderly conduct of the market.

(3) The Exchange may, from time to time, issue written directions and guidelines regarding the procedures to be followed in using the ATS.

(4) A participant shall ensure that all employees that it allows access to the ATS are—

- (a) sufficiently trained; and
- (b) aware of all relevant rules and procedures.

(5) Participants and individuals shall be bound by all offers, acceptances or entries made in their names on the ATS.

(6) Participants and individuals shall keep all codes, passwords or other security devices which have access to the Exchange ATS confidential.

Trading of warehouse receipts

49. (1) The Exchange shall publish its trading—

- (a) days;
- (b) hours;
- (c) sessions;

from time to time.

(2) For the purpose of trading on the Exchange, the time that shall apply is the time shown on the ATS.

Matching Criteria

50. The criteria for execution during continuous trading are as follows—

- (a) price priority—
 - (i) the highest bid and the lowest offer have precedence over all other orders;
 - (ii) orders are ranked by price sequence in the order book;

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- (b) time priority—
 - (i) when orders are placed at the same price, the earliest one takes priority;
 - (ii) if a hidden order is placed and the disclosed quantity is executed, the undisclosed quantity will lose its time priority;
- (c) market orders—
 - (i) price is given the highest priority in the system, and the market orders will have priority over limit orders;
 - (ii) the ATS will attempt to match the order until either the entire volume is matched or no further matching is possible;
 - (iii) market orders are accepted only if there are orders on the other side;
 - (iv) if partial execution has taken place, the unexecuted balance quantity is queued as a limit order on last matching that is last execution price.

Types of orders

51. There are two types of orders that can be placed in the ATS—

- (a) market orders;
- (b) limit orders.

Market order

52. (1) A market order is an order to buy or sell a security at the best price or prices prevailing in the market at that point in time.

(2) No price is specified for this type of order, but volume must be indicated. Price is given the highest priority in the system.

(3) Market orders have priority of execution over limit orders. Market orders cannot be amended.

Limit orders

53. (1) This type of order specifies the maximum buying price or the minimum selling price. The volume of the order must be indicated.

(2) The ATS will attempt to match the order until either the entire volume is matched, or no further matching is possible within the limit price.

(3) Unless fill or kill (FoK), or immediate or cancel are specified, the unmatched volume will remain in the order book until the indicated expiration time.

(4) Limit orders can have the following attributes—

- (a) qualifiers;
- (b) time in force;
- (c) disclosed or hidden quantity.

Qualifiers

54. Order qualifiers modify the execution conditions of an order based on volume, time and price constraints and the following are examples of order qualifiers—

- (a) FoK—requires the immediate purchase or sale of a specified quantity, at a given price or better. If the whole order cannot be filled immediately, it is cancelled;
- (b) immediate or cancel (IoC)—requires the immediate purchase or sale for the whole or part of the specified quantity at the specified or better price. If no immediate execution occurs the order is cancelled. If the order is partly executed, the remainder is immediately cancelled.

Time in force

55. Time in force limits the lifetime of an order in the order book. If an order does not indicate a time condition, it is only valid for the trading hour for a particular day on which it was input—

- (a) good till cancelled (GTC)—this order remains valid till cancelled 30 days from the day on which it was input. The order is automatically cancelled by the system on the expiry date. GTC orders cannot have disclosed or hidden quantity and minimum fill attributes;
- (b) good till day (GTD)—this order remains valid for a fixed number of days which should not be more than 30 days.

If it is not executed within the validity period, it will expire at the end of the final day and be automatically deleted from the list of pending orders. GTD orders cannot have disclosed or hidden quantity and minimum fill attributes;

- (c) day order—this order is valid until the close of the trading day. It is automatically cancelled at the end of the trading day.

Hidden order

56. A hidden order has the following characteristics—

- (a) the order size is revealed at the disclosed quantity and not at the full order quantity;
- (b) the disclosed quantity will cause execution to occur in blocks of disclosed quantity;
- (c) hidden quantity will not be visible to the market;
- (d) when the disclosed quantity is matched, a new order with the same initial volume is generated automatically. This order will be given a new time stamp. The process will continue until the entire hidden quantity is matched or the order is cancelled or expired;
- (e) disclosed quantity attribute is not valid for FoK or IoC orders;
- (f) disclosed quantity attribute is only valid for day orders.

Tick size

57. The exchange will determine the tick sizes for any warehouse receipt, depending on the mineral traded.

Floor price

58. The Exchange may determine the minimum price that can be traded on each warehouse receipt or contract.

Price spread

59. (1) The Exchange will determine the maximum spread allowed for each trading day on each grade of warehouse receipt and contract.

(2) All orders outside the permissible spread will be rejected by the ATS.

Trading halts

60. (1) There are two types of trading halts—

- (a) market halt; and
- (b) security halt.

(2) A halt may be effected where one or more of the following events happen—

- (a) the Exchange discovers that the trading activity in a commodity or commodities—
 - (i) is being or could be undertaken by persons possessing unpublished price-sensitive information that relates to a commodity;
 - (ii) is being influenced by a manipulative or deceptive trading practice;
 - (iii) may otherwise give rise to an artificial price for a commodity; or
 - (iv) will lead to the market circuit breaker as set by the Exchange being exceeded;
- (b) there is a technical failure of the ATS.

(3) Where, due to circumstances provided in subrule (2), the Exchange determines that there is need to halt trading, it shall notify participants that all participants should halt trading until such time as they are advised of the rectification of the issue.

(4) No participant may trade any commodity for the duration of the halt but may cancel orders from the ATS.

(5) Any participant who trades a commodity during the period of any halt shall be liable to a fine as provided in the First Schedule.

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(6) In the event that trading in one or more contracts is suspended at or around the time specified for the establishment of daily settlement prices, the Exchange may either—

- (a) change times for that trading day; or
- (b) set prices at levels it determines as a fair reflection of the market.

(7) In the event that trading in one or more contracts is suspended, the Exchange may determine whether or not to resume trading for that day.

Order and trade adjustment or cancellation

61. Where on the request of one party and subject to the consent by the other party, the Exchange may permit the adjustment or cancellation of a trade.

Official price list and other market data

62. (1) The Exchange shall publish information on the prices, traded volumes, indices, and any other market data.

(2) No persons shall be allowed to publish information on prices, trading volumes, indices, or other market data without obtaining prior approval from the Exchange.

(3) Any person who is not a participant who contravenes subrule (2) shall be guilty of an offence and liable to a fine not exceeding level 4 or to imprisonment for a period not exceeding three months or to both such fine and such imprisonment.

Daily settlement price

63. (1) The Exchange shall, on each trading day, determine and publish a daily settlement price for each class of contract registered on the Exchange at that time.

(2) Where the daily closing price referred to in subrule (2) is not available, the Exchange shall determine the daily settlement price based on a fair value calculation which is consistent with cash market value.

Trading records

64. A participant must maintain records of each trade made by its representatives for the participant's own account for a period of not less than ten (10) years from the date of such trade, containing—

- (a) the time and date of receipt of instructions;
- (b) the nature of the instructions received;
- (c) the person who received the instructions;
- (d) the time and date of execution of those instructions, and the person who executed the instructions; and
- (e) any other information as determined from time to time by the Exchange.

Prevention and detection of market abuse

65. (1) A dealer's compliance monitoring procedures must specifically include procedures to monitor orders entered into, and transactions executed on the Exchange trading system by the participant and its employees, with the objective of identifying and taking appropriate action in relation to orders or trades that may constitute a breach of the provisions of all applicable legislation.

(2) In order to detect market abuse, the dealers must consider, among other things, the following—

- (a) the identity of the parties to the transaction;
- (b) the perceived intention of the parties to the transaction;
- (c) the frequency and pattern of transactions over a period of time;
- (d) the effect of the transaction on market prices or volumes;
- (e) the size and timing of the transaction; or
- (f) a combination of two or more of these factors.

Application and trading fees

66. The following application fees prescribed in the Securities and Exchange ((Licensing of Minerals Commodities Trading Participants on the Victoria Falls Stock Exchange) Rules, 2024 shall be payable to the Exchange—

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- (a) application fee;
- (b) annual fee;

and the Exchange shall remit 50 *per centum* of the fee to the Commission within ten (10) of collection.

(2) The trading fees for any services provided on the Exchange shall be payable as provided for in the Second Schedule.

PART VII

CLEARING AND SETTLEMENT SYSTEM

Clearing and Settlement of Transactions

67. The Exchange shall provide a system for and promote the clearing and settlement functions required for the purposes of trading on the Exchange through—

- (a) facilitating the clearing of payments and securities;
- (b) facilitating funds settlement through the settlement bank;
- (c) defining and standardising the terms of securities transactions and ensuring that they are executed in a consistent manner;
- (d) acting as a central clearing counterparty to all clearing participants;
- (e) opening and maintaining margin accounts;
- (f) establishing a risk management framework to reduce risk, including default risk and counterparty risk;
- (g) monitoring the activities of its participating company and ensuring that they are complying with all applicable regulations.

Clearing of transactions

68. (1) After execution of a trade on the Exchange, the trade shall be cleared and settled through the Exchange clearing and settlement system.

(2) The clearing of warehouse receipts or contracts shall be done by a clearing participant.

Clearing of warehouse receipts

69. After parties to a trade conclude an agreement—

- (a) both clients shall confirm the trade with their respective clearing participants; and
- (b) the seller's clearing participant shall confirm the trade with the warehouse operator holding the seller's warehouse receipts; and
- (c) the buyer's clearing participant shall confirm the trade with the clearing house holding the buyer's money; and
- (d) both clearing participants shall affirm the trade with the Exchange.

Clearing and settlement of warehouse receipts

70. (1) Where the procedures outlined in rule 69 have been confirmed, the Exchange shall generate a settlement report and submit that report to the—

- (a) clearing participant; and
- (b) settlement participant; and
- (c) warehouse operator;

for final settlement.

(2) The settlement of trade shall be complete when the—

- (a) buyer's clearing participant pays for the warehouse receipt to the settlement participant; and
- (b) settlement participant pays the seller's clearing participant; and
- (c) settlement participant informs the exchange that settlement has been successfully concluded; and
- (d) the Exchange instructs warehouse operator to cancel the seller's warehouse receipt and issue it in favour of the buyer.

(3) The Exchange may issue a manual with further guidelines relating to the clearing and settlement of a trade.

Clearing of contracts

71. (1) The Exchange may by novation act as a counterparty to parties to a trade in their clearing process.

(2) The Exchange may refuse to clear a trade entered at a price which is below the market price by a factor determined and specified in practice notes by the Exchange.

(3) After parties to a trade conclude an agreement—

- (a) both clients shall confirm the trade with their respective clearing participants; and
- (b) the Exchange shall calculate initial margin; and
- (c) both clients pay initial margin to their respective clearing participants; and
- (d) both clearing participants shall affirm the trade to the Exchange; and
- (e) both clearing participants shall pay margin requirements to the Exchange.

(4) The Exchange shall maintain a register of all contracts.

Mark to market and variation margin

72. (1) The Exchange shall, at the end of each trading day or such other time as may be necessary, mark-to-market the positions of each contract and calculate the variation margin.

(2) The Exchange shall communicate the mark-to-market positions and variation margins of each contract to the clearing member who in turn shall communicate to the client.

(3) After establishing a variation margin—

- (a) the client whose position owes money to the market shall pay to their clearing participant the variation margin and clearing participant shall pay to the Exchange;

- (b) the Exchange shall pay the clearing participant so that the clearing participant pays the client who is owed money by the market.

Additional margin

73. The Exchange may at any time announce an additional margin when necessitated by increased market risk.

Interest payments

74. (1) The Exchange shall manage and invest all margins subject to retention of five *per centum* of the margin interest and it will on the second day of the month following the month in which interest was received, remit such interest to the clearing participants.

(2) The clearing participant will remit interest received from the Exchange to its clients.

Settlement procedures

75. At the expiry of the contract the Exchange shall—

- (a) pay the clearing participant the net amount of—
 - (i) the initial margin;
 - (ii) the sum of the variation margin;
 - (iii) the sum of the additional margin;
 - (iv) any interest accrued;
 - (v) transaction fees;
- (b) where the settlement requires the delivery of a commodity then the clearing and settlement procedures provided in rule 68 shall apply.

Collateral

76. A clearing participant shall lodge collateral with the settlement bank and the Exchange where the transaction is by novation.

PART VIII

GENERAL

Levies and penalties

77. The Exchange shall charge levies and penalties as specified in the First Schedule.

Confidentiality

78. (1) Any information relating to the Exchange and client obtained by a participant in the course of its operations, must be kept confidential unless—

- (a) the participant is required to disclose the information before any court or by any law;
- (b) the information is in the public domain;
- (c) the participant has obtained the prior written consent of the owner of the information.

(2) A participant who contravenes subrule (1) shall be liable to a penalty as specified in the First Schedule.

Inspections

79. The Exchange may appoint any of its employees or any other persons to be inspectors for the purposes of investigating the business activities or any operations of any of its licensed or registered persons and exercising any other function conferred or imposed on inspectors under these rules.

Powers of inspectors

80. Subject to rule 79, in the exercise of his or her functions under these rules, an inspector may—

- (a) at any time during normal office hours, without previous notice, enter the premises of any participant or any premises in which it is believed on reasonable grounds that there is any commodity, security, book, record, account or document pertaining to the business activities or operations of such participant;

- (b) require any officer, employee or agent of a participant to produce any commodity, security, book, record, account or document pertaining to the business activities or operations of such participant;
- (c) search any premises referred to in paragraph (a) for any commodity, security, book, record, account or document pertaining to the business activities or operations of any participant;
- (d) in any premises referred to in paragraph (a)—
 - (i) open or cause to be opened any strong-room, safe or other container in which he or she suspects on reasonable grounds there is any commodity, security, book, record, account or document pertaining to the business activities or operations of the participant;
 - (ii) examine and make extracts from and copies of any security, book, record, account or document pertaining to the business activities or operations of the participant concerned;
 - (iii) examine and take samples of any commodity within the premises of a warehouse;
 - (iv) examine all tools and relevant equipment to ensure that they are of the required standard;
- (e) require any officer, employee, or agent of a participant—
 - (i) to explain any entry in a book, record, account or document pertaining to the business activities or operations of the participant;
 - (ii) to provide the inspector with such information concerning the management, business activities or operations of participant.

Investigation of participants

81. (1) Where the Exchange has reasonable grounds to believe that a participant has committed an offence in terms of the Securities and Exchange Act [*Chapter 24:25*], these rules or any other law, it may institute an investigation of the participant.

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(2) For the purposes of an investigation in terms of subrule (1), the exchange may appoint an inspector or inspectors and any such inspector or inspectors may exercise any of the powers set out below—

- (a) seize any security, book, record, account or document pertaining to the management, business, activities or operations of a participant which in his or her opinion may afford evidence of a contravention of these rules or irregularity;
- (b) take control and secure the commodity which is the subject matter of the investigation:

Provided that—

- (i) the inspector shall issue a full receipt for any security, book, record, account or document so seized or commodity so secured and under the control of the Exchange;
 - (ii) any security, book, record, account or document so seized or commodity whose control and security is under the Exchange shall be retained only for so long as may be necessary for the purposes of the investigation;
- (c) examine, whether under oath or otherwise, any person whom the Exchange deems necessary to examine;
 - (d) require any person referred to in paragraph (c)—
 - (i) to produce any security, book, record, account, document or thing to which he or she has access; and
 - (ii) to give any information which is at his or her disposal and which relates to the management, business activities or operations of the participant concerned.

Procedure on completion of investigation

82. (1) Upon completion of the investigation the Exchange shall, produce a report of the investigations and where the Exchange

is satisfied a criminal offence was committed it shall refer the matter to the police.

(2) If, after considering the report produced in terms of subrule (1) and the Exchange is satisfied that the participant has contravened any term or condition of its, his or her licence, or any provision of the Securities and Exchange Act [*Chapter 24:25*], or any direction, requirement or order made under these rules, the Exchange may, do any one or more of the following—

- (a) issue a warning to the person; or
- (b) require the person to appoint someone who, in the Exchange's opinion, is qualified to advise the person, on the proper conduct of his or her business; or
- (c) issue a written instruction to the person, or to undertake remedial action specified in the instruction; or
- (d) impose a monetary penalty for each day that the contravention has continued; or
- (e) instruct the person to remove any of his or her officers or employees from his or her duties; or
- (f) direct the person to suspend all or any of his or her business; or
- (g) appoint a supervisor to monitor the affairs of the person.

Grounds for suspension in general

83. (1) The Exchange may suspend a participant for a period not exceeding thirty (30) days—

- (a) due to non-compliance with the rules and any practice note or directive; or
- (b) where a participant makes a request to be suspended; or
- (c) where a participant conducts themselves in a manner that brings the market into disrepute;
- (d) if in the opinion of the Exchange there is a need to maintain a fair and orderly market;

with conditions that the participant must meet.

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(2) Where the Exchange has suspended a participant in terms of subrule (1) and the participant fails to meet the conditions stipulated by the Exchange—

- (a) the Exchange may extend the suspension for such further specified period not exceeding twenty-one (21) days; or
- (b) after requiring the participant to show cause why their registration should not be terminated, terminate the participant's registration.

(3) Where a participant is suspended pending disciplinary process, the Exchange shall commence the disciplinary proceedings within twenty-one (21) days from the date of suspension:

Provided that where, due to circumstances occasioned by the participant, the disciplinary proceedings cannot be commenced within the twenty (21) days, the period within which the disciplinary proceedings must be commenced shall be calculated from the date the participant caused the delay.

(4) Where a participant is suspended pending disciplinary process, the Exchange shall finalise disciplinary proceedings within sixty (60) days from the date of commencement of disciplinary proceedings:

Provided that where, due to circumstances occasioned by the participant, the disciplinary proceedings cannot be finalised within sixty (60) days, the period within which the disciplinary proceedings must be finalised shall be calculated from the date the participant caused the delay.

(5) Where the participant is suspended, they shall fulfil all outstanding obligations and comply with all conditions given by the Exchange.

Disciplinary procedure

84. (1) Where a participant is alleged to have breached any of the rules and is either suspended or not, the Exchange shall notify the participant in writing of his, her or its alleged misconduct citing the rules which he, she or it is alleged to have breached and require the participant to respond to the allegations within seven (7) days.

(2) Within seven (7) days after the participant has been served with a written notice in terms of subrule (1) he, she or it shall respond to the allegations and submit the response to the disciplinary committee.

(3) After the participant has submitted a response to the disciplinary committee, the committee shall invite the participant to attend a hearing within seven (7) days from the date of his, her or its response.

(4) A participant required to attend a hearing in terms of subrule (3) may bring with him, her, or itself a legal representative of their choice.

(5) The disciplinary committee shall, on the hearing date, adopt such procedures as it may determine, provided that it follows the rules of natural justice.

(6) After conducting the hearing, the disciplinary committee may recommend one or more of the following—

- (a) lifting the suspension; or
- (b) a reprimand by the Board; or
- (c) the imposition of a fine; or
- (d) terminate registration; or
- (e) order payment of all or part of the Exchange's costs of the relevant investigation and disciplinary procedure; and
- (f) any other penalty that the committee may find necessary.

(7) The decision of the Disciplinary Committee shall be that of the majority of the members.

(8) If the participant is aggrieved by the decision of the Exchange, the participant may appeal to the Commission.

Notices

85.(1) Unless otherwise provided, all notices required to be given under or in connection with these rules shall be delivered through—

- (a) electronic communication platforms; or

(b) the print media with a national circulation.

(2) Where notice was sent by electronic mail it shall be deemed to have been received when effectively delivered to the recipient's electronic mail address.

Dispute resolution

86. (1) Where participants have a dispute that affects operations on the Exchange, the aggrieved party shall submit a written report to the Exchange explaining the nature of the dispute.

(2) After receiving a dispute from a participant, the Exchange shall facilitate a dispute resolution mechanism where the participants choose to follow the dispute resolution mechanism.

(3) The dispute resolution mechanism referred to in subrule (2) that the parties may engage in are—

- (a) conciliation; or
- (b) mediation; or
- (c) arbitration.

(4) In the event that the participants have a dispute with regards to interpretation or obligations of the rules, the Exchange shall deal with the matter.

False trading and market manipulation

87. (1) No participant shall do anything with the intention of creating a false or misleading appearance of the—

- (a) volume of trading in any securities on the Exchange; or
- (b) market for, or the price of, any security on the Exchange.

(2) No participant shall, by means of any false statement or fictitious or artificial transaction or device, maintain, inflate, or depress, or cause fluctuations in, the price of any securities on the Exchange.

(3) Any participant who contravenes subrule (1) or (2) shall be guilty of an offence and liable to a fine not exceeding level ten or to imprisonment for a period not exceeding five years or to both such fine and such imprisonment.

Fraudulently inducing person to trade or deal in securities

88. (1) No person shall induce another person to trade or deal in securities on the Exchange by—

- (a) making or publishing any statement, promise or forecast which he or she knows to be false or misleading; or
- (b) dishonestly concealing any material facts.

(2) Any person who contravenes subrule (1) shall be guilty of an offence and liable to a fine not exceeding level seven or to imprisonment for a period not exceeding two years or to both such fine and such imprisonment.

(3) The penalisation of a person who contravenes subrule (1) shall not be a bar to any criminal prosecution that may be instituted against that person.

Publication of particulars of transgressors

89. The Exchange may publish the name of participants who are suspended and those who contravene these rules.

Exchange may demand information

90. (1) For the purpose of ensuring proper observance of these rule, the Exchange may demand information from a participant, or any document or information relating to anything connected with the participant or person's business.

(2) Any person who fails to comply with a demand or notice in terms of subrule (1) shall be liable to a fine specified in the First Schedule.

Severability

91. If at any time any provision of these rules becomes illegal, invalid, or unenforceable in any respect the legality, validity, or enforceability of the remaining provisions of these rules shall in no way be affected or impaired thereby.

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*Measures Exchange may take in dealing with undesirable situation
or practice*

92. In dealing with an undesirable situation or practice, the Exchange may—

- (a) suspend or curtail trading in a class of contracts for any one or more trading months for such period as it specifies; or
- (b) limit trading in any class of contract to closing out of open positions; or
- (c) defer settlement of contracts and extend the date for settlement of a contract for such period as it determines; or
- (d) cancel or amend a contract; or
- (e) direct that any contract be closed out forthwith or be invoiced back to a fixed date and at a price determined by it; or
- (f) permit any merchantable lot of a particular commodity equal to or superior to the commodity or the financial instrument as specified in any contract to be tendered subject to appropriate conditions as to compensation; or
- (g) fix an amount of compensation payable under these rules; or
- (h) direct that contracts be settled at a price other than that provided for by these rules, in such manner as it may determine—
 - (i) giving directions to members to act in such manner as will in its opinion correct or assist in overcoming the situation or practice including, but not limited to, directions in relation to open positions;
 - (ii) refraining from taking any action which it considers inappropriate; or
 - (iii) requesting the warehouse operator to exercise its powers under the depository rules relating to the situation or practice.

Handling of trust funds

93. (1) Every participant who, when carrying on any activity authorised by his or her licence, holds or receives any money for or on behalf of a client, shall open and keep an account at a bank as a separate trust account in which he or she shall deposit all such money.

(2) In addition to the trust account referred to in subrule (1), a participant may open and keep a trust account bearing interest at a bank or building society or with an institution approved by the Exchange for the purposes of this subrule and, subject to these rules and any instructions given to the member by the client for or on whose account he or she holds the money, he or she may deposit in that account any of the money that is not immediately required for any purpose.

(3) In the case of an account opened in terms of subrule (2)—

- (a) deposits shall be made only from a trust account opened in terms of subrule (1);
- (b) withdrawals shall be made only in favour of a trust account opened in terms of subrule (1).

(4) Where a trust account is opened in terms of subrule (1) or (2), that account shall indicate that it is an account opened in terms of subrule (1) or (2), as the case may be.

When money shall be paid in trust account

94. (1) Money must be paid into a trust account on the day it is received by the participant, or on the next trading day.

(2) For the avoidance of doubt, nothing in these rules shall prevent a participant from having more than one trust account, provided that such participant keeps adequate records to show the rights of each client to monies held in any trust account.

Withdrawals from trust account

95. Withdrawals from a trust account made in any of the following circumstances are permissible for—

- (a) settling of trades through the Exchange on behalf of a client;

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- (b) refunding the client;
- (c) defraying dealer's expenses and other service charges;
and
- (d) paying dealer's fees.

(2) Any participant who withdraws funds from the trust account for a purpose other than that provided in subrule (1) shall be guilty of an offence and liable to a fine not exceeding level six or to imprisonment not exceeding one year or to both such fine and such imprisonment.

Business account

96. (1) Every participant shall open and maintain a business account with a bank or building society of his, her or its choice into which all money on behalf of the business is deposited and from which all business expenses are disbursed. Individual General commodity dealer.

(2) This account shall be subjected to at least one audit per annum by the Exchange, which shall have rights to call for details of transactions of the account.

Exemption from liability of Exchange, etc.

97. No liability shall attach to—

- (a) the Exchange or to any board member or staff of the Exchange's; or
- (b) any committee, panel or working group of the Exchange, or to any participant of such a committee, panel or working group; or
- (c) any participant of the Exchange;

in respect of loss or damage sustained by any person as a result of the *bona fide* exercise or performance of the functions of the Exchange, committee, panel, working group, or participant of the Exchange:

Provided that this rule shall not be construed to prevent any person from recovering damages or compensation for loss or damage sustained by him or her which was caused by negligence or breach of contract.

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FIRST SCHEDULE (Rules 4(e), 10(2), 36(2), 60(5), 78(2), 90(2))

FINES AND PENALTY CHARGES

Contravention	Reference rule	Penalty
Failure to notify the Exchange on any breach of provisions by a participant.	7(1)(b)	(a) Written warning (b) where offence recurs USD1,000
Failure to notify change in Directors, Key personnel, and contact information	7(1)(c)(k)	USD1,000
Failure to cooperate with the Exchange or any employee of the Exchange during his or her course of duty	7 (1)(d), 78, 79	a) Written warning; or b) Public censure; or (c) USD5,000
Submitting false or misleading information to the Exchange	7 (1)(e)	(a) Written warning (b) Fine– minimum of USD5,000 and maximum of USD10,000 (c) suspension (d) cancellation of licence (e) deregistration
Failure to maintain own and client records	7(1)(g)	(a) warning (b) USD2,000
Failure to maintain adequate resources to carry on licensed business	7(1)(h), 18 (j), 32 (f)	(a) Public censure (b) Suspension (c) Cancellation (d) Deregistration
Failure to notify the exchange of any investigation by other entities or regulatory bodies	7(1) (j)	(a) Public censure (b) Suspension (c) Cancellation (d) Deregistration
Failure to provide audited financial statements within stipulated period; and	7(1)(l)	(a) Written warning (b) A fine of up to USD10 000 (c) Suspension (d) Cancellation (e) Deregistration

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Contravention	Reference rule	Penalty
Failure to execute any function as provided by the Rules	9, 17, 22 , 35	(a) Written warning (b) A fine of up to USD10 000 (c) Suspension (d) Cancellation (e) Deregistration
Failure to pay annual fees as prescribed in the Rules	7 (2), 8, 25, 28, 32,	(a) A fine of up to USD1000 (b) Suspension (c) cancellation (d) deregistration
Unauthorised disclosure of confidential information	78(2)	(a) Fine – USD 5,000 (b) Suspension
Trading of warehouse receipts and contracts outside the automated trading system without Exchange approval	47	(a) Fine – USD10,000 (b) Suspension (c) cancellation (d) deregistration
Trading during a trading halt	60(5)	Fine –USD2000
Publishing of market data without Exchange approval	62(2)	(a) Written warning (b) Public censure (c) Fine - USD2000
Failure to pay margins as may be required	72(3)(a)	(a) Fine – USD10,000 (b) suspension (c) cancellation (d) deregistration
Failure to remit interest on margin deposits to clients	74 (2)	(a) Fine - USD10,000 (b) Suspension (c) Cancellation (d) deregistration
Failure to lodge Collateral with settlement bank and Exchange	76	(a) Fine - USD10,000 (b) Suspension (c) Cancellation (d) deregistration
Failure to provide information as requested by the exchange	90 (2)	(a) Written warning (b) Fine - USD3000
Failure to open Trust Account and properly operating one	93(1)	(a) Fine - usd1000 (b) Suspension (c) Cancellation (d) deregistration
Failure to open a Business account by members	96 (1)	(a) Written warning (b) Fine - USD1000

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SECOND SCHEDULE (Rules 7(2))

FEES

Licence category	Charge Excluding VAT
Application Fees (Non-refundable application fee)	
Individual commodity dealer	USD500
Individual general commodity dealer	USD500
Warehouse person	USD500
Commodity dealing company	USD1,000
General commodity dealing company	USD1,200
Market maker	USD1,200
Clearing house	USD2,000
Warehouse operator	USD1,000
Warehouse	USD350
Annual fees	
Individual commodity dealers	USD500
Individual general dealers	USD500
Warehouse person	USD500
Commodity dealing company	USD1000
General commodity dealing company	USD1200
Market maker	USD1200
Clearing house	USD5500
Warehouse operator	USD1200
Monthly Access fee	
	USD
Commodity dealing company	USD100
General commodities dealing company	USD125
Market Maker	USD125
Clearing house	USD125
providing VFEX facilities to members with disrupted services	USD100
trade cancellation	USD100
trade reallocation	USD50
Deceased estates confirmation of securities	USD10

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Trading fees		
Trading through brokers (Warehouse Receipts)		
	Buy	Sell
VFEX fee	0.25%	0.25%
Dealers Commission	0.40%	0.40%
Securities and Exchange Commission	0.10%	0.10%
Trading directly through the Exchange		
	Buy	Sell
VFEX fee	0.25%	0.25%
Direct Access fee	0.2%	0.2%
Securities and Exchange Commission	0.10%	0.10%

Fees on contracts					
Tonnes per lot					
	0-5	5-10	10-25	25-30	Above 30
Type of charge					
VFEX fee (USD)	10	12	15	20	22
Dealers Commission (USD)	16	19	24	32	35
Securities and Exchange Commission (USD)	4	4.8	6	8	8.8

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