



Press Statement

FBC Securities (Private) Limited's Possession of Unclaimed Shares Investigation

April 2020

In July 2019, the Securities and Exchange Commission of Zimbabwe (SECZ) investigated the discovery of 693 unclaimed share certificates in FBC Securities (Private) Limited's possession. Such possession contravened SECZ's Directives of August 2012 and 25 January 2013 which prohibited Securities Dealing firms from holding clients' share certificates for a period exceeding 30 days. Any unclaimed share certificates were to be submitted to ZB or Old Mutual Custodial Services.

Despite being given several notices, FBC Securities continued to be in full contravention of these directives for seven years and only recently made an attempt to deliver the unclaimed shares certificates to the Investor Protection Fund (IPF) in 2019. Such a delayed delivery created suspicion and warranted an investigation by SECZ. The investigations objectives included determining the following:

- The quantity and value of shares held by FBC Securities in custody
- The historical trail and legality of all share movements and transfers pertaining to the share certificates.
- The distribution of dividends and other entitlements that accrued to the securities that are being held by FBC Securities.
- The extent of loss and potential prejudice suffered by shareholders as a result of FBC Securities delinquent behavior.

To facilitate the investigation the securities dealing license of Mr. Benson Gasura, the Principal Officer of FBC Securities was suspended in terms of Section 49 (1) (a) of the Securities and Exchange Act [Chapter 24: 25] ("the Act"). SECZ enjoined the services of PKF Chartered accountants to act as inspectors by conducting a forensic audit to determine the above. In terms of the Act, FBC Securities was requested to bear the entire cost of PKF's services.

The investigation findings are as summarised below:

- All share movements were legal and supported by appropriate documentation.
- Dividends were correctly distributed, and any dividends not distributed to shareholders are still being held in trust by the Transfer Secretaries.
- No loss or prejudice was suffered by shareholders as a result of FBC Securities Misconduct.

Taking note that no prejudice was suffered, the Commission has issued a Corrective order to immediately lift the suspension of Mr. Benson Gasura's securities dealing licence and to remedy a number of internal policies and practices that led to its demise in this instance. Further, FBC Securities is required to relinquish all unclaimed share certificates after 30 days of receipt of the Corrective Order, within which they are expected to reconcile shareholders with their share certificates. **Investors who may have given custody of their share certificates to FBC Securities and never collected them from 2012 to date are encouraged to contact FBC Securities to verify the status of their share certificates.**

SECZ would like to express its gratitude to all parties that cooperated with the investigation. It is the Commission's relief that no prejudice was suffered by investors. However, such flagrant disregard of regulation will always be dealt with by the strong arm of the law.

For and on behalf of the Securities and Exchange Commission of Zimbabwe



T. Chinamo

CHIEF EXECUTIVE OFFICER

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