

GOVERNMENT OF ZAMBIA

ACT

No. 25 of 2005

Date of Assent: 28th September, 2005.

An Act to amend the Banking and Financial Services Act.

[7th October, 2005

ENACTED by the Parliament of Zambia.

Enactment

1. This Act may be cited as the Banking and Financial Services (Amendment) Act, 2005, and shall be read as one with the Banking and Financial Services Act, in this Act referred to as the principal Act.

Short title

Cap. 387

2. Section *two* of the principal Act is amended —

Amendment
of section 2

(a) in the definition of “ banking business ” —

(i) by the deletion of the words “ any of the following ” and the colon and the substitution therefor of the words “ the business of ” and a dash;

(ii) in paragraph (a) by the deletion of the words “ the business of ”; and

(iii) in paragraph (b) by the insertion of the word “ providing ” before the words “ financial services ”;

(b) by the deletion of the definition of “ deposit taking financial institution ”;

(c) in the definition of “ *de facto* control ” by the deletion of the word “ company ” wherever it appears and the substitution therefor of words “ financial service provider ”;

(d) in the definition of “ *de jure* control ” by the deletion of the word “ company ” and the substitution therefor of the words “ financial service provider by a person ”;

- (e) in the definition of "financial institution" by the insertion after the words "financial service business" of the words "which includes receiving deposits from the public but does not include chequing account and current account deposits";
- (f) in the definition of "financial services"—
- (i) by the insertion in paragraph (2) of the words "including micro financing" after the words "and secured credit services";
 - (ii) by the insertion after paragraph (p) of the following new paragraph:
 - (q) development financing; and
 - (r) by the renumbering of paragraph (q) as paragraph (r); and
- (g) by the insertion in the appropriate places of the following new definitions:
- "financial business" means a person that conducts a financial service business but does not accept deposits;
- "financial service provider" means a bank, financial institution or financial business;
- "incorporated" means —
- (a) formed under the Companies Act; or
 - (b) established under an Act of Parliament as a body corporate;.
- Cap.388
- Amendment of section 3
3. Section *three* of the principal Act is amended —
- (a) by the deletion of the word "and" between the words "banks" and "financial institutions" and the substitution therefor of a comma; and
 - (b) by the insertion after the words "financial institutions" of the words "and financial businesses".
- Amendment of section 4
4. Section *four* of the principal Act is amended—
- (a) in paragraph (d) of subsection (2) by the deletion of the word "company" and the substitution therefor of the word "applicant";
 - (b) in subsection (5) —

- (i) by the deletion of the words “ subsection (2), (3) or (4) and the substitution therefor of the words “ this section ”; and
- (ii) by the insertion after the words “ different applicants “ of the words “ or categories of applicants ”.
5. Section *five* of the principal Act is amended by the deletion of the word “ banking ”. Amendment of section 5
6. Section *seven* of the principal Act is amended— Amendment of section 7
- (a) by the deletion of the word “ banking ” after the words “ to grant a ”;
- (b) in paragraph (c) by the insertion of the words “ or other owners or founders ” after the words “ major shareholders ”.
7. Section *nine* of the principal Act is amended — Amendment of section 9
- (a) in subsection (1) by the insertion of the words “ or financial institution ” after the words “ bank ”;
- (b) in subsection (2) by the deletion of the words “ or subsidiary ” after the words “ A bank ” and the substitution therefor of the words “ or financial institution or a subsidiary of a bank or financial institution ”; and
- (c) in subsection (3) by the insertion of the words “ or financial institution ” after the words “ a bank ”.
8. The principal Act is amended by the repeal of section *ten* and the substitution therefor of the following new section: Repeal and replacement of section 10
10. (1) Upon application by any person the Registrar may grant a licence authorising the applicant to conduct business as a financial institution, if the applicant is— Grant of licence
- (a) a company; or
- (b) a body corporate, created under an Act of Parliament, that is recognised by the Bank of Zambia as an acceptable form for a financial institution;
- and falls within a defined category of financial institutions, as determined by the Bank of Zambia.

(2) The application shall be in such form and accompanied by such fees as may be prescribed by regulation, and the form of application shall require at least the particulars required under subsection (2) of section *four*, except as otherwise provided in this section.

(3) If an applicant is not a company, then, in lieu of the information referred to in paragraphs (a) and (c) of subsection (2) of section *four*, the applicant shall provide information with respect to the formation, governance, and owners of the applicant, by whatever term designated, as shall be prescribed by the Bank of Zambia.

(4) The governance documents referred to in subsection (3) shall, in the case of a building society, include the rules of such building society.

(5) The Bank of Zambia may limit the activities of a financial institution licensed under this section to those activities that the Bank of Zambia determines are appropriate for an institution that accepts deposits:

Provided that the limits referred to in this subsection may be in the form of conditions of a licence or may be prescribed by the Bank of Zambia, by regulations.

(6) The regulations made under subsection (5) may create different categories of financial institutions that are permitted to conduct different financial services.

(7) An appeal shall lie under Chapter VII against a decision of the Registrar to refuse to grant the application.

Repeal and
replacement
of section 11

9. The principal Act is amended by the repeal of section *eleven* and the substitution therefor of the following new section:

Application
of certain
provisions
of this

11. Subsections (3) to (7) of section *four* and sections *five, six, seven, and nine* shall apply with necessary modifications to the licensing of financial institutions.

Chapter to
financial
institutions

Repeal of
section 12

10. The principal Act is amended by the repeal of section *twelve*.

11. The principal Act is amended by the insertion in Chapter III immediately after Part 2A of the following new Part:

Insertion of
new Part 2B

Part 2B - Licensing of Financial Businesses

12C. (1) Upon application by any person, the Registrar may grant a licence authorising the applicant to conduct a financial service business other than as a financial institution.

Grant of
licences

(2) The application shall be in such form, contain such information and be accompanied by such fees as the Bank of Zambia may, by regulations prescribe.

(3) The Bank of Zambia may establish designations for different categories of financial business and may impose different requirements for each category.

(4) The Registrar shall, within one hundred and eighty days after receipt of an application for a licence under subsection (1) consider the application and shall if satisfied that the applicant has satisfied the requirements for licensing under this Part grant a licence and may refuse to grant the licence if not so satisfied.

(5) Any applicant for a licence who is aggrieved by the refusal of the Registrar to grant a licence may appeal against the decision in accordance with Chapter VIII.

12D. (1) Unless the conditions of a licence limit or restrict the financial business to one or more specific sites or locations, a financial business may conduct, at any place or places in Zambia, any financial service that it is licensed to conduct.

Branches of
financial
businesses

(2) Within fourteen days after opening a new branch, a financial business shall notify the Bank of Zambia in writing of the fact and of its location.

(3) At least sixty days before closing a branch, a financial business shall notify the Bank of Zambia in writing of its intention to do so.

12E. Any financial business in existence at the commencement of this Act that is licensed as a financial institution but does not accept deposits shall be deemed to be licensed under this part as a financial business and shall be subject to the requirements applicable to financial businesses beginning on the date of the commencement of this Act.

Existing
financial
businesses

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- Repeal and replacement of section 15 **12.** The principal Act is amended by the repeal of section *fifteen* and the substitution therefor of the following new section:
- Licence not transferrable **15.** A licence shall not be transferred, assigned or encumbered in any manner:
- Provided that a licence may be transferred in the event of an amalgamation or similar corporate restructuring transaction, on such terms and conditions as the Bank of Zambia may approve.
- Amendment of section 16 **13.** Section *sixteen* of the principal Act is amended in paragraph (b) of subsection (1) by the insertion of the word “with” after the words “failed to comply”.
- Amendment of section 17 **14.** Section *seventeen* of the principal Act is amended —
- (a) in subsection (2) by the insertion of the words “or a licensed financial business” after the words “a licensed financial institution”; and
- (b) in subsection (3) by the deletion of the words “or financial institution” after the words “A bank” and the substitution therefor of a comma and the words “a financial institution or financial business”.
- Amendment of section 19 **15.** Section *nineteen* of the principal Act is amended—
- (a) by the deletion of the words “a register” and the substitution therefor of the words “two registers”; and
- (b) by the insertion of the words “and the Register of Financial Businesses” after the words “Register of Banks and Financial Institutions”.
- Amendment of section 20 **16.** Section *twenty* of the principal Act is amended by the deletion of subsection (1) and the substitution therefor of the following new subsection:
- (1) The Minister shall, on the recommendation of the Bank of Zambia, appoint a Registrar of Banks, Financial Institutions and Financial Businesses to administer the registers referred to in section *nineteen* and to exercise and perform such other functions as are conferred or imposed upon the Registrar by or under this or any other Act or by the Governor of the Bank of Zambia, and may designate an

employee of the Bank of Zambia as the Deputy Registrar of Banks, Financial Institutions and Financial Businesses who shall be subject to the control and direction of the Registrar and be competent to exercise and perform any of the powers and functions of the Registrar:

Provided that any person appointed as Registrar of Banks and Financial Institutions or as Deputy Registrar of Banks and Financial Institutions before the date of coming into force of this Act shall continue to hold office as Registrar of Banks, Financial Institutions and Financial Businesses or as Deputy Registrar of Banks, Financial Institutions and Financial Businesses as if appointed under this Act.

17. Chapter III of the principal Act is amended in the title to Part 1 by the deletion of the word " Banks " and the substitution therefor of the words " Financial Service Providers ". Amendment
of Chapter
III

18. Section *twenty-three* of the principal Act is amended — Amendment
of section 23

(a) in subsection (1) by the insertion of the words " or financial institution " after the words " a bank ";

(b) in subsection (2) by the deletion of the word bank " wherever it appears and the substitution therefor of the words " financial service provider ";

(c) by the insertion immediately after subsection (2) of the following new subsection:

(2A) Notwithstanding the provisions of paragraph (b) of subsection (2), the Bank of Zambia may prescribe a different limit of voting control for financial businesses.; and

(d) in subsections (3) and (4) by the deletion of the word " bank " wherever it appears and the substitution therefor of the words " financial service provider ".

19. Section *twenty-three A* " of the principal Act is amended in subsection (1) by the deletion of the words " bank or financial institution " and the substitution therefor of the words " financial service provider ". Amendment
of section
23A

20. Section *twenty-four* of the principal Act is amended— Amendment
of section 24

(a) by the deletion of subsection (1) and the substitution therefor of the following new subsection:

(1) A person who has *de jure* or *de facto* control of the financial service provider shall not own any share in the capital of, or acquire or maintain *de jure* or *de facto* control of, any other financial service provider without the prior written approval of the Bank of Zambia.; and

(b) in subsection (2) —

(i) by the deletion of the word “ bank ” after the words “ the capital of a ” and the substitution therefor of the words “ financial services provider ”; and

(ii) by the deletion of the words “ of two or more banks ”.

Amendment
of Chapter
III

21. Chapter III of the principal Act is amended in the heading to *Part 2* by the insertion of the words “ or Financial Institutions ” after the words “ Restructuring of Banks ”.

Amendment
of section 25

22. Section *twenty-five* of the principal Act is amended in paragraph (a) and (b) by the insertion of the words “ or financial institution ” after the word “ bank ”.

Amendment
of section 26

23. Section *twenty-six* of the principal Act is amended—

(a) by the deletion of subsection (1) and the substitution therefor of the following new subsection:

(1) A bank or financial institution shall not effect a corporate restructuring transaction with another company that is not a bank, financial institution or financial business.;

(b) by the insertion immediately after subsection (1) of the following new subsection:

(1A) A bank or financial institution may effect a corporate restructuring transaction with another company that is a financial business as long as the bank or financial institution is the surviving company and the business being acquired through such transaction only conducts activities that the bank or financial institution is permitted to conduct.; and

(c) in subsection (2) by the insertion of the words “ or financial institution ” after the words “ with another bank ”.

24. Section *twenty-seven* of the principal Act is amended in subsection (2) by the insertion of the words “ or financial institution or other company ” after the words “ Each bank ”. Amendment of section 27

25. Section *twenty-nine* of the principal Act is amended— Amendment of section 29

(a) in paragraph (a) of subsection (1)—

(i) by the insertion of the words “ or financial institution ” after the words “ a bank ”;

(ii) by the deletion of the word “ bank ” after the words “ the new bank ” and the substitution therefor of the word “ entity ”;

(iii) by the deletion of paragraph (b) and the substitution therefor of the following new paragraph:

(b) an amalgamating bank, financial institution or financial business or a bank, financial institution or financial business transferring assets in accordance with such a transaction is referred to as “ the old entity ”;

(b) in paragraphs (a) to (d) of subsection (2) by the deletion of the words “ bank ” and “ bank or transferee ” wherever they appear and the substitution therefor of the word “ entity ”;

(c) in subsection (3) —

(i) by the deletion of the word “ bank ” after the words “ in favour of the old ” and the substitution therefor of the word “ entity ”;

(ii) by the deletion in paragraph (b) of the word “ bank ” wherever it appears and the substitution therefor of the word “ entity ”; and

(d) in subsection (5) by the deletion of the word “ bank ” wherever it appears and the substitution therefor of the word “ entity ”.

26. Section *thirty* of the principal Act is amended by the deletion of subsection (1) and the substitution therefor of the following new subsection: Amendment of section 30

(1) Every bank, financial institution and incorporated financial business shall have a board of directors in which shall vest all the powers of management and control and which shall be responsible for the formulation of policies of the bank, financial institution or incorporated financial business.

Amendment
of section
30A

27. Section *thirty A* of the principal Act is amended by the deletion of the word “ bank ” after the word “ Every ” and the substitution therefor of the words “ incorporated financial service provider ”.

Amendment
of section 31

28. Section *thirty-one* of the principal Act is amended—

(a) in subsection (1)—

(i) by the deletion of the word “ bank ” and the substitution therefor of the word “ licensee ” (financial service provider);

(ii) by the deletion of paragraph (c) and the substitution therefor of the following new paragraph:

(c) at any time has been adjudged bankrupt by a competent court, whether in Zambia or elsewhere, or is a person who, whether in Zambia or elsewhere, has made an arrangement or composition with the person’s creditors;

(iii) by the insertion in paragraph (g) of the words “ or financial service provider ” after the words “ manager of a company ”;

(iv) by the deletion of the full-stop at the end of paragraph (g) and the substitution therefor of a colon and the word “ or ”;

(v) by the insertion after paragraph (g) of the following new paragraph:

(h) has been removed by a competent court, whether in Zambia or elsewhere, from an office of trust on account of misconduct or breach of that trust.;

(b) in subsection (2) by the deletion of the words “ or financial institution ” after the words “ in the management of a

bank ” and the substitution therefor of a comma and the words “ financial institution or incorporated financial business ”;

(c) in subsection (3) by the deletion of the words “ or financial institution ” after the words “ in the management of any bank ” and the substitution therefor of the words “ financial institution or incorporated financial; and business ”, and

(d) by the deletion of subsection (4) and the substitution therefor of the following subsection:

(4) A person shall not directly or indirectly, be a director of more than one financial service provider without the prior written approval of the Bank of Zambia.

29. Section *thirty-two* of the principal Act is amended — Amendment of section 32

(a) in subsection (1) by the insertion of the words “ or financial institution ” after the words “ directors of a bank ” and “ employees of the bank ”; and

(b) in subsection (2) by the deletion of the words “ other class or type of incorporated financial institution ” and the substitution therefor of the words “ class or type of incorporated financial business ”.

30. Section *thirty-three* of the principal Act is amended — Amendment of section 33

(a) by the deletion of the word “ bank ” after the words “ concerned in the management of a ” and the substitution therefor of the words “ financial service provider ”; and

(b) in paragraph (a) by the deletion of the word “ bank ” and the substitution therefor of the words “ financial service provider ”.

31. The principal Act is amended by the repeal of section *thirty-five* and the substitution therefor of the following new section: Repeal and replacement of section 35

35. (1) A director shall declare in writing to the board annually, the names and addresses of the director’s associates and full particulars of every material interest. Disclosure of interest

(2) A director, chief executive officer, chief financial officer or manager of a financial service provider who —

(a) is a party to, or has an interest, pecuniary or otherwise, direct or indirect, in a contract or proposed contract with the financial service

provider or in the granting of an advance by the financial service provider shall declare the nature of the director, officer or manager's interest to the board of directors of the financial service provider in accordance with this section; or

(b) has an interest in, or a material relationship to, a party or prospective party to a contract or a proposed contract with the financial service provider shall disclose in writing to the financial service provider the nature and extent of the interest or relationship.

(3) In the case of a proposed contract or a proposed advance, the declaration required by this section to be made by a director shall be made at the meeting of the directors at which the question of entering into the contract or granting the advance is first taken into consideration, or, if the director was not at the date of that meeting interested in the proposed contract or advance, at the next meeting of the directors held after the director becomes so interested.

(4) Where a director becomes interested in a contract after it is made, the declaration required by this section shall be made at the first meeting of the directors held after the director becomes interested in the contract.

(5) At any meeting of the board, a director who has an interest or a relationship within the scope of this section shall leave the meeting at which the contract concerned is discussed, and shall refrain from voting on any matter related to the contract which becomes the subject of action by the board of the financial service provider, but such departure from the meeting shall not disqualify the interested director for the purposes of constituting a quorum.

(6) A director need not make a declaration or give a notice under this section by attending in person at a meeting of the directors, if the director takes reasonable steps to ensure that the declaration or notice is brought up and read at the meeting.

(7) For the purposes of this section, a general notice given at a meeting of directors of a building society by a

director to the effect that the director is a member of a specified company or firm, and is to be regarded as interested in any contract which may, after the date of the notice, be made with that company or firm, is a sufficient declaration of interest in relation to any contract made after that date with that company or firm.

(8) A director, chief executive officer, chief financial officer or manager who fails to comply with the provisions of this section commits an offence and is liable on conviction to a fine not exceeding seven thousand five hundred penalty units.

(9) Where a director, chief executive officer, chief financial officer or manager fails to disclose a material interest in accordance with this section—

(a) the court shall, on the application of the financial service provider concerned or of any of its shareholders or members or of the Bank of Zambia, set aside the contract on such terms as it may determine; and

(b) the Bank of Zambia may suspend the director, chief executive officer, chief financial officer or manager from office in writing addressed to the person suspended.

(10) For the purposes of this section —

(a) an interest is material if it is material with reference to the wealth, business or family interests of the person having the interest and, without limiting the generality of the foregoing, a person has a material interest in —

(i) any company of which the person owns, directly or indirectly, more than ten per centum of any class of the voting shares, or of which the person is a director; and

(ii) any partnership in which the person is a partner; and

(b) persons have a material relationship with each other if, by virtue of paragraph (b) of subsection (3) of section two, they are associates.

- Amendment of section 36 **32.** Section *thirty-six* of the principal Act is amended by the deletion of the word “ bank ” wherever it appears and the substitution therefor of the words “ financial service provider ”.
- Amendment of section 37 **33.** Section *thirty-seven* of the principal Act is amended—
 (a) in subsection (1) by the deletion of the words “ bank or financial institution ” wherever it appears and the substitution therefor of the words “ financial service provider ”; and
 (b) in subsection (4) by the deletion of the words “ bank or financial institution ” and the substitution therefor of the words “ financial service provider ”.
- Amendment of Chapter III **34.** Chapter III of the principal Act is amended in the heading to *Part 4A* by the deletion of the word “ Institutions ” and the substitution therefor of the word “ Businesses ”.
- Repeal and replacement of section 37A **35.** The principal Act is amended by the repeal of section *thirty-seven A* and the substitution therefor of the following new section:
 37A. Every financial business which is not incorporated shall have and maintain a structure which has the following characteristics:
 (a) voting rights for the members or owners; and
 (b) subordination of those with voting rights to all creditors in the event of insolvency, dissolution or winding up.
- Amendment of section 38 **36.** Section *thirty-eight* of the principal Act is amended by the deletion of the words “ or incorporated financial institution ” and the substitution therefor of the words “ financial institution or financial business that is a company ”.
- Amendment of section 39 **37.** Section *thirty-nine* of the principal Act is amended —
 (a) by the deletion of the words “ or incorporated ” before the words “ financial institution ” and the substitution therefor of a comma;
 (b) by the insertion after the words “ financial institution ” of a comma and the words “ or financial business ”;
 (c) by the deletion of the words “ a company ” after the words “ is inappropriate for ”; and

- (d) by the deletion of the word “ a ” after the words “ carrying on ” and the substitution therefor of the word “ the ”.
38. Section *forty* of the principal Act is amended— Amendment
of section 40
- (a) in subsections (1) and (2) by the deletion of the words “ bank or financial institution ” wherever they appear and the substitution therefor of the words “ financial service provider ” and
- (b) in subsection (3) —
- (i) by the deletion of the words “ bank or financial institution ” and the substitution therefor of the words “ financial service provider ”; and
- (ii) by the insertion in paragraph (c) of the words “ or financial institution ” after the words “ any security by a bank ”.
39. Section *forty-one* of the principal Act is amended by the deletion of the words “ bank or financial institution ” and the substitution therefor of the words “ financial service provider ”. Amendment
of section 41
40. Section *forty-three* of the principal Act is amended — Amendment
of section 43
- (a) in subsection (1) by the deletion of the words “ bank or financial institution ” and the substitution therefor of the words “ financial service provider ”; and
- (b) in subsection (2) by the deletion of the words “ bank or financial institution ” and the substitution therefor of the words “ financial service provider ”.
41. Section *forty-four* of the principal Act is amended by the deletion of the words “ bank and financial institution ” and “ bank or financial institution ” wherever they appear and the substitution therefor of the words “ financial service provider ”. Amendment
of section 44
42. Section *forty-five* of the principal Act is amended in subsections (1) and (2) by the deletion of the words “ bank or financial institution ” and the substitution therefor of the words “ financial service provider ”. Amendment
of section 45
43. Section *forty-seven* of the principal Act is amended in subsection (2) by the deletion of the words “ bank or financial institution ” and the substitution therefor of the words “ financial service provider ”. Amendment
of section 47

- Amendment of section 48 **44.** Section *forty-eight* of the principal Act is amended by the deletion of the words “ bank or financial institution ” wherever they appear and the substitution therefor of the words “ financial service provider ”.
- Amendment of section 49 **45.** Section *forty-nine* of the principal Act is amended in subsection (1) by the deletion of the words “ bank or financial institution ” wherever they appear and the substitution therefor of the words “ financial service provider ”.
- Amendment of section 50 **46.** Section *fifty* of the principal Act is amended —
- (a) in subsection (1) by the deletion of the words “ bank or financial institution ” wherever they appear and the substitution therefor of the words “ financial service provider ”;
- (b) in paragraph (e) of subsection (2) by the deletion of the word “ bank ” and the substitution therefor of the words “ financial service provider ”; and
- (c) in subsection (3) by the deletion of the words “ bank or financial institution ” wherever they appear and the substitution therefor of the words “ financial service provider ”.
- Amendment of section 51 **47.** Section *fifty-one* of the principal Act is amended —
- (a) in subsection (1) by deletion of the words “ or incorporated financial institution ” after the words “ Every bank ” and the substitution therefor of a comma and the words “ financial institution or financial business that is a company ”; and
- (b) in paragraph (b) of subsection (2) by the insertion of a comma and the words “ financial institution or financial business ” after the words “ creditors of the bank ”.
- Amendment of section 52 to 59 **48.** Sections *fifty-two, fifty-three, fifty-four, fifty-five, fifty-six, fifty-seven, fifty-eight and fifty-nine* of the principal Act are amended by the deletion of the words “ bank or financial institution ” wherever they appear and the substitution therefor of the words “ financial service provider ”.
- Amendment of section 60 **49.** Section *sixty* of the principal Act is amended by the insertion immediately after subsection (2) of the following new subsection:

(3) The Bank of Zambia may require any financial business to provide periodic reports showing such information concerning its operation, financial condition and resources as the Bank of Zambia may determine.

50. Section *sixty-two* of the principal Act is amended—

Amendment
of section 62

(a) in subsection (1) by the deletion of the words “ bank or financial institution ” and the substitution therefor of the words “ financial service provider ”;

(b) in subsection (2)—

(i) by the insertion of the words “ or members ” after the words “ report of the shareholders ” and

(ii) by the deletion of the words “ bank or financial institution ” and the substitution therefor of the words “ financial service provider ”; and

(c) in subsections (4) and (5) by the deletion of the words “ bank or financial institution ” wherever they appear and the substitution therefor of the words “ financial service provider ”.

51. Sections *sixty-three*, *sixty-four* and *sixty-five* of the principal Act are amended by the deletion of the words “ bank or financial institution ” wherever they appear and the substitution therefor of the words “ financial service provider ”.

Amendment
of section 63
to 65

52. Section *sixty-seven* of the principal Act is amended by the deletion of the words “ bank or financial institution ” and the word “ bank ” wherever they appear and the substitution therefor of the words “ financial service provider ”.

Amendment
of section 67

53. The principal Act is amended by the repeal of the heading of Part 1 of Chapter VI and the substitution therefor of the following heading:

Repeal and
replacement
of
heading of
Part I
of Chapter
VI

Part 1 - Provisions Relating to Financial Service Providers

54. Section *sixty-nine* of the principal Act is amended—

Amendment
of section 69

(a) in subsection (1) by the deletion of the words “ bank or financial institution ” and the substitution therefor of the words “ financial service provider ”;

(b) in subsection (2)—

(i) by the deletion of the full stop at the end of that subsection and the substitution therefor of a colon; and

(ii) by the insertion after the colon of the following new proviso:

Provided that the Bank of Zambia may, by statutory instrument, prescribe different reserve requirements for different categories of financial service providers and may vary any matters prescribed under this section for different categories of financial service providers.;

(c) in subsections (3) and (4) by the deletion of the words “ bank or financial institution ” and the substitution therefor of the words “ financial service provider ”; and

(d) in subsection (5) by the deletion of the words “ bank or financial institution’s capital or of enabling the bank or financial institution ” after the words “ preventing an impairment of the ” and the substitution therefor of the words “ financial service provider’s capital or of enabling the financial service provider ”.

Amendment
of section 70

55. Section *seventy* of the principal Act is amended—

(a) in subsection (1) by the deletion of the words “ Minister, on the recommendation of the Bank of Zambia may by regulation prescribe for banks of its class or description ” and the substitution therefor of the words “ Bank of Zambia may, by regulation, prescribe for banks or financial institutions of the same category ”;

(b) in the proviso to subsection (1)—

(i) by the insertion of the words “ or financial institution ” after the words “ each bank ”; and

(ii) by the deletion of paragraph (c) and the substitution therefor of the following new paragraph:

(c) no bank or financial institution may be required to maintain any higher percentage than any other bank or financial institution of the same category.;

(c) in paragraph (b) of subsection (2) by the insertion of the words “ or financial institution ” after the words “ in writing to each bank ”; and

(d) by the deletion of subsection (3) and the substitution therefor of the following new subsection:

(3) For the purpose of this section the Bank of Zambia may prescribe, by regulations—

(a) assets that qualify as liquid assets; and

(b) liabilities that qualify as liabilities to the public:

Provided that the regulations made under this section may provide for different liquid assets and liabilities for different categories of financial institutions.

56. The principal Act is amended by the repeal of section *seventy A* and the substitution therefor of the following new section:

Repeal and replacement of section 70A

70A. The Bank of Zambia shall, by regulations, prescribe the assets and liabilities for the computation of the prudential liquidity ratio for financial institutions.

Prudential liquidity ratio

57. Section *seventy-one* of the principal Act is amended by the deletion of the words “ bank are, or the prudential liquidity ratio of a financial institution is ” and the comma after those words and the substitution therefor of the words “ bank or financial institution are ”.

Amendment of section 71

58. Section *seventy-two* of the principal Act is amended in paragraph (a) by the insertion of the words “ or financial institution ” after the words “ any asset of the bank ”.

Amendment of section 72

59. Section *seventy-three* of the principal Act is amended—

Amendment of section 73

(a) in subsection (8) by the insertion of the words “ or financial institution ” after the word “ bank ” wherever it appears;

(b) by the insertion after subsection (9) of the following new subsection:

(10) The provisions of this section shall apply with necessary modifications to financial businesses:

Provided that the Bank of Zambia may establish lending and other limits for, and impose restrictions and prohibitions on, financial businesses similar to those specified under this section and may impose different limits for different categories of financial businesses.

Amendment
of section 74

60. Section *seventy-four* of the principal Act is amended in subsection (2) by the deletion of the words “ bank or financial institution ” wherever they appear and the substitution therefor of the words “ financial service provider ”.

Amendment
of section 75

61. Section *seventy-five* of the principal Act is amended—
(a) in subsections (1) to (7) by the deletion of the words “ deposit-taking ” wherever they appear; and
(b) in subparagraphs (i) and (ii) of paragraph (c) of subsection (8) by the deletion of the words “ company licensed as a ”.

Amendment
of section 77

62. Section *seventy-seven* of the principal Act is amended—
(a) in subsection (1) by the deletion of the words “ bank or financial institution ” wherever they appear and the substitution therefor of the words “ financial service provider ”;
(b) in subsection (2) by the deletion of the words “ bank or financial institution ” and the substitution therefor of the words “ financial service provider ”;
(c) in subsection (3)—
(i) by the deletion in paragraph (a) of the words “ bank or financial institution ” and the substitution therefor of the words “ financial service provider ”;
(ii) by the deletion in paragraph (b) of the word “ bank’s ” after the words “ any limitation on the ”;
(iii) in paragraph (c) by the deletion of the words “ bank or financial institution from soliciting ” and the substitution therefor of the words “ solicitation of ”; and

(iv) in paragraph (d) by the deletion of the words “ bank or financial institution ” and the substitution therefor of the words “ financial service provider ”; and

(d) in subsection (4) by the deletion of the words “ bank or financial institution ” and the substitution therefor of the words “ financial service provider ”.

63. Sections *seventy-eight* and *seventy-nine* of the principal Act are amended by the deletion of the words “ bank or financial institution ” wherever they appear and the substitution therefor of the words “ financial service provider ”. Amendment
of sections
78 and 79

64. Section *eighty-one* of the principal Act is amended— Amendment
of section 81

(a) in subsection (1) by the deletion of the words “ bank or financial institution ” wherever they appear and the substitution therefor of the words “ financial service provider ”;

(b) in subsection (2)—

(i) by the deletion in paragraph (a) of the words “ bank or financial institution ” and the substitution therefor of the words “ financial service provider ”; and

(ii) by the deletion in paragraphs (b) to (d) of the words “ bank or financial institution’s ” and the substitution therefor of the words “ financial service provider’s ”; and

(c) in subsections (3) and (4) by the deletion of the words “ bank or financial institution ” and the substitution therefor of the words “ financial service provider ”.

65. Section *eighty-three* of the principal Act is amended — Amendment
of section 83

(a) by the deletion of subsection (1) and the substitution therefor of the following new subsection:

(1) The Bank of Zambia shall, by *Gazette* notice, prescribe the minimum required primary capital and the minimum required regulatory capital for every category of financial service provider.;

(b) in subsection (2) by the deletion of the words “ bank or

financial institution and the substitution therefor of the words “ financial service provider ”;

(c) in subsection (3)—

(i) by the deletion of the words “ bank or financial institution ” after the words “ required primary capital of a ” and the substitution therefor of the words “ financial service provider ”; and

(ii) by the deletion in paragraphs (a) and (b) of the words “ bank or financial institution’s ” and the substitution therefor of the words “ financial service provider’s ”; and

(d) in subsection (4) —

(i) by the insertion of the words “ For banks or financial institutions ” and a comma before the words “ the minimum required regulatory capital ”;

(ii) by the deletion of the full stop after the word “ Zambia ” and the substitution therefor of a colon; and

(iii) by the insertion after the colon of the following new proviso:

Provided that the Bank of Zambia may prescribe a minimum regulatory capital requirement for any category of financial business that the Bank determines should be subject to such requirement.

Amendment
of sections 84
and 84 A to
84H

66. Sections *eighty-four*, *eighty-four A*, *eighty-four B*, *eighty-four C*, *eighty-four D*, *eighty-four E*, *eighty-four F*, *eighty-four G* and *eighty-four H* of the principal Act are amended by the deletion of the words “ bank or financial institution ” wherever they appear and the substitution therefor of the words “ financial service provider ”.

Amendment
of section 86

67. Section *eighty-six* of the principal Act is amended by the deletion of the words “ this Chapter, a bank or financial Institution ” after the words for the purpose of ” and the substitution thereof of the words “ Chapter VI and this Chapter, a financial service provider ”.

68. Section *eighty-seven* of the principal Act is amended by the deletion of the words “ bank or financial institution ” Wherever they appear and the substitution therefor of the words financial service provider ”. Amendment of section 87
69. Section *eighty-seven A* of the principal Act is amended: Amendment of section 87 A
- (a) by the deletion of the words “ bank or financial institution ” and the substitution therefor of the words “ financial service provider ”;
 - (b) in paragraph (a) by the insertion of the words “ or if it is a body corporate established by or under any other written law ” and a comma after the words “ the Companies Act ”;
 - (c) in paragraph (b):
 - (i) by deletion of the word “ but ” after the words “ Companies Act ” and the substitution therefor of the word “ and ”; and
 - (ii) by deletion of the semi-colon and the word “ or ” and the substitution therefor of a full stop; and
 - (d) by the deletion of paragraph (c).
- 70 The principal Act is amended by the insertion immediately after section *eighty-seven A* of the following new section: Insertion of new section 87 B
- 87B Notwithstanding the provisions of sections *eighty-four*, *eighty-four A*, *eighty-four B*, *eighty-four C*, *eighty-four D*, *eighty-four E*, *eighty-four F*, *eighty-four G* and *eighty-four H*, where a financial business licensed under this Act becomes insolvent, the provisions of the company Act regarding the winding up of a company or body corporate, as the case may be, shall apply to such insolvent financial business, unless the bank of Zambia has determined that the insolvent financial business be dealt with in accordance with provisions of sections *eighty-four*, *eighty-four A*, *eighty-four B*, *eighty-four C*, *eighty-four D*, *eighty-four E*, *eighty-four F*, *eighty-four G*, and *eighty-four H*. Power of Bank of Zambia in relation to insolvent financial businesses Cap. 388
- 71 Section *one hundred and nineteen* of the principal Act is amended — Amendment of section 119
- (a) in subsections (1) by the deletion of the words “ bank or

financial institution ” after the words “ the business is a ” and the substitution therefor of the words “ bank, financial institution or financial business; and

(b) in subparagraph (I) of paragraph (b) of subsection (2) by the deletion of the words “ bank or financial institution ” and the substitution therefor of the words “ bank, financial institution or financial business ”.

Amendment
of section 120

72. Section *one hundred and twenty* of the principal Act is amended in subsection (1) by the deletion of the words “ bank or financial institution ” after the words “ at the instance of the ” and the substitution therefor of the words “ bank, financial institution or financial business.

Amendment
of section
121

73. Section *one hundred and twenty-one* of the principal Act is amended by the deletion of the words “ bank or financial institution ” wherever they appear and the substitution therefor of the words “ bank, financial institution or financial business.

Amendment
of section
121 A

74. Section *one hundred and twenty- one A* of the principal Act is amended in subsection (2) by the deletion of the words “ bank or financial institution ” after the words “ customer of a ” and the substitution therefor of the words “ bank, financial institution or financial business.”

Amendment
of section
122

75. Section *one hundred and twenty- two* of the principal Act is amended by the deletion of the words “ bank or financial institution ” wherever they appear and the substitution therefor of the words “ bank, financial institution or financial business ”.

Repeal of
First
Schedule,
Second
Schedule and
Third
Schedule

76. The principal Act is amended by the repeal of the First Schedule, the Second Schedule and the Third Schedule.