TERMS OF REFERENCE

REVISION AND HARMONISATION OF THE LISTINGS REQUIREMENTS OF THE LUSAKA SECURITIES EXCHANGE (LuSE) AND UPGRADE OF VARIOUS RULES OF THE EXCHANGE

1. Introduction

The **Africa Regulatory Support Programme II (ARSP II)**, led by **FSD Africa**, is designed to strengthen the policy and regulatory environment for mobilising green and sustainable finance across the continent. The programme focuses on three core areas:

- **Regulatory reforms** to enable the issuance of green, social, sustainability, and sustainability-linked instruments.
- **Enhanced sustainability reporting**, through the development of ESG disclosure frameworks and adoption of global standards such as **IFRS S1 and S2**.
- **Improved supervision of investment funds**, supported by regulatory analysis and the deployment of **regtech/suptech solutions**.

Knowledge sharing and advocacy are embedded throughout ARSP II, ensuring that lessons and best practices are disseminated to drive broader improvements in capital market regulatory frameworks across Africa.

In **Zambia**, ARSP II will provide targeted technical assistance to the **Lusaka Securities Exchange (LuSE)** to review and update its **listing rules (equity and bond listing rules) to achieve harmonisation (where applicable) with the JSE Listing Requirements in South Africa and ongoing obligations** in line with local market trends, the protocols of the Committee of SADC Stock Exchanges (**COSSE**) and emerging market best practices on sustainable finance. The technical assistance will also include an upgrade of various rules of the Exchange to include; Trading Rules, Central Shares Depository Rules and Procedures, Settlement Guarantee Fund Procedures, Rules of the Exchange and Secondary Market Reforms (i.e., electronic trading hours, block trade mechanisms, ETF liquidity management, market infrastructure interoperability for Clearing & Settlement alignment with Bank of Zambia (BoZ) RTGS and to align with modern Exchange operations.

This intervention aims to position LuSE as a facilitator of green and sustainable capital mobilisation, providing an effective and efficient price-determination market that is orderly and aligned with disclosure and reporting requirements, supporting the regulator's broader objective of Zambia's transition to a more sustainable financial system.

2. Background

This is a joint effort between FSD Africa and the LuSE.

2.1 Financial Sector Deepening Africa (FSD Africa)

FSD Africa is a specialist development agency established in 2012 by the UK Government, working to make finance work for Africa's future. We work on the ground in over 30 African countries to mobilise "green plus" finance that will power economic and social development, deliver environmental gains, and build Africa's resilience. We work on policy and regulatory reform, capacity strengthening, improving financial infrastructure, and addressing systemic challenges in Africa's financial markets to spark large-scale, long-term change.

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FSD Africa believes that investing in building a transparent, stable, and accessible financial system creates the conditions for a fair and sustainable future, where inequality is reduced, corruption is addressed, and individuals, businesses, and governments alike can prepare for future challenges, from climate change to political instability. From FSD Africa's headquarters in Nairobi, its financial sector experts collaborate with governments, business leaders, regulators, and policymakers to design and implement ambitious programmes that enhance the functioning of financial markets for the benefit of all. Depending on the project, FSD Africa can provide a combination of grants, investment capital, market insights, or technical assistance to ensure it achieves its objectives.

FSD Africa's work focuses on where the need is greatest and where it believes the potential for impact is greatest. It has a specific mandate to invest in breakthrough, innovative ideas that can have a transformative impact. By sharing risk with its partners, FSD Africa can address more difficult, persistent, or higher-risk challenges in more unstable or fragile geographies than traditional development finance organisations.

For more details about FSD Africa, please visit www.fsdafrica.org.

2.2 The **Lusaka Securities Exchange (LuSE)**

The Lusaka Securities Exchange Plc (LuSE) is Zambia's principal securities exchange, playing a central role in advancing the nation's economic aspirations by serving as a platform where ideas meet capital to drive sustainable business growth and wealth creation. LuSE provides broad access to capital markets and liquidity across multiple asset classes, offering a diverse range of products, including equities, fixed-income instruments, and exchange-traded funds/products.

The LuSE was launched in 1994 and for over 30 years, the LuSE has facilitated efficient capital formation by connecting buyers and sellers through innovative financial products, supported by robust regulatory oversight and world-class technology infrastructure.

More details about LuSE are available here - https://www.luse.co.zm/about-us/our-story/#luse

3. Objectives and Scope

3.1 Objective

The **Lusaka Securities Exchange (LuSE)** operates within the regulatory framework established by the **Securities Act No. 41 of 2016**. Specifically, **Section 67(1)** empowers securities exchanges to develop and amend their rules, subject to approval by the **Securities and Exchange Commission of Zambia (SEC)**, while **Section 71** requires that all proposed amendments be submitted to the SEC for review and approval.

Zambia is a member of the Southern Africa Development Community (SADC), an economic bloc of 14 member countries that seeks to promote regional economic integration. Accordingly, the Committee of SADC Stock Exchanges (COSSE) was formed in 1996 to promote regional integration of the stock exchanges, promote cross-border investments via dual listings to deepen the regional capital markets by harmonisation of listing requirements with the Johannesburg Securities Exchange in South Africa (JSE) for modernisation and international best practice and support with capacity building

The current LuSE listing Requirements and continuing obligations rules have not been reviewed or updated to keep pace with the upgrades and revisions undertaken by the JSE over the past ten years.

Consequently, the current LuSE Listing Requirements are not harmonised with the JSE Listing Requirements and contain **outdated and restrictive provisions that limit market efficiency, constrain growth, and prevent alignment with evolving** global market practices.

In addition, at its inception in 1994, the LuSE emerged with a modern, state-of-the-art architecture and operating platform, as well as rules and procedures for trading, clearing, and settlement of securities, in line with the G30 recommendations. The rules underpinning this architecture have not been updated and require review and upgrade to align with current international best practices and to make LuSE attractive to both domestic and international portfolio investors.

As a result of the delayed upgrade of the various LuSE procedures, there is an urgent need to undertake a **comprehensive review and revision** of the LuSE Listings Requirements and various rules to:

- Modernise the regulatory framework to reflect **regional and international best practice**.
- Streamline rule application to **remove barriers to market entry** and **facilitate new thematic listings**.
- Provide for **greater transparency, increased fairness and equality of treatment** of all players in the conduct of corporate actions, transactions and dealings on the LuSE.
- Enhance **investor protection, transparency, and market confidence**.
- Expand opportunities for **market participation** across issuers, investors, and intermediaries within Zambia's capital markets, and beyond.
- Integrate emerging trends in **sustainable finance** by strengthening the rules on issuance, listing, and ongoing disclosure requirements necessary to unlock opportunities in **green, social, sustainability, and sustainability-linked instruments.**

To deliver on this, **LuSE** and **FSD Africa** have partnered to **provide funding** and **targeted technical assistance** throughout the review process.

The overarching objective is to **establish a fit-for-purpose regulatory framework** that **strengthens LuSE's role** as **a platform for capital mobilisation**, supports Zambia's economic transformation agenda, and contributes to the development of a resilient and sustainable capital market.

3.2 Scope

The following are the rules that will be subject to the revision process:

i. The Harmonised Listings Requirements for the LuSE Equity Market, including Sub-Rules, Guidance Notes, and Codes
ii. The Bond Market Listings Rules
iii. Trading Procedures
iv. Central Shares Depository Rules and Procedures
v. Settlement Guarantee Fund Procedures
vi. Rules of the Exchange

The scope of the exercise will entail:

a) **Inception Phase** – Prepare an inception report providing a clear understanding of the assignment. The report should outline the proposed methodology, project work plan, key documents for review, and stakeholder engagement strategy.

b) **Benchmarking Against Best Practice (Listings Requirements – Equity and Debt) and Gap Analysis Report -** Conduct a detailed review of existing **LuSE Listing Requirements** in relation to the JSE Listings Requirements and other regulatory frameworks from comparable emerging and frontier markets (e.g., South Africa, Botswana, Kenya, Mauritius) to **identify outdated provisions, inconsistencies, redundancies and gaps.** This exercise will highlight

critical areas where the LuSE market has fallen behind industry practice. The exercise will also highlight areas where the Listings Rules require customisation to meet LuSE's requirements and needs, given its size and stage of market development, whilst retaining the core principles of harmonisation with the JSE and alignment with international best practice.

c) **Proposed Virtual Dissemination and Capacity-Building Workshop**
Given that much of the Zambian listing framework was originally adapted from the South African market, the accumulated institutional knowledge and experience of the Lusaka Securities Exchange (LuSE) over its 31 years of operation have been anchored in applying listing requirements harmonised with those of the Johannesburg Stock Exchange (JSE).

In this context, it is proposed that a virtual dissemination workshop be convened to present, discuss, and compare **LuSE's current Listing Rules with the current JSE Listing Requirements.** The objective of the workshop is to help key LuSE stakeholders clearly understand how the existing framework aligns with, or diverges from, contemporary regulatory standards, and to provide context for the proposed updates.

The workshop will be targeted at key LuSE staff and licensed stockbrokers. It will be designed to support a shared understanding of the rationale for change, build early buy-in, and prepare stakeholders for the anticipated revision of the Listing Rules, aligned with applicable JSE principles, peer-market approaches, and global standards.

d) **Benchmarking Against Best Practice and Gap Analysis Report for the other Rules** (Trading Rules, Central Shares Depository Rules and Procedures, Settlement Guarantee Fund Procedures and Rules of the Exchange) **-** Assess regulatory frameworks from comparable emerging and frontier markets (e.g., South Africa, Botswana, Kenya, Mauritius) to identify best practices and emerging global trends, with recommendations for integration into Zambia's capital markets context.

e) **Stakeholder Engagement** – Collaborate with LuSE to design and implement a structured stakeholder engagement plan. This should include virtual or in-person consultations with regulators (Bank of Zambia (BoZ), Pensions Insurance Authority (PIA), Zambia Development Agency (ZDA), Patents and Companies Registration Agency (PACRA), etc., listed companies, brokers, custodians, transaction advisors, investors, and relevant LuSE teams.

f) **Final Comprehensive Review and Gap Analysis** – Conduct a detailed review of existing rules to identify outdated provisions, inconsistencies, redundancies, and gaps. The analysis should highlight areas that hinder market efficiency, innovation, or alignment with current regulatory and market trends, incorporating stakeholder input.

g) **Drafting of Revised Rules** – Develop initial revisions of the rules informed by the gap analysis, benchmarking insights, and stakeholder input. The draft should comprehensively address the identified weaknesses, modernise the provisions, and enable the issuance and trading of innovative instruments, such as sustainable bonds and equity products.

h) **Iterative Feedback Integration** – Solicit, consolidate, and integrate feedback from stakeholders into the draft revisions to ensure practicality, regulatory soundness, and broad market acceptance.
Circulate at least x 2 drafts of each set of Rules to the LuSE Member Brokers, all the Listed and quoted companies and other key Market players (at least 3 law firms; 3 audit firms) and

regulators (Bank of Zambia (BoZ), Pensions Insurance Authority (PIA), Zambia Law Development Agency, SEC)and request written comments.
Following this, conduct in-person stakeholder consultations to gather feedback on the draft rules and integrate them into the updated rules.

i) **Technical Validation Workshop** – Present the final draft revised rules to LuSE, SEC, BoZ, Pensions Insurance Authority (PIA), and Zambia Development Agency (ZDA) in an in-person technical workshop. This step should secure alignment, test regulatory robustness, and build buy-in from key decision-makers.

j) **Submission of the final revised rules** to LuSE, SEC, FSD Africa and any other relevant stakeholders in Word, PPT and PDF versions.

k) **Conduct 5-day Market Validation Retreat** – Facilitate an in-person market validation retreat with SEC Zambia, LuSE staff, Board and Membership, Rules Committee, and other relevant market stakeholders to socialise the final draft rules, and answer questions, ensuring transparency, market preparedness, and smooth adoption ahead of approval/ratification. Following this, the final draft will be presented to the Membership and Rules Committee and the LuSE Board for approval.

l) **Final Deliverables** – Deliver the final revised rules and a comprehensive project report (including methodology, findings, stakeholder feedback, and recommendations). Provide LuSE and FSD Africa with the documents for submission to the SEC Zambia for approval and ratification.

4. Timelines and Deliverables

The Consultant is expected to execute the following deliverables within the timelines as tabulated below:

	Key Deliverables	Timelines
A	Inception report outlining the proposed methodology, project plan, key documents for review, and a comprehensive stakeholder engagement strategy and plan	One (1) week after signing the contract
B	Draft benchmark and Gap analysis report for the Listing Requirements (equity and debt) on comparable markets- particularly the Johannesburg Stock Exchange (JSE) and other regulatory frameworks from comparable emerging and frontier markets (e.g., South Africa, Botswana, Kenya, Mauritius).	Nine (9) weeks after signing the contract
C	Virtual Dissemination and Capacity-Building Workshop: Design and delivery of a virtual workshop to discuss, present and compare LuSE's current Listing Rules and the prevailing JSE Listing Requirements. The workshop will help stakeholders understand areas of alignment and divergence, assess which elements of the JSE framework remain applicable, and identify provisions that require adaptation to the Zambian market context.	Ten (10) weeks after signing the contract
D	Draft benchmark report and Gap analysis for the second set of Rules, including Trading Rules, Clearing and Settlement Rules, on comparable markets such as South Africa, Botswana, Kenya and Mauritius.	Twelve (12) weeks after signing the contract
E	Pre-revision stakeholder consultations to identify key challenges and proposed areas for amendment, and to update all stakeholders and regulators, including the Bank of Zambia (BoZ), Pensions Insurance Authority (PIA), Zambia Development Agency (ZDA), SEC, Patents and Companies Registration Agency (PACRA), etc.	Thirteen (13) weeks after signing the contract
F	Final gap analysis and benchmark report, incorporating stakeholder input.	Fifteen (15) weeks after signing the contract
G	Draft revised Listing Rules and other Rules based on jurisdictional review, gap analysis and market suitability assessment.	Twenty-two (22) weeks after signing the contract
H	Circulate at least x 2 drafts of each set of Rules to the LuSE Member Brokers, all the Listed and quoted companies and other key Market players (at least 3 law firms; 3 audit firms) and regulators, BoZ, SEC, PIA, Zambia Development Agency, PACRA, etc and request written comments.	Twenty-Six (26) weeks after signing the contract

	Key Deliverables	Timelines
	Conduct in-person stakeholder consultations to gather feedback on the draft rules and integrate them into the updated rules.	
I	Technical Validation Workshop – Present the final draft revised rules to LuSE, SEC, Bank of Zambia (BoZ), Pensions Insurance Authority (PIA), Zambia Development Agency (ZDA), Patents and Companies Registration Agency (PACRA), etc., in an in-person technical workshop. This step should secure alignment, test regulatory robustness, and build buy-in from key decision-makers.	Twenty-Eight (28) weeks after signing the contract.
J	Submission of the final revised rules to LuSE, SEC, FSD Africa and any other relevant stakeholders in Word, PPT and PDF versions	Thirty (30) weeks after signing the contract.
K	5-day market validation retreat with SEC, LuSE staff, Board and Membership and Rules Committee, to socialise the final draft of the earmarked rules for approval/ratification. Following this, the final draft will be presented to the Membership and Rules Committee and the LuSE Board for approval and adoption on the 5th day.	Thirty-one (31) weeks after signing the contract
L	Project closure report summarising key findings, stakeholder feedback, and lessons learned	Thirty-three (33) weeks after signing the contract

N.B

Listings Requirements versus Trading Rules, Clearing & Settlement

It must be recognised that Listing Requirements and Trading Rules/Clearing & Settlement are completely different specialisms requiring **distinct expertise.** Accordingly, bidders may **propose a consortium or team-based delivery approach** to ensure that the requisite specialist skills are adequately covered. Where a consortium approach is proposed, the bidder must clearly demonstrate robust governance arrangements, including defined accountability, project ownership, and coordination mechanisms. Engaging appropriately qualified specialists for each technical area is critical to ensure the revised LuSE rules are high-quality, fit for purpose, and aligned with applicable best-practice standards.

5. Invitation to Tender

FSD Africa is inviting proposals from suitably qualified Consultant (s).

Your proposal should contain:

- CV of the Consultant (s) not exceeding 3 pages.
- A summary of your experience in providing the kind of technical support called for in these Terms of Reference
- A description of your understanding of the role of the selected Consultant (s) as outlined in the Terms of Reference and how you intend to fulfil the services within the suggested timeline.

- Samples of other work to demonstrate capacity to carry out the assignment.
- An estimated budget for both professional fees and reimbursable expenses-Refer to Annexe 1

Submitted proposals should not exceed 10 pages (excluding annexures). The review will be based on the main proposal. This should be sent by email to FSD Africa at bids@fsdafrica.org by **1000am (East Africa Time), on 26th February 2026 under a subject line reading 'Invitation to tender: 'Revision and Harmonisation of the Listing Rules of the Lusaka Securities Exchange (LuSE) and Upgrade of various Rules .**

Applications received after the deadline will not be considered.

6. Basis of award

FSD Africa will award a contract to the consultant/s (firm or individuals) based on the following criteria:

Mandatory requirements
A relevant educational background with at least seven years of professional experience in sustainable finance and capital markets, including the issuance of thematic capital market instruments, and demonstrated expertise in securities exchange rule-making.
Demonstrated familiarity and experience in developing capital markets regulatory frameworks, an understanding of market operations of a securities exchange from an emerging or frontier market perspective, and a good understanding of African capital and financial markets.
Demonstrated familiarity with the application of modern Listing Requirements for Stock Exchanges based on practical experience from a recognised and successful modern stock exchange.
Demonstrated technical and practical familiarity with: i) operation of current modern electronic securities trading platforms and architecture ii) Trading rules and procedures to support fair trading, efficient price formation and price discovery, quality of treatment and minimisation of price volatility iii) Current international standards and declared benchmarks and roadmap for effective clearing and settlement procedures to give effective Delivery versus Payment in securities transactions.
Demonstrated capacity to engage intensively with this assignment to conclude the work within the stipulated timelines.
Firms/individuals must have experience in managing and executing complex projects involving multiple stakeholders, including government officials, against tight deadlines.
A track record in delivering similar regulatory development projects in other jurisdictions in emerging markets.
The Consultant shall demonstrate the capacity to conduct in-person stakeholder engagements within Zambia and shall be responsible for liaising with relevant Zambian stakeholders to ensure effective local engagement and full compliance with all applicable SEC procedures and protocols.
The Consultant shall be bound by a confidentiality and conflict-of-interest clause to ensure they are not simultaneously advising competing exchanges or regulatory entities.
The Consultant shall be required to provide knowledge transfer to LuSE staff to ensure sustainability beyond project completion.
Intellectual Property ownership shall explicitly vest in the LuSE (to prevent reuse of proprietary frameworks).

Assessment criteria		Weighting (%)
Experience	The firm/individual shall demonstrate the ability and experience to deliver in the assignment outlined in these Terms of Reference (evidenced by previous similar and recent assignments, including previously developed regulatory frameworks, client references, etc.	20 %
Skills and qualifications	The lead consultant shall have a relevant educational background, with at least seven years of experience and expertise in sustainable finance, capital markets, the issuance of thematic capital market instruments, or a related field. Provide a demonstrable good understanding of developing capital markets regulatory frameworks, an understanding of market operations of a securities exchange from an emerging or frontier market perspective, and a good understanding of African capital and financial markets.	15%
Methodology	Consultants must demonstrate a clear and concise understanding/interpretation of the task set out in the TORs.	20%
Sustainability value add	Supplier's demonstration of sustainability value add: Bidders that demonstrate localisation, gender, environmental and ethical considerations will be assigned merit points/scored favourably compared to their competitors ; Localisation: demonstrated use of African based team members - 5% Gender – prioritisation of women & underrepresented groups -2.5% Environmental safeguards and ethical considerations (a commitment to sustainability through eco-friendly practices, products/services as well as ethical practices such as fair treatment of employees)-2.5%	15%
Most economically advantageous.	Fee basis and total costs will be computed as follows: FS = 30% x LB/BP, where: FS = is the financial score LB = is the lowest bid quoted BP is the bid of the proposal under consideration. The lowest bid quoted will be allocated the maximum score of 30%. **The fee quoted must be inclusive of applicable withholding tax**	30%
	Total	**100%**

7. Contact

Questions or comments regarding these terms of reference should be directed to bids@fsdafrica.org and received no later than 1200 hrs (East Africa Time) on **18th February 2026** Responses and clarifications will be provided by 1700 hrs (East Africa Time) on **20th February 2026** through the same advertisement channels.

8. Applicable Taxes

According to Kenya's tax law, FSD Africa will pay the Consultant after withholding the appropriate taxes at the applicable rate between Kenya and the Consultant's country of tax residence, taking into account any tax treaties in force. The Consultant is responsible for staying informed about these applicable taxes. The table below, however, guides the applicable rates as per tax regimes.

Country	WHT Rate
Kenya	5%
United Kingdom	12.5%
Canada	15%
Germany	15%
India	10%
Non-resident rate for citizens of EAC member countries (member countries attached)	15%
All other countries	20%

For countries with Double Taxation Agreements with the Kenyan government, the agreement will apply in the treatment of all applicable taxes.

Annexe 1: Proposed Fee Schedule

Costs should be presented separately in the format outlined below. Fees proposed by tenderers should be inclusive of all taxes.

Consultancy fees*	***Days***	***Fee USD/GBP***	***Total USD/GBP***
xx			
xx			
Total remuneration			***0.00***
Reimbursement costs**	***Unit***	***Cost USD/GBP***	***Total USD/GBP***
xx			
xx			
Total reimbursement cost			***0.00***
Total proposed costs			***0.00***
**Fees incl of all taxes*			
***Expenses to be reimbursed on actual costs as per FSD Africa's travel policy*			