



BANK OF ZAMBIA

Office of Director - Bank Supervision Department

Tel: 260-1-228888

3 January 2007

To All Heads of Commercial Banks

Dear Sir/ Madam

REVISION TO MINIMUM START-UP CAPITAL FOR BANKS

Kindly be advised that the minimum start-up capital for a bank has been revised from K2,000,000,000 to K12,000,000,000 with effect from 2 January 2007. The revision is contained in Government Gazette No. 682, a copy of which can be obtained from Government printers. All those banks which do not meet the minimum capital requirements following the revision have until 30 June 2008 to progressively build up their primary capital to the required amount.

Yours Faithfully

FOR AND ON BEHALF OF THE BANK OF ZAMBIA

**Chisha Mwanakatwe
DIRECTOR**

Cc: Governor
Deputy Governor – Operations
Deputy Governor - Administration
Bank Secretary



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GAZETTE NOTICE No. 681 OF 2006

[0822219/2

The Banking and Financial Services Act
(Chapter 387 of the Laws of Zambia)

Limitation of Voting Control for Financial Businesses

IN EXERCISE of the powers contained in section 23 (2A) of the Banking and Financial Services Act the Bank hereby prescribes the limitation on the voting control for financial businesses as herein stated:

1. Title and Commencement

This Notice may be cited as the Bank of Zambia (Limitation of Voting Control for Financial Businesses) Directive, 2006 and shall come into operation on the date of publication of this Notice in the Government Gazette.

2. Interpretation

In this Directive, unless the context otherwise requires;

"Act" means the Banking and Financial Services Act, Chapter 387 of the Laws of Zambia, as amended by the Banking and Financial Services (Amendment) Act, No. 25 of 2005;

"Bank" means the Bank of Zambia;

"Financial Business" shall have the meaning ascribed to it in the Act

3. Application

This Directive shall apply to all financial businesses.

4. Limitation on Voting Control

A person shall not, without the prior approval in writing of the Bank of Zambia-

(a) acquire any beneficial interest in the voting shares of a financial business; or

(b) enter into any voting trust or other agreement; that would enable the person to control more than fifty per centum of the total votes that could be cast on any general resolution at a general or special meeting of the financial business or such other amount as may, from time to time, be prescribed by the Bank.

5. General Notice

Take note that any person acting in contravention of this directive shall be acting in contravention of section 23 of the Act and that section 23 (6) shall accordingly apply.

Gazette Notice No. 171 of 2006 - Prescription of Shareholding Limits for Bureau de Change is hereby revoked.

Lusaka
26th December, 2006

DR D. H. KALYALYA,
Deputy Governor - Operations

GAZETTE NOTICE No. 682 OF 2006

[0822219/1

The Banking and Financial Services Act
(Chapter 387 of the Laws of Zambia)

The Banking and Financial Services (Capital Adequacy) Notice, 2006

IN EXERCISE of the powers contained in section Eighty Three of the Banking and Financial Services Act, the following Notice is hereby made:

Short title and Commencement

1. This Notice may be cited as the Banking and Financial Services (Capital Adequacy) Notice, 2006 and shall come into operation on 2nd January, 2007.

Capital Adequacy Requirements

2. A bank shall commence operations with a primary paid-up capital of not less than Kwacha Twelve Billion, or such other higher amount as may be prescribed by the Bank of Zambia from time to time and shall maintain this minimum amount at all times.

3. A development financing institution shall commence operations with a primary paid-up capital of not less than Kwacha Seven Billion Five Million, or such other higher amount as may be prescribed by the Bank of Zambia from time to time and shall maintain this minimum amount at all times.

4. A deposit-taking leasing company shall commence operations with a primary paid-up capital of not less than Kwacha One Billion Five Hundred Million, or such other higher amount as may be prescribed by the Bank of Zambia from time to time and shall maintain this minimum amount at all times.

5. A non-deposit taking leasing company shall commence operations with a primary paid-up capital of not less than Kwacha Five Hundred Million, or such other higher amount as may be prescribed by the Bank of Zambia from time to time and shall maintain this minimum amount at all times.

6. All the above financial service providers shall maintain the minimum prescribed capital or an equivalent of 10 percent of the institution's risk weighted assets, whichever is higher.

7. A bank, development finance institution, deposit-taking leasing company and non-deposit taking leasing company which does not meet the minimum capital requirements at the coming into force of this Notice shall enter into negotiations with the Bank of Zambia to progressively build up its primary capital. All institutions must meet the required minimum capital by not later than 30th June, 2008.

Lusaka
26th December, 2006

DR D. H. KALYALYA,
Deputy Governor - Operations