

Laws

Securities Act

Purpose:

This document briefly describes the main features and contents contained in the Securities Act which can be found in its entirety in Appendix I. This document by itself does not constitute or represent the Securities Act and is not a legally binding document, but rather is a learning tool for Commissioners. This document provides a synopsis of the Securities Act and identifies how the Securities Act is organized and in what section specific information can be found. This document also attempts to highlight some of the critical areas of the Act and why there are important for the Commissioners to know and understand.

Definition:

The Securities Act is the body of legislation used to govern the Eastern Caribbean Securities Market, the market participants and the market activity. This legislation is enforced by the Eastern Caribbean Securities Regulatory Commission (ECSRC)

Main Features:

The Securities Act covers the following main categories:

General Provisions		
1	Short Title & Commencement	This document is known as the Securities Act 2000.
2	Interpretation	This section defines terms used in the market.
3	Agreement to have the force of law	Self explanatory
4	Amendment to Agreement	Ministers shall make amendments to the Act.
5	ECSRC	The ECSRC is established & recognized as the ruling authority in the 8 territories.
6	Funding of ECSRC	This section discusses the fees to be paid to the ECSRC, such as licence applications fees.

Securities Exchanges		
7	Restriction on establishment of securities exchanges	This section addresses the restrictions in establishing a securities exchange and in particular addresses the Eastern Caribbean Securities Exchange Limited.
8	ECSE Limited	The ECSE will be deemed licenced with the commencement of the Act & must take necessary steps 12 months later to maintain their status.
9	Application for securities exchange licence	States what application form & fee is required for applicants.

Securities Exchanges		
10	Grant of securities exchange licence	Reference III, Procedure A Securities Exchanges, and Procedure B Eastern Caribbean Securities Exchange for requirements.
11	Suspension & revocation of securities exchange licence	States the conditions for suspension or revocation of a licence. The ECSRC must give a hearing before taking such action.
12	Duties of securities exchange	Maintain a fair and orderly market, and to act on behalf of investors and protect their rights. Members must comply with the rules of the Exchange.
13	Rules of securities exchange	The exchange makes rules for listings, applications requirements, agreements, canceling listings, suspending securities, member's conduct and sanctions applicable.
14	Amendment to rules of securities exchange	The ECSRC must approve amendments within 30 days by written notice.
15	Fixing of trading & position limits	ECSRC can limit the amount of shares held by a broker.
16	Power of ECSRC to issue directions to securities exchange	Direct trading activity in specific securities or limit trading; limit a broker's activity; report off-market trades
17	Power of ECSRC to require amendment to rules	ECSRC can instruct the Exchange to change a rule based on investor protection. Exchange must comply.
18	Securities exchange to assist ECSRC	The Exchange will provide the ECSRC with assistance in performing its duties.
19	Disciplinary powers over members of securities exchange	The Exchange must document within 7 days to the ECSRC anytime it disciplines its members.
20	Closure of securities exchange in emergency	ECSRC can close the Exchange for 5 days; then, may extend the closure but not to exceed 10 days in all.
21	Restriction on use of titles relating to exchanges, markets	Only a licenced securities exchange can use the title "exchange".

Clearing Agencies and Share Registries		
22	Interpretation	This section defines the various terms associated with the Clearing Agency and its functions.
23	Licensing of clearing agency	Only a licenced entity can act as a clearing agency.
24	Application for clearing agency licence	Reference III, Procedure C Clearing Agency for clarification of requirements.
25	Grant of clearing agency licence	Reference III, Procedure C Clearing Agency for clarification of requirements.

Clearing Agencies and Share Registries		
26	Rules of clearing agency	Requires the clearing agency to have settlement rules, default settlement rules, default delivery rules, etc.
27	Approval of amendments to rules of clearing agency	ECSRC will within 6 weeks approve or deny any rule recommended by the clearing agency.
28	Alteration of facts disclosed in application	Applicant must disclose in writing to ECSRC any new facts about their status pending approval by ECSRC.
29	General conditions	License is personal and not transferable. The clearing agency must get approval from ECSRC before making any changes to their constitution.
30	Revocation & suspension of licence	ECSRC must give a hearing before taking action against the clearing agency. Suspension can occur if the clearing agency is detrimental to the investing public or has ceased to act.
31	Power of ECSRC to issue directions	In the public interest & protection, the ECSRC can instruct the clearing agency to changes its operations. The clearing agency must comply with the ECSRC.
32	Duty to assist ECSRC	Clearing agency must assist the ECSRC by providing information as requested.
33	Proceedings of clearing agency take precedence over laws of insolvency	Clearing rules take precedence over insolvency laws. All settlements must take place per the rules which includes default procedures to be followed.
34	Duty to report on completion of default proceedings	The Clearing Agency will report to the ECSRC any default situation, the parties involved and the money involved. The ECSRC may make public this information.
35	Net sum payable on completion of default proceedings	The Clearing Agency will settle any default obligation with the members of the ECCSD notwithstanding any bankruptcy laws.
36	Enforcement of judgments over property subject to market charge	No one can legally touch property (security) that has a market charge or is being used as market collateral. Even an injunction or order does not apply to said property..
37	Participant to be party to certain transactions as principal	Defines when a person acts as a principal in a securities transaction and not as agent.
38	Securities deposited with clearing agency	No one can legally touch securities deposited at the Clearing Agency besides the participant and the Clearing Agency rules will govern these securities.
39	Preservation of rights	This section preserves the rights of individuals during investigations.
40	Securities registries	This section defines who is allowed to run a share registry (only license persons) as long as it's in the public interest.
41	Application for securities registry licence	Reference III, Procedure D Registry for clarification of requirements.
42	Grant of share registry	Reference III, Procedure D Registry for clarification of

Clearing Agencies and Share Registries		
	licence	requirements.
43	Application of 28-32 to securities registries	Refer to 28-32 above for reference to securities registries.
44	Eastern Caribbean Central Securities Registry	Upon commencement of the Act, the ECSRC will be deemed licenced as a registry.
45	Securities depositories	To be removed from the Act.
46	Application for securities depository licence	To be removed from the Act.
47	Grant of securities depository licence	To be removed from the Act.
48	Application of sections 29-33 to securities depository	To be removed from the Act.
49	ECCSD	To be removed from the Act.

Licensing of Market Participants		
50	Licensing requirement	Only licensed persons can act as a broker dealer, a limited service broker, an investment adviser, a custodian, and as a principal or representative.
51	Broker dealers	Only licensed persons can be a broker dealer and perform securities transactions including giving advice to investors, holding securities & money on their behalf, and maintaining discretionary accounts if applicable.
52	Grant of broker dealer licence	Reference III, Procedure E Broker Dealer for clarification of requirements.
53	Application for broker dealer licence	Reference III, Procedure E Broker Dealer for clarification of requirements.
54	Limited service brokers	Only a licensed person can be a limited service broker who cannot give advice to investors, but can execute trades on their own behalf or their clients.
55	Grant of limited service broker licence	Reference III, Procedure F Limited Service Broker Dealer for clarification of requirements.
56	Application for limited service broker licence	Reference III, Procedure F Limited Service Broker Dealer for clarification of requirements.
57	Investment advisers	Only a licensed person can be an investment adviser who provides advice to clients, analytical research reports or manages a portfolio. This section also defines who does not give advice.
58	Grant of investment adviser licence	Reference III, Procedure G Investment Adviser for clarification of requirements.
59	Application for investment adviser	Reference III, Procedure G Investment Adviser for clarification of requirements.

Licensing of Market Participants		
	licence	
60	Custodians	Only a licensed person can be a custodian and safe-keep securities.
61	Grant of custodian licence	Reference III, Procedure H Custodian for clarification of requirements.
62	Application for custodian licence	Reference III, Procedure H Custodian for clarification of requirements.
63	Grant of licence as principal	Reference III, Procedure I Principal for clarification of requirements..
64	Application for licence as principal	Reference III, Procedure I Principal for clarification of requirements.
65	Grant of licence as representative	Reference III, Procedure J Representative for clarification of requirements.
66	Application for licence as representative	Reference III, Procedure J Representative for clarification of requirements.
67	Accreditation of representatives	A representative is accredited with a license and recorded in the register of licences. If the representative changes his status, he must inform the ECSRC in writing.
68	Power of ECSRC to impose conditions	ECSRC can impose conditions on a licence for a specified period of time. The ECSRC can cancel these conditions and/or impose new conditions, but must give the licensee a hearing the new conditions become effective.
69	Revocation & suspension of licences	This section states the conditions that a licence can be suspended or revoked by the Disciplinary Committee.
70	Power of ECSRC to issue directions to licences	Specifies how the ECSRC interacts with it and what powers the ECSRC has in issuing directives to the market participants. The ECSRC may suspend any licence in the best interest of the market.
71	Register of licences	Reference III, Procedure M Register of Licences for further clarification to maintain a register of licences.
72	Notification of change in register particulars	Any change in a licensee must be reported in writing within 7 days or else the person has committed an offence.
73	Offences under this Part	If anyone transacts securities business without a licence, commits an offence punishable by fines or imprisonment.

Conduct of Business:		
74	Standards of conduct	The licensee shall give sound advice, avoid conflicts with clients, provide complete disclosure of information, treat the customer fairly, segregate customer assets, maintain sound financial resources, keep proper records, have adequately trained staff and deal openly & co-operatively with ECSRC.
75	Business conduct regulations	The Minister may make regulations regarding licensees. Any securities transaction violating any regulation can result in the

Conduct of Business:		
		customer holding the licensee accountable.
76	Issue of contract notes	By the end of T+1, the broker-dealer or limited service broker must prepare a confirmation statement & send to customers. The specifics of the contract section must be included.
77	Short selling	No short selling of securities is allowed and specifies what owning securities include. Any person who violates this section is punishable by fine and/or imprisonment.
78	Accounts to be kept by broker dealers & limited service brokers	Broker dealers & limited service brokers must maintain transaction & accounting records and file them. Records must be open to inspection by ECSRC or its auditors. Records must clearly state if license is complying with the regulation.
79	Financial resources regulations	Allows the ECSRC to require additional financial resources above and beyond what is normally required of the licensee.
80	Failure to comply with financial resources regulations	If licensee cannot comply, he must notify the ECSRC & cease conducting business. The ECSRC can suspend a licensee in this condition. A licensee who continues to perform business commits an offence.
81	Monitoring compliance with financial resources regulations	ECSRC is empowered to audit licensees to determine if they are in compliance with financial resources regulations.
82	Customers' property	(1) The Minister may make regulations on customer assets. This includes; a) Determine how much & when money is to be paid out; b) money aid to a customer's segregated bank account; c) require records be kept of customer assets; and d) accountant reviews records & reports to the ECSRC. (2) A licensee is accountable for holding customer assets, and cannot dispose, lend use them to pay licensee debts.
83	Insurance requirement	A licensee will have insurance to indemnify itself against any liability that occurs either by the licensee or its employees.
84	Auditor to be appointed	1 month after obtaining a licence, an ECSRC approved auditor (accountant) will be appointed. In 7 days of obtaining or removing an auditor, the licensee must notify the ECSRC.
85	Audited accounts to be filed with ECSRC	The licensee must prepare a profit & loss account, balance sheet & cash flow statement & file it with the ECSRC not later than 3 months after the end of the financial year, along with the auditor's report.
86	Auditor to report to ECSRC in certain cases	When doing an audit, an auditor discovers that the licensee is not in compliance with the Act or Regulation and must notify the ECSRC & the licensee within 7 days in writing
87	Power of ECSRC to appoint auditor	When the ECSRC believes that a licensee is in violation, an auditor can be appointed to audit the licensee.

Register of Interests in Securities		
88	Application of this Part	Identifies the market participants and defines “financial journalist”. States that securities referenced are ECSE listed.
89	Register of Securities	A person shall identify the securities they own within 7 days of acquiring them or changing ownership in the register.
90	Notice of particulars to ECSRC	A person (including a licensee) shall identify the place where he will keep the register of his interest in securities. Within 14 days, the ECSRC must be notified in writing.
91	Production of register	Upon the ECSRC request, a person must produce their register or else they commit an offence.
92	Particulars of financial journalists	The ECSRC can require a publisher to disclose information about journalist who contributed to articles. Any failure to provide said information is considered an offence.
93	Extract of register	The ECSRC can disclose any register to anyone in the public interest.
94	Interest in securities	This would include a purchase transaction in his own name or in joint name or as custodian or trustee or as part of a corporation. An interest in security can also be obtained through a right to have securities transferred to him that may be exercised.

Public Offers of Corporate Securities		
95	Offers of shares, debentures & warrants	Reference II, Procedure A Public Offerings for Securities for clarification of requirements.
96	Publication of prospectus	Reference II, Procedure A Public Offerings for Securities for clarification of requirements.
97	Content of prospectus	Reference II, Procedure A Public Offerings for Securities for clarification of requirements.
98	Compensation for false or misleading prospectus	If false or misleading statements are included in a prospectus, any investor who suffers a loss can hold the offeror, issuer, and director liable to pay compensation.
99	Continuing disclosure obligations of issuers	Reference II, Procedure A Public Offerings for Securities for clarification of requirements.

Registrations of Corporate Issuers		
100	Registration statement	Reference II, Procedure B Public Companies for clarification of requirements.
101	Annual reports	Reference II, Procedure B Public Companies for clarification of requirements.

Collective Investment Schemes (CIS)		
102	Interpretation	Defines the terms unique to Collective Investment Schemes.
103	Restrictions on promotion	Only approved ECSRC CISs can be advertised. Any person who violates this section commits an offence punishable by

Collective Investment Schemes (CIS)		
		fine and/or imprisonment..
104	Authorization of schemes by ECSRC	Reference II, Procedure C Collective Investment Schemes for clarification of requirements.
105	Regulation of collective investment schemes	The Minister may make regulations concerning CISs that effect the <ul style="list-style-type: none"> a) Criteria & conditions of the scheme; b) the management, powers & duties of those running the scheme; c) the way the scheme is marketed; d) the number of units in the scheme; e) the custodial services offered; f) restricting the borrowing powers in the scheme; g) require record keeping; h) require periodical reports, and any fee for services.
106	Revocation of authorization	The ECSRC may revoke a scheme if <ul style="list-style-type: none"> a) requirements are no longer met; b) that it is undesirable; and c) that the CIS manager/custodian has violated the Act or has provided false/misleading information.
107	Winding up	If a scheme is revoked, the ECSRC may ask the High Court to appoint someone to wind up the scheme. The ECSRC will notify the CIS manager/custodian and the ECSRC will bring this action to the attention of participants.

Insider Dealing and Other Market Abuses		
108	Offence of insider dealing	Any information that affects the price of a security or if an insider encourages another person to deal in securities that are price affected or discloses information in manner not in keeping with his duties and responsibilities. A person who commits an offence is punishable by fine and/or imprisonment.
109	Insiders	An individual has inside information if he knows it and has it from an inside source. Information from an inside source includes information from a director, employee or shareholder of an issue or having access to information due to his job.
110	Inside information	Inside information is specific to a security, specific or precise, has not been made public & if made public would have a significant price impact known as “price-affected” securities.
111	Information “made public”	Pubic information includes: <ul style="list-style-type: none"> a) published in accordance with rules of the ECSE, b) records which are open to inspection by the public; c) the information is readily available; and d) it is derived from information in the public domain.
112	False trading	A person commits an offence if they create a false or

Insider Dealing and Other Market Abuses		
		misleading appearance by active trading in ECSE securities or in the price of the ECSE securities. Offences include: a) sale/purchase of securities without ownership changing; b) offer to sell securities at a price that is the same as has been proposed; and c) offers to buy securities at a price that is the same as has been proposed.
113	Price rigging	A person commits an offence if they buy or sell securities causing a price fluctuation to occur without a change in ownership or by fictitious transactions.
114	Market manipulation	A person commits an offence if he enters into a transaction that: increases, reduces or stabilizes the market price by inducing other persons to sell, purchase or refrain from same.
115	Use of deceptive statements as inducements	A person commits an offence if he: a) makes or publishes false or misleading statements; b) conceals material facts; and c) makes false or misleading statements or promises.
116	Fraudulent transactions	A person commits an offence with a securities transaction that engages a scheme to defraud or deceive.
117	False or misleading statement inducing securities transactions	A person commits an offence if they make a statement to raise, lower or stabilize a securities price. This includes statements that are false, misleading or has omissions.
118	Penalties for offences under sections 112- to 117	Any offences committed under these sections are punishable by fines and/or imprisonment.
119	Liability to pay damages	In addition to the fines/imprisonment, the offending party can be held liable for any loss suffered by an investor.

Disclosure of Shareholdings of Directors and Substantial Shareholders		
120	Interpretation	This section defines directors and substantial shareholders as well as their interest in securities.
121	Notification of interests of directors & substantial shareholders	Directors must notify the issuer within 14 days of any interest in securities.
122	Change in director's interest in securities	A director must notify the issuer within 14 days of any change in interest in securities. This includes additional shares purchased, shares given away, transferred to a family member or exercising a right to own more shares.
123	Obligation to notify acquisition or change in substantial shareholding	Reference II, Procedure C Collective Investment Schemes for clarification of requirements.
124	Extension to spouses & children	Shares owned by a spouse or child (step-child & adopted inclusive) will be considered owned by the director.

125	Register of interests of directors & substantial shareholders	Issuers must keep a register of director's and substantial shareholders' interest and must be open to inspection and be produced at annual meetings.
126	Notification to securities exchange & ECSRC	Issuers must inform the ECSRC & ECSE of significant shareholders before the end of the day following the issuer notification. The ECSRC/ECSE may publish this information.
127	Offences	A person who violates this Part by making false statements, reckless statements or omits information, commits an offence.

Information, Inspection and Investigation		
128	Power of ECSRC to call for information	The ECSRC may require by written notice a licensee to furnish information to assist the ECSRC. The licensee must comply.
129	Right to exchange information	The regulatory bodies (ECSRC, ECSE, & ECCSD) can exchange information. The ECSRC may require by written notice of the ECSE & ECCSD information to be supplied to the ECSRC. The ECSE & ECCSD must comply.
130	Information relating to transactions	The ECSRC can request in writing any information from the licensee or the investor. The information about the particular transaction must be disclosed as requested by the ECSRC. If the information is not provided or if false or misleading information is provided, the person has committed an offence.
131	Power of ECSRC to inspect	This section states what information at the participant's offices must be available for ECSRC inspection/investigation, that ECSRC auditors can be assigned to investigate the licensee, how long the information must be maintained and how readily available the information must be. Any person, who does not produce information to the ECSRC, commits an offence.
132	Power of ECSRC to investigate	If the ECSRC suspects a licensee of committing a violation or if a licensee has committed fraud or misconduct or has engaged in conduct not in the interest of the investing public, the ECSRC may appoint an investigator to investigate the licensee. The investigator can obtain records from anyone they feel has relevant information. The investigator can interview any subjects under oath and require truthful answers to all questions asked. Any person, who fails to produce documents requested or gives false explanations or fails to attend an interview before the investigator or fails to answer questions truthfully, commits an offence.
133	Power of ECSRC to require production of records & documents concerning listed companies	Reference III, Procedure L Examinations & Inspections for clarification of the Intermediary's books and records to be examined. All records or information requested by the ECSRC must be supplied or else the licensee commits an offence.
134	Remedy in cases of unfair prejudice by	(1) If a listed company has the appearance of unfair prejudicial treatment to the interests of its members, the ECSRC can

Information, Inspection and Investigation		
	listed companies	refer this matter to the High Court. If the High Court agrees with the ECSRC, the High Court can: a) Order the act or conduct to cease; b) Order the Company to stand trial; c) Appoint a someone to manage the Company; and d) Make any other order it deems fit. (2) If the High Court makes a change or addition to the Company's constitution, the Company cannot make any further changes without the High Court's approval.
135	Destruction of documents	A person who destroys evidence in an investigation knowingly commits an offence punishable by fine and/or imprisonment.
136	Establishment of Disciplinary Committee	The standing Disciplinary Committee, after investigating a licensee and determined that a disciplinary offence has been committed, may: a) Issue a private warning; b) Issue a public censure notice; c) Impose a fine; d) Suspend the licensee, or e) Revoke the license.
137	Disciplinary offences	A licensee commits an offence anytime he violates the Act or any regulation made under this Act.

Takeovers		
138	Takeover offers	(1) Defines that a takeover means an offer to acquire: a) all the shares in a company, or b) enough shares to make the offeror have controlling interest in the company. (2) Acquiring effective control constitutes 50% of the rights attached to the voting shares of the company. Reference II, Procedure D Takeovers for clarification of requirements.
139	When companies deemed to be related	If a company is: a) a holding company of another, b) a subsidiary of another, or c) a subsidiary of a holding company of another, the first company and the other company are deemed related.
140	Conduct of takeovers	The Minister may make regulations to the conduct of takeovers. Under these conditions, no person shall make or pursue a takeover except in accordance with said regulation.

Self-Regulatory Organizations		
141	Licensing requirements	The ECSE will be deemed licensed as a SRO. Reference III, Procedure K Self-Regulatory Organization (SRO).
142	Grant of self regulatory organization licence	Reference III, Procedure K Self-Regulatory Organization (SRO) for clarification on requirements.

Self-Regulatory Organizations		
143	Required rules	<p>(1) The SRO rules must contain:</p> <ul style="list-style-type: none"> a) protection of investors interest; b) disciplines its members by censure, fines, suspensions, expulsion, limitation of services, functions or operations, suspension or employment exclusion; and c) have disciplinary procedures. <p>(2) The rules must prevent deception/manipulation & promote fair trading practices. The Clearing Agency SRO rules must:</p> <ul style="list-style-type: none"> a) have prompt & accurate clearance & settlement, and b) safeguard assets under its control. <p>(3) The applicant's rules shall not:</p> <ul style="list-style-type: none"> a) permit unfair discrimination and b) restrain competition.
144	Application of other sections to this Part	The amendment to rules of securities exchanges and the ECSRC power to require amendments to rules shall apply.
145	Appointment of auditor	<p>(1) The SRO shall:</p> <ul style="list-style-type: none"> a) appoint an auditor, b) each of its members shall appoint an auditor. <p>(2) Each member's auditor shall:</p> <ul style="list-style-type: none"> a) examine the member's financial records, and b) report results of the examination to the auditor. <p>(3) Only accountants can be auditors..</p>
146	Keeping & inspection of records	<p>(1) The SRO shall:</p> <ul style="list-style-type: none"> a) make & keep records ias required by the ECSRC; and b) file appropriate reports with the ECSRC. <p>(2) The ECSRC may authorize in writing a person to:</p> <ul style="list-style-type: none"> a) inspect the SRO's records, b) prepare a financial or other report. <p>(3) The SRO must produce the records requested and answer any question asked concerning the records requested.</p>
147	Sanctions	<p>(1) When the SRO</p> <ul style="list-style-type: none"> a) violates its rules, the Act or regulations, b) is unable to comply with same or c) fails to enforce same; <p>(2) The ECSRC may make an order to:</p> <ul style="list-style-type: none"> a) censure the SRO, b) limit its activities, functions or operations or c) suspend or revoke the SRO licence. <p>(3) The ECSRC may direct the SRO to punish individuals.</p>
148	Disputes between member companies	The SRO board shall investigate member disputes. Each party must inform the ECSRC in writing of the dispute within 24 hours of such ECSRC notice. Any aggrieved party can appeal to the ECSRC within 14 days. The ECSRC's decision shall be

Self-Regulatory Organizations		
		final and may order trail/hearing costs be covered.

Dematerialization		
149	Transfer of uncertificated securities	Security ownership of ECSE corporate securities listed are evidenced/transferred in book-entry form. The Minister may make regulations: <ul style="list-style-type: none"> a) provisions for procedures for recording & transferring title to securities; b) those responsible for the operation; c) safeguards to protect the investor; and d) provide transmission of title.

Miscellaneous		
150	Immunity	The ECSRC and staff are immuned to any liability unless the act or omission is shown to be in bad faith.
151	Offences & penalties	A person who commits an offence may be punishable by fine and/or imprisonment. A person, who violates/fails to comply, commits an offence punishable by fine and/or imprisonment.
152	Orders of the High Court	(1) If the ECSRC refers a matter to the High Court and the High Court determines that a violation of the Act or any licence conditions is to be violated, the High Court can: <ul style="list-style-type: none"> a) restrain a person from completing a transaction; b) appoint someone to administer the property (securities) of a licensed intermediary; c) order a contract null and void; d) order a person to do or refrain from doing a specified act. (2) The High Court would ensure that the order would not unfairly operate to the detriment of any other person. The High Court can publish its order. The High Court can reverse/change its order or suspend operation of the order.
153	Civil action	Any violations of this Act or regulations are also punishable by civil action for anyone suffering monetary loss due.
154	Winding up orders	The ECSRC has the power to close down a licensed company and have all securities transactions wound up.
155	Receiving orders	The ECSRC may present a petition for a receiving order if the person has committed an act of insolvency.
156	Regulations	The Minister can make regulations with respect to: <ul style="list-style-type: none"> a) Licence application b) Display of licence c) Qualifications, experience & training required of licensees, and examination of applicants d) Annual or regular returns to the ECSRC by licensees

Miscellaneous		
		<ul style="list-style-type: none"> e) Listing conditions & suspension of securities listed f) Accounts maintained, and profit & loss accounts and balance sheets g) Information contained in auditor's reports h) Remuneration to auditors appointed i) Advertisement form/content & associated restrictions j) Licensing & supervision of securities registration, transfer or custodial services k) Authorization & regulation of SROs l) Any matter which this Act provides, and m) The carrying out of the Act's purposes & provisions.
157	Rules	<p>The ECSRC may make rules:</p> <ul style="list-style-type: none"> a) where the Act or regulation provide and b) for carrying out the Act & regulations.
158	Forms	The ECSRC may specify the forms to use in the Gazette.
159	Guidance notes	The ECSRC may publish guidance notes, as it deems necessary or desirable for the administration of this Act.
160	International identification numbers	The ECSE is the authority to issue international identification numbers for securities for any listed security on the ECSE.

ECSRC Agreement

Purpose:

This document briefly describes the main features and contents contained in the Eastern Caribbean Securities Regulatory Commission Agreement which can be found in its entirety in Appendix I. This document by itself does not constitute or represent the Agreement and is not a legally binding document, but rather is a learning tool for Commissioners. This document provides a synopsis of the Agreement and identifies how the Agreement is organized and in what section specific information can be found.

Definition:

The Agreement is the body of legislation used to establish the Eastern Caribbean Securities Regulatory Commission that will govern the Eastern Caribbean Securities Market, the market participants and the market activity. This legislation is enforced by the Eastern Caribbean Securities Regulatory Commission (ECSRC)

Main Features:

The Agreement covers the following main categories:

Title & Interpretation Title & Interpretation		
1	Title	This Agreement may be cited as the Eastern Caribbean Securities Regulatory Commission Agreement, 2000.
2	Interpretation	This section contains definitions pertinent to the agreement.

Establishment, Purposes, Powers & Duties of the ECSRC		
3	Establishment of ECSRC	(1) The Eastern Caribbean Securities Regulatory Commission (ECSRC) will be a perpetual succession, an independent and autonomous regional body. (2) The establishment of the ECSRC shall take effect in accordance with the provisions of Article 40 of this Agreement
4	Purposes of the ECSRC	(1) To institute a mandatory licensing system for all persons engaged in securities business and monitor and supervise their activities; (2) To ensure investor protection through high standards; (3) To create full investigatory and enforcement powers; (4) To promote the growth & development of money/capital markets.
5	Powers of the ECSRC	The ECSRC may - a) acquire and dispose of property of any description, b) make contracts or other agreements, c) receive and expend money, d) require the payment of fees,
6	Duties of the ECSRC	The ECSRC duties are: a) to enforce the Act and any regulations; b) to license, supervise and regulate securities exchanges, clearing

Establishment, Purposes, Powers & Duties of the ECSRC		
		<p>agencies, and securities registries;</p> <p>c) to grant licences, supervise and regulate licensees;</p> <p>d) to license supervise/regulate collective investment schemes;</p> <p>e) to license and regulate self-regulatory organisations;</p> <p>f) to set standards of competence for licensees,</p> <p>g) to approve the rules of securities exchanges, clearing agencies and self-regulatory organisations;</p> <p>h) to monitor and enforce licensees' conduct of business including suspension and revocation of licences;</p> <p>i) to promote and encourage high standards of investor protection, integrity among licensees, and encourage licensees to give balanced and informed advice to their customers;</p> <p>j) to support the operation of an orderly, fair and properly informed securities market;</p> <p>k) to regulate ECSE trading, and to approve the ECSE rules regarding membership, listing, margin, capital adequacy, disclosure, periodic reporting, the reporting of transactions and trade clearing and settlement;</p> <p>l) to safeguard the interests of investors in securities and to suppress illegal, dishonorable and improper practices;</p> <p>m) to cooperate and assist other regulatory authorities.</p>
7	Place of office & establishment of agencies	The ECSRC shall have its main office in one of the Member territories by Council majority vote and may establish agencies and appoint agents in any Member territory and elsewhere.
8	Address & service of documents	The ECSRC, having a fixed address, published in the Official Gazette, in one of the Member territories, can have documents served to them by leaving same at or by sending same by registered post to it.
9	Protection of persons dealing with the ECSRC & its agents	No harm or penalty will be incurred by a person who deals with the ECSRC in connection with securities related transaction. Only authorized ECSRC Commissioners or their designated staff may act on behalf of the ECSRC.
10	Custody & use of Common Seal	The ECSRC shall have a Common Seal, providing safe custody of it, and shall be affixed to resolution instruments in the presence of the Chairman, the Deputy Chairman, and one other member or the Secretary.
11	Official Seal	<p>(1) The ECSRC shall have an official seal for use in any Member territory other than where the principal office of the ECSRC is situated, with the addition on its face of the name of every Member territory where it is to be used.</p> <p>(2) The official seal has the same effect as the ECSRC common seal.</p> <p>(3) The ECSRC may authorise any person appointed to affix the official seal to any deed or other document to which the ECSRC is a party in the Member territory.</p>

Establishment, Purposes, Powers & Duties of the ECSRC		
		(4) The person affixing the official seal shall certify in writing the date on which and the place at which it is affixed.

Members of the ECSRC		
12	Composition of ECSRC	(1) The ECSRC shall consist of five Commissioners who shall be appointed by the Monetary Council by majority vote. (2) Eight members shall be appointed from persons nominated by the Government of each of the Member territories. (3) Two Commissioners shall be appointed from persons nominated by the Chambers of Industry and Commerce, the Institutes of Chartered Accountants and the Bar Associations or from such other relevant professions of the Member territories. (4) One member shall be nominated by the Eastern Caribbean Central Bank and shall serve in an ex-officio non-voting capacity. (5) Persons nominated shall be persons of recognised standing and experience in securities and related matters including: a) Law b) Accountancy c) Banking d) Economics e) commerce and industry; or f) finance. (6) In exercising his powers as an ECSRC member, each Commissioner shall consider all the Member territories' interests. (7) The Commissioners shall be paid remuneration.
13	Alternate Commissioners	The Monetary Council shall appoint an alternate Commissioners, who may act in the absence of the Commissioner. The provisions of this Agreement apply to Commissioners and alternate Commissioners.
14	Chairman & Deputy Chairman	Two of the members of the ECSRC shall be appointed as the Chairman as long as he is a national of a Member territory and Deputy Chairman of the ECSRC. The ECSRC Chairman may be appointed by the Monetary Council as Chief Executive Officer of the ECSRC.
15	Appointment of Commissioners to be notified in Official Gazette	The ECSRC appointments and termination's will be published in the Official Gazette in the Member territory where the ECSRC main office is located and notified to the public in the Member territories as the ECSRC may determine.
16	Term of office of Chairman, Deputy Chairman & of the Commissioners	(1) The ECSRC Chairman shall hold office for five years. (2) The ECSRC Deputy Chairman shall hold office for the same period as specified in his instrument of appointment. (3) All other Commissioners shall hold office for a period of three years. To maintain continuity of ECSRC experience, some appointments may be made for less than three years. (4) Upon the expiry of his period of appointment, every ECSRC retiring member (other than the Chairman) shall, be eligible for

Members of the ECSRC		
		<p>reappointment for a further term not exceeding six years in total.</p> <p>(5) A Commissioner appointed to fill a vacancy shall hold office for the unexpired term of his predecessor.</p>
17	Vacation & removal from office of Commissioners	<p>(1) The office of a Commissioner is vacated -</p> <ol style="list-style-type: none"> upon his death if he is adjudged bankrupt; if he is absent from three consecutive ECSRC meetings without its permission; if he is certified or declared by a Court to be mentally or physically incapable of performing his duties; if he is convicted of fraud or any other dishonest offence; at any time by his resigning his office by letter sent to the Chairman of the Monetary Council and copied to the ECSRC. <p>(2) The Monetary Council may by written notice remove any ECSRC member in the best interest of the ECSRC.</p> <p>(3) Notice of any removal shall be given to the Government of the Member territory from which he was appointed and the Government shall within 30 days submit nominations for his replacement to the Monetary Council.</p> <p>(4) The ECSRC may act notwithstanding a vacancy among its members or any disability affecting any member.</p>
18	Executive Committee	The ECSRC may appoint an Executive Committee that meets at least once a month, which shall comprise the Chairman, who presides over the meetings & has an original and casting vote, the Deputy Chairman, the ex-officio member and one other Commissioner.
19	Meetings of ECSRC	<p>(1) ECSRC meetings will be held at least once a quarter or as necessary with notice given. The ECSRC Chairman may call a meeting or a special meeting to be held within seven days of the receipt of a written request with not less than two Commissioners.</p> <p>(2) The ECSRC Chairman or the Deputy Chairman shall preside or the members present shall choose one of them to preside. The quorum for a meeting of the ECSRC is 3 Commissioners with each Commissioner present having a vote. Every decision shall be determined by a majority of votes with the meeting Chairman having a casting vote.</p> <p>(3) A Commissioner can attend an ECSRC or committee meeting by telephone or other electronic means. ECSRC meeting minutes shall be kept and confirmed at a subsequent meeting.</p>
20	Administration	<p>(1) The ECSRC shall organise and regulate its administration, procedure and business to ensure the performance of its functions and the proper exercises of its powers.</p> <p>(2) The ECSRC may make binding rules governing its own procedure.</p>
21	Committees	(1) The ECSRC may establish standing or special committees to review any matter. The ECSRC may appoint non-Commissioners

Members of the ECSRC		
		<p>to a committee, and to be its chairman.</p> <p>(2) Any assignment or appointment may be withdrawn or revoked by the ECSRC. A committee may elect one of its members to be chairman (if a chairman has not been appointed by the ECSRC) and, may regulate its own procedure and business.</p> <p>(3) The committee chairman or the ECSRC may determine when committee meetings are to be held and where. Each committee shall keep meeting minutes and shall inform the ECSRC.</p>
22	Delegation	<p>(1) The ECSRC may delegate any of its duties to:</p> <p>a) a committee or</p> <p>b) any Monetary Council approved body or authority .</p> <p>(2) The ECSRC may revoke a delegation.</p> <p>(3) A delegation does not preclude the exercise by the ECSRC.</p>
23	Disclosure of Interest	<p>(1) A Commissioner, who has a personal interest in a matter under review by the ECSRC, must disclose the nature of this interest at the first ECSRC meeting when the relevant facts come to his knowledge.</p> <p>(2) Such disclosure shall be recorded in the meeting minutes. After the disclosure, the Commissioner shall not vote on the matter, and shall not be part of any meeting on this matter being decided by the ECSRC.</p> <p>(3) A Commissioner has a direct or indirect interest in a contract or proposed contract with the ECSRC in any matter in which he is a Commissioner, shareholder, agent or employee of the company or if family members hold an interest in the company or contract.</p> <p>(4) A general notice given to the ECSRC by a Commissioner stating that he is a member of or associated with a specified company or undertaking and is interested in any contract which may be made with that company or undertaking shall be deemed sufficient declaration of interest.</p>
24	Staff	<p>(1) The ECSRC may employ professional, technical and other officers as is necessary to perform its duties.</p> <p>(2) If the ECSRC Chairman is not appointed the Chief Executive Officer, the ECSRC shall appoint a Chief Executive Officer (subject to the Monetary Council approval) whose duty shall be to assist the ECSRC in performing its duties.</p>
25	Confidentiality	<p>(1) Every ECSRC member, officer and employee shall:</p> <p>(2) Preserve confidentiality with regard to all matters coming to his knowledge in the performance of his duties.</p> <p>(3) Only when performing his duties or under legal obligation can the confidentiality of a matter be discussed. No one else should have access to this information in the ECSRC's custody and control.</p>

Financial Matters

Financial Matters		
26	Funding	<p>The ECSRC shall be funded by -</p> <ul style="list-style-type: none"> a) the payment to the ECSRC of any fees for: <ul style="list-style-type: none"> (i) A licence application authorisation, approval, exemption, waiver or modification. (ii) any duties exercised by the ECSRC or its committee ; (iii) the approval of prospectuses; (iv) the monitoring of the continuing disclosure obligations of issuers; (v) anything relating to take over; b) the payment of a levy for every purchase and sale of securities recorded by a securities exchange or notified under its rules; c) sums of money or other assets as may accrue to or vest in the ECSRC, in the course of the exercise of its duties; and d) sums paid by Member territories by appropriation or subvention.
27	Borrowing Powers	<ul style="list-style-type: none"> (1) The ECSRC may borrow sums required by it for meeting its obligations or discharging its duties and may issue debentures. (2) Any ECSRC borrowing shall be subject to the Monetary Council approval as to the amount, source and terms of borrowing. (3) An approval may be either general or limited to a particular borrowing and may be either unconditional or conditional.
28	Trust (Reserve) Fund	<ul style="list-style-type: none"> (1) The ECSRC may establish a Trust (Reserve) Fund into which may be paid <ul style="list-style-type: none"> a) fees, sanctions, levies or any penalties imposed or charged b) any sums appropriated by Participating Governments c) any other sums which the ECSRC with the Monetary Council's approval may determine. (2) The ECSRC may withdraw any funds from the Trust (Reserve) Fund for the purpose of exercising its duties. (3) The funds in the Trust (Reserve) Fund may be invested by the ECSRC on such terms and conditions as may be determined. (4) No appropriation from the Trust (Reserve) Fund may be made by the ECSRC within the first five years of the establishment of the Trust (Reserve) Fund.
29	Financial year & estimates	<ul style="list-style-type: none"> (1) The ECSRC financial year shall begin on 1 April and end on 31 March in each year, or such other period as the Monetary Council may determine and its first financial year shall begin on the establishment of the ECSRC and end on the following 31 March. or such other date as the Monetary Council may decide. (2) The ECSRC shall by 31 December annually or at least three months before the end of its financial year submit to the Monetary Council estimates of its income and expenditure for the next year. (3) The ECSRC shall discharge its functions to ensure that its revenue are not less than sufficient to meet all sums properly chargeable to its revenue account.

Financial Matters		
		<p>(4) Any excess of the ECSRC revenue for any financial year shall be applied for the purposes of the ECSRC.</p> <p>(5) Where any deficit arises on the ECSRC operations or is budgeted for in the estimates of ECSRC expenditure the Participating Governments shall provide a subvention to the ECSRC.</p>
30	Accounts	<p>(1) The ECSRC shall keep proper accounts and records.</p> <p>(2) The ECSRC shall prepare a statement of the ECSRC accounts for the financial year, including an income and expenditure account and balance sheet.</p>
31	Auditors & audit	<p>(1) The ECSRC shall with the Monetary Council's approval appoint auditors.</p> <p>(2) The ECSRC shall submit the statement of accounts prepared for the year to the auditors for audit.</p> <p>(3) The auditors shall prepare a report on the accounts and send the report to the ECSRC who shall send a copy of the report and a copy of the statement of accounts to the Monetary Council.</p> <p>(4) The auditors shall include in the report a statement that the:</p> <ol style="list-style-type: none"> a) income and expenditure account for the financial year gives a true and fair view of the ECSRC's income and expenditure; b) balance sheet for the financial year gives a true and fair view of the ECSRC's financial affairs at the end of that financial year. <p>(5) An ECSRC appointed auditor has a right of access to the books, accounts, vouchers and other ECSRC records and is entitled to require from ECSRC officers such information and explanations.</p>
32	Annual Report	<p>(1) The ECSRC shall prepare and submit a report on its activities during the financial year to the Monetary Council three months after year-end.</p> <p>(2) The Monetary Council may request the ECSRC to provide information concerning any matter relating to the duties of the ECSRC who must provide the information within 14 days.</p>

Miscellaneous		
33	Consultation & Cooperation	<p>(1) The ECSRC shall consult and cooperate with the Central Bank or any other regulatory agency in order to minimise duplication of effort and to maximise the protection of investors.</p> <p>(2) The ECSRC may cooperate with any foreign government agency with investigations whether the activities in question occurred within or outside a Member territory.</p> <p>(3) The ECSRC may cooperate with national, regional or international organisations dealing with the regulation of securities markets.</p>
34	Rules	<p>(1) The ECSRC may make rules:</p> <ol style="list-style-type: none"> a) calling of and conduct of business at ECSRC meeting; b) procedures for the initiation and holding of ECSRC hearings; c) presenting the procedure for appeals and review of orders of its

Miscellaneous		
		<p>delegates and self-regulatory organisations;</p> <p>d) with the Monetary Council's approval, establishing a code of conduct governing the activities of Commissioners and the ECSRC officers and employees to avoid conflicts of interest and other undesirable practices;</p> <p>e) any ECSRC organisation, procedure, administration or practices.</p> <p>(2) As soon as practicable after the making of any rules, the ECSRC shall submit a copy of it to the Monetary Council.</p>
35	Amendments	An amendment to the Agreement may be proposed to the Council by the ECSRC and shall be effective when Monetary Council agree to it.
36	Disputes	<p>(1) Any dispute between the participating Governments concerning this Agreement or the ECSRC and a participating Government, shall be submitted to appointed arbitrators of a tribunal.</p> <p>(2) If the dispute is between only two parties, each party shall appoint one arbitrator, and the two parties shall appoint a third arbitrator, who shall be the Chairman of the tribunal;</p> <p>(3) If the dispute is between three or more parties, each party shall appoint one arbitrator and all the parties shall appoint an additional arbitrator, who shall be the Chairman of the tribunal.</p> <p>(4) If all parties have not appointed an arbitrator within 30 days of the arbitration request, any party to the dispute may request the Chief Justice of the Eastern Caribbean States Supreme Court, or a Council designated authority to make the required appointment.</p> <p>(5) The arbitrators shall fix the procedure of the tribunal, but the Chairman of the tribunal shall settle all procedure questions.</p> <p>(6) The arbitrators' majority vote shall be final and binding.</p> <p>(7) The tribunal Chairman shall cast any tie breaker votes.</p>
37	Accession	<p>(1) A territory other than one listed in the Preamble may be permitted to accede to this Agreement as the Council may determine</p> <p>(2) Any such territory shall deposit on or before a date an Instrument of Accession with the ECSRC which shall signify such deposit and the date to the parties to this Agreement</p>
38	Signatories	This Agreement shall be open for signature by any Participating Government.
39	Ratification	This Agreement shall be subject to ratification by the signatory Participating Governments. Ratification instruments shall be deposited with the Director General of the OECS who shall transmit certified copies to each Participating Government.
40	Entry into Force	This Agreement shall enter into force upon the deposit of five Instruments of Ratification and Participating Governments undertake to take all steps necessary for the implementation of this Agreement.

Eastern Caribbean Securities Market Regulations

Purpose:

This document briefly describes the main features and contents contained in the Regulations which can be found in their entirety in Appendix II. This document by itself does not constitute or represent the Regulations and is not a legally binding document, but rather is a learning tool for Commissioners. This document provides a synopsis of the Regulations and identifies how the Regulations are organized and in what section specific information can be found.

Definition:

The Regulations are the specific body of legislation used to govern the Eastern Caribbean Securities Market, the market participants and their respective market activity. This body of legislation is enforced by the Eastern Caribbean Securities Regulatory Commission (ECSRC)

Main Features:

The Regulations cover the following main categories:

Accounting & Financial Requirements: This Regulation outlines what books and records are to be maintained by the market participants, what audit practices are to be followed, how frequently records are updated, where records are stored and how available the records must be upon examination.

Part One – Preliminary		
Regulation		
1	Citation and commencement	Securities (Accounting and Financial Requirements) Regulations operative on [specified date]
2	Application	To all companies licensed by the ECSRC to engage in broking, dealing or investment management activities
3	Interpretation	Definition of terms related to Accounting.
4	Contravention	Licensee violating any provision of regulations commits a disciplinary offence

Part Two – Accounting Record		
5	Duty to keep accounting records	Outlines to licensee how accounting records must be maintained and particulars which must be included.
6	Records to be up to date	Continuing obligations and continuous performance of them required to ensure daily updates to records
7	Audit trail	Recording of information to enable identification of a particular transaction from initiation of order to final settlement. All records shall be arranged, filed, indexed and cross-referenced to permit prompt access to any particular record
8	Conformity with	Licensee shall conform with requirements of International

Part Two – Accounting Record		
	accounting standards	Accounting Standards
9	Retention of records	Licensee shall preserve all accounting records required for [6 years] from the date on which they are made
10	Inspection of records	Accounting records shall be produced to the ECSRC or any ECSRC authorised person on demand.
11	Securities exchange may impose additional requirements on members	Securities market may impose on licensees obligations or requirements they deem necessary for record keeping, periodic financial report to the exchange, audit of accounts, appropriate audit trail, information in auditor reports, or spot order checks.

Part Three – Financial Statements and Returns		
12	Duty to prepare annual financial statements	For each of their financial years, the licensee must prepare a balance sheet, and a profit & loss account for the financial year.
13	Balance sheet to give a true and fair view	Balance sheet shall give a true and fair view of the state of affairs of the licensee as at the end of the financial year.
14	Profit/loss account to give a true & fair view	Profit and loss account shall give a true and fair view of the profit or loss of the licensee for the financial year.
15	Form and content of financial statements	Financial statements of a licensee shall comply with the requirements of the International Accounting Standards.
16	ECSRC may require returns	Licensees may by written notice from the ECSRC be required to submit periodic returns as requested.
17	Brokerage firm to obtain auditor's report etc.	Licensee shall submit, within [1 month] after the end of each financial year, its annual financial statements to its auditor for audit and shall obtain an auditor's report.
18	Annual financial statements to be submitted to ECSRC	Licensee shall submit, within [three months] after the end of each year, its auditor's report to the ECSRC accompanied by: <ul style="list-style-type: none"> a) its annual financial statements b) written confirmation of compliance with all required regulations, plus any further information or confirmation periodically required by the ECSRC, and c) in the case of a auditor's report, a written document signed by two directors of the Licensee stating all their transactions have been properly reflected & recorded in their accounting records all of which have been made available during their audit.
19	Contents of auditor's report	<ul style="list-style-type: none"> (1) Shall state that the licensee's annual financial statements have been audited based on approved auditing standards. (2) Shall also state whether in the auditor's opinion: <ul style="list-style-type: none"> a) financial statements have been prepared and presented, b) accounting records maintained, and c) customer money segregated; d) all information & explanations have been obtained; and e) adequate systems kept to identify security holders,

Part Three – Financial Statements and Returns		
		f) complied with requirements of Balance Sheet prepared.
20	Qualified reports	Auditor must make statement in report: a) if one or more of the requirements have not been met, b) specifics of relevant requirements and deficiencies; c) if information and explanations was not obtained; and d) if unable to form an opinion as to whether one or more requirements have been met, along with specifics of those requirements and reasons.

Part Four – Customer Money		
21	Application	Any customer money held or received by a licensee in the course of carrying on its securities business
22	Customer money	Defined as money of any currency, which a licensee holds or receives on behalf of a customer. Shall be segregated from the assets of the licensee and not be used to pay any licensee debts.
23	Customer bank accounts	Licensee shall open one or more accounts with approved bank to segregate customer monies and must maintain records of specific persons/dates for amounts deposited or withdrawn.
24	Accounting for and use of customer money	Licensee shall account properly and promptly for customer money to ensure segregation from licensee money, the balance to the credit of each customer, and money of one customer is not used for another customer
25	Payment out of a customer bank account	A licensee may withdraw customer's money only if: a) it is not customer money; b) it is properly required for payment to or for a customer; c) it is properly transferred to another customer bank account or into a bank account in the customer's own name, or d) it is for or towards payment of licensee fees or commission.

Part Five – Appointment of Auditors		
26	Auditor required	Licensee shall not commence securities business until it has appointed an auditor.
27	Qualification for appointment as auditor	Auditor appointed must a [certified public accountant] and hold a valid practising certificate.
28	Ineligibility on ground of lack of independence	No director, officer, employee, shareholder or partner of the licensee, as well as partner or employee of these persons are ineligible to act as an auditor to a licensee. An auditor of a licensee will not be regarded as one of the above.
29	Engagement letters	Licensee shall set out in an engagement letter to the appointed auditor all powers and duties. Both licensee and auditor sign the letter, and the licensee must retain a copy.
30	Powers and duties of auditors	(1) An auditor has the right of access to all records and documents relating to the licensee's business and to require

Part Five – Appointment of Auditors		
		any relevant information and explanations. (2) An auditor shall carry out whatever investigations will enable him to form an opinion, which must be included in the ECSRC report on the annual financial statements
31	Notification to ECSRC	A licensee shall, within 7 days, give written notice to the ECSRC of the auditor's appointment, removal or resignation.
32	Resignation or removal of auditors	Deems failure to appoint an auditor at the end of his term of office as removal of that auditor. The notification must contain a signed auditor statement outlining the circumstances connected to their resignation/removal which should be brought to the attention of the ECSRC.

Advertisement: This Regulation defines what the market participants can advertise, how they can advertise, what commitments they can make in their advertisements, and who is to review and approve the advertisements.

Advertisement Regulation		
1	Citation and commencement	Securities (Advertisements) Regulations operative on [specified date].
2	Interpretation	Definitions related advertisement terms
3	Restrictions on advertising	Only licensed persons or ECSRC authorised person shall issue or initiate a securities advertisement.
4	Exceptions from restriction on advertising	Apply to advertisements that are a) issued or initiated by Government of any country or territory, or the central bank for their securities or b) in the form of a prospectus requiring ECSRC approval.
5	Advertisements to comply with Schedule	No licensee or authorised person shall issue or initiate a securities advertisement unless the requirements are complied with.
6	Advertisement directions	The ECSRC may by written notice give direction to any licensee or authorized person whom it considers to be issuing, initiating, or proposing to issue any misleading advertisement. A direction may contain any prohibitions/requirements outlined.
7	Advertisements to be copied to the ECSRC	A copy of every securities advertisement issued or initiated by a licensee or authorised person shall be forwarded to the ECSRC.
8	Contravention	Any person who issues or initiates an advertisement which is prohibited or not in compliance commits an offence and is liable on conviction to a fine not exceeding EC \$[?] .
9	Prominence of required statements	The significance of any statement shall not be disguised by lack of prominence.
10	Advertisements to be clear and not misleading	(1) The advertisement content and presentation should make the intent of the advertisement clearly understood. (2) The person issuing an advertisement can only include as part

Advertisement Regulation		
		<p>of the contents:</p> <ul style="list-style-type: none"> a) statement, promise/forecast to ensure it is not misleading b) statement of fact known to be true, or c) true statement relative to limited quantities, limited period, special terms for limited period.
11	Advertisements to be distinguished from other matter	The terms & presentation of an advertisement should clearly distinguish the securities investment business or person being promoted. And clearly discernible from any matter.
12	Promotion to be genuine	No securities advertisements will be issued for promotions other than the subject matter.
13	Advertisements not to imply Government or ECSRC approval	A securities advertisement shall not contain any matter that states or implies that the securities investment or business has the approval of any Government department or the ECSRC..
14	Synopses to be fair	<p>An advertisement stating only part of the rights & obligations of an investment, or the terms/conditions of an agreement shall:</p> <ul style="list-style-type: none"> a) state sufficient to give a fair view of the nature of the investment, of the financial commitment undertaken in acquiring the investment and of the risks involved; and b) state how a written statement of all can be obtained.
15	Comparison with other investments or services	An advertisement shall not include comparisons or contrasts of investment in securities or securities services unless the comparisons and contrasts are fair
16	Taxation	<ul style="list-style-type: none"> (1) Any taxation reference in an advertisement shall contain a warning that levels and bases of taxation can change. (2) An advertisement containing any matter based on an assumed rate of taxation must state that rate. (3) Advertisements must state if any tax relief applies to the investment.
17	Past performance	<p>Advertisement can only include past performance data if:</p> <ul style="list-style-type: none"> a) it is relevant to the performance of the investment b) the source of the information is stated; c) any partial data is representative, fair and not misleading; d) the data excluded does not exaggerate the success or performance; e) all information is included in graph or chart presentations to prevent misleading impressions; f) the period selected is not less than 3 years and ends no more than 3 months before the advertisement; and g) the advertisement also contains a warning that the past is not necessarily a guide to the future
18	Indications of the scale of business activities	<p>The advertisement shall not contain any statement regarding scale of activities or resources of the advertiser.</p> <p>Statements which relate to resources of members of a group</p>

Advertisement Regulation		
		other than the advertiser shall clearly state that fact
19	Risk warnings	(1) A securities advertisement shall contain a statement warning of the risks involved in acquiring or holding the securities. (2) Advertisement must state that a security can fluctuate in value & the investor (including income) may not get back his original investment. (3) Advertisements for foreign securities must take into consideration fluctuation in exchange rates. (4) Advertisements that relate to risky investments must warn the investor that they could lose their original investment plus additional costs. (5) Advertisement is traded on an exchange or not. If traded on an exchange advertisement must state if it is thinly traded.
20	Guaranteed, etc. returns	Securities advertisement shall not describe an investment return as being guaranteed, secured, assured or promised, unless the advertisement has been approved in writing by the ECSRC.
21	Dating	The date of the initial issue of an advertisement must be displayed in a newspaper publications, prospectus, brochure, handout or similar marketing literature, and film, video or TV
22	Identification of advertiser	Must identify the licensee or other authorised person who issued or initiated the advertisement.

Collective Investment Schemes (CIS): This Regulation defines what makes up a collective investment schemes (CIS), what types can be made available to the public, what reporting requirements are involved, how the scheme gets approved by the ECSRC, what records are maintained and how available they are to outside sources, and what penalties can be imposed.

CIS Regulation: Part One - Preliminary		
1	Citation and commencement	Securities (CIS) operative on [specified date] of 2000
2	Interpretation	Defines terms related to CIS

CIS Regulation: Part Two – Establishment of Collective Investment Schemes		
3	Unit trusts	Outlines matters in First Schedule for provision in scheme rules
4	Investment companies	Outlines matters in Second Schedule for provision in memorandum & articles of incorporation

CIS Regulation: Part Three – Authorisation of Collective Investment Schemes		
5	Application for authorisation	Reference II, Procedure C Collective Investment Scheme for further authorisation application.
6	Conditions for authorisation	Reference II, Procedure C Collective Investment Scheme for further authorisation conditions.
7	Authorisation by	Reference II, Procedure C Collective Investment for further

CIS Regulation: Part Three – Authorisation of Collective Investment Schemes		
	ECSRC	ECSRC authorisation.
8	Representations against refusal or revocation	Reference II, Procedure C Collective Investment Scheme for further clarification.
9	Property of collective investment scheme to be held by depositary	The property of a CIS shall be held by the depositary on behalf of the participants
10	Changes of management company or depositary	(1) The management company shall give written notice to the ECSRC of any proposal to replace the depositary of the CIS. (2) Neither the management company nor the depositary shall be replaced except by persons who satisfy the requirements
11	Avoidance of exclusion clauses	(1) Any provision in the formation documents shall be null and void exempting the management company or depositary from liability. (2) Deems that formation documents provide no exclusion of liability for management company or depositary.
12	Directions by ECSRC	(1) If it appears to the ECSRC that - a) Any requirement for the authorisation of a CIS is no longer satisfied; b) the exercise of the power is desirable in the interests of participants or potential participants; or c) the management company or depositary has violated any provision of these regulations or, has furnished the ECSRC with false, inaccurate or misleading data, the ECSRC direction may: (i) require the management company to cease the issue or redemption of units on a date specified; (ii) require the management company and depositary to wind it up as specified or as soon as possible. (2) A management company that fails to comply commits an offence and is liable on conviction to a fine. Investigations (1) The ECSRC may investigate the affairs of any CIS, the management company or depositary. (2) The ECSRC, or any person duly appointed may require the CIS, management company or depositary: a) to afford the ECSRC access to, and produce its books, accounts and documents and give such information; b) to meet with the ECSRC at a specified time/place to answer questions or furnish relevant investigation data. (3) A person who fails to comply with the ECSRC requirements commits an offence and is liable on conviction to a fine.
13	Investigations	(1) The ECSRC may investigate the affairs of any CIS, the

CIS Regulation: Part Three – Authorisation of Collective Investment Schemes		
		<p>management company or depositary.</p> <p>(2) For investigation purposes, the ECSRC may require the CIS, management company or depositary -</p> <ol style="list-style-type: none"> a) to afford the ECSRC access to, and produce its books, accounts and documents and give such information; b) to meet with the ECSRC at a specified time/place to answer questions or furnish relevant investigation data. <p>(3) A person who fails to comply with the ECSRC requirements commits an offence and is liable on conviction to a fine.</p>

CIS Regulation: Part Four - Depositories		
14	Appointment of depositary	ECSRC can license a Depositary of the CIS
15	Eligibility to be depositary	<p>(1) A depositary shall be a body corporate which is -</p> <ol style="list-style-type: none"> a) a bank licensed under the [Banking Act]; b) a [trust] company which is a bank subsidiary; or c) has sufficient financial resources and experience necessary to carry out its obligations as a depositary. <p>(2) A depositary shall be independently audited and have minimum issued and paid-up capital & non-distributable capital reserves.</p>
16	Custody of assets	<p>(1) The depositary and the management of a CIS shall by agreement perform custody for keep the CIS's assets.</p> <p>(2) The depositary shall hold assets per these regulations.</p>
17	General duties of depositary	<p>(1) The depositary shall act in the interests of the participants.</p> <p>(2) The depositary shall ensure that the CIS is managed by the management company, and shall ensure that -</p> <ol style="list-style-type: none"> a) the property of the CIS is invested; b) the CIS's income is applied per these provisions; c) the value of the units is calculated by the management company or investment company; d) the sale, issue, repurchase, redemption and cancellation of units are carried out. <p>(3) The depositary shall ensure that the methods adopted by the management company in calculating the value of units are adequate to ensure that the sale, issue, repurchase, redemption and cancellation prices are calculated;</p> <p>(4) The depositary shall -</p> <ol style="list-style-type: none"> a) carry out the instructions of the management company unless they are in conflict with the CIS provisions; b) take reasonable care to ensure that any investment and borrowing limitations are complied with; c) issue an annual report to participants on whether or not the management company has managed the CIS;

CIS Regulation: Part Four - Depositories		
		<ul style="list-style-type: none"> d) ensure that unit certificates are not issued until subscription moneys have been paid; e) ensure that any registrable investments are properly registered in the names of the participants or in the name of an eligible nominee; and f) to ensure that entitlements are separately identified from those of the management company of the CIS
18	Instructions from management company	The depository shall carry out the instructions of the management company unless it would violate this regulation.
19	Change of Address	A depository shall give written notice to the ECSRC of any change of address of its registered office or place of business.
20	Liability of depository	The depository shall be liable to the management company and to the participants for any loss suffered by them as a result of - <ul style="list-style-type: none"> a) any unjustifiable failure to perform its obligations; or b) the improper performance of its obligations.
21	Register of participants	The depository shall establish and maintain a register of the participants of the CIS in a form prescribed by the ECSRC. <ul style="list-style-type: none"> a) The depository may appoint some other person to establish and maintain the register on its behalf. b) The register may be formed, of records maintained by an ECSRC securities depository. c) The register shall be conclusive evidence as to the persons entitled to the units standing in their name.
22	Notification of contraventions	The depository shall notify the ECSRC in writing of any failure, act or omission of the management company constituting a breach or contravention.

CIS Regulation: Part Five – Management Companies		
23	Appointment of management company	<p>Every CIS requesting authorisation shall appoint an ECSRC licensed management company to manage the CIS.</p> <ul style="list-style-type: none"> a) For an investment company, the ECSRC may permit it to be managed by its own board of directors. a) Where the ECSRC permits an investment company to be a self-managed scheme, references shall be deemed to be references to the directors of the self-managed scheme. b) The directors of a self-managed scheme are prohibited from dealing with the scheme as principals. c) The articles of association of a self-managed scheme shall contain the following provisions: <ul style="list-style-type: none"> (i) that participants may convene a meeting and, remove any director considered no longer fit and proper; and (ii) that the directors' fees and remuneration shall be fixed by the participants at a general meeting.
24	Eligibility to be a	(1) A management company shall be a body corporate which:

CIS Regulation: Part Five – Management Companies		
	management company	<ul style="list-style-type: none"> a) is engaged solely in the business of CIS management; b) has sufficient financial resources to enable it to conduct its business effectively and meet its liabilities; and c) shall maintain a positive net asset position. <p>(2) A management company has a minimum paid-up capital</p>
25	Qualifications of directors	<p>(1) The directors of the management company must be of good repute and possess the necessary experience.</p> <p>(2) The ECSRC may consider the qualifications and experience of persons employed by the management company.</p>
26	General duties of management company	<p>(1) Manage the property of the CIS in accordance with –</p> <ul style="list-style-type: none"> a) the provisions of these regulations; b) the formation documents; c) the most recently published CIS particulars; d) provide the directors of the company to give directions; <p>(2) To avoid the violations of CIS investments;</p> <ul style="list-style-type: none"> a) have prepared accounts to be audited; b) ensure that the formation documents are available for public inspection free of charge, and make copies available upon the payment of a reasonable fee.
27	Restrictions on activities of management company	The management company of a CIS can only engage in CIS activity.
28	Change of address	A management company shall provide written notice to the ECSRC of any address change of its office or place of business.
29	Liability of management company	The management company shall be liable to the participants for any loss suffered by them as a result of -
		<ul style="list-style-type: none"> a) any unjustifiable failure to perform its obligations; or b) the improper performance of its obligations.
30	Requests to management company & investment manager	The management company shall at the request of the depository:
		<ul style="list-style-type: none"> a) supply the depository with administration information; and b) comply with any directions given by the depository.
31	Units held by management company	<p>(1) The management company shall keep a daily record of units held, distinguishing between different types and showing all acquisitions and disposals.</p> <p>(2) The management company shall make the daily record available for inspection and give a copy to the depository.</p>

CIS Regulation: Part Six – Audit of Collective Investment Schemes		
32	Appointment and qualifications of auditor	<p>(1) The auditor of a CIS shall -</p> <ul style="list-style-type: none"> a) have a place of business; b) be an accountant; c) not be a director or controller of the depository, or the management company of the CIS and d) be approved by the ECSRC.

CIS Regulation: Part Six – Audit of Collective Investment Schemes		
		<p>(2) An auditor shall cease to hold his appointment if he ceases to fulfill any requirements, or if the ECSRC withdraws its approval or if the management company revokes the appointment.</p> <p>(3) If the management company revokes the auditor's appointment, the company shall notify the ECSRC.</p> <p>(4) If a vacancy exists, the management company shall make a new auditor appointment with the depositary's approval.</p>
33	Audit of accounts	<p>The auditor shall audit the accounts in the annual report and -</p> <p>a) carry out the duties of an auditor in accordance with International Auditing Standards; and</p> <p>b) state whether or not the accounts give a true and fair view of the financial position of the CIS.</p>
34	Communication with ECSRC	No CIS auditor duty shall be violated by communicating in good faith to the ECSRC, any relevant information or opinion.

CIS Regulation: Part Seven – CIS Particulars & Financial Reports		
35	Documents to be prepared & published by management companies	Reference II, Procedure C Collective Investment Scheme for clarification on requirements.
36	Contents of collective investment scheme particulars	Reference II, Procedure C Collective Investment Scheme for clarification on requirements.
37	Contents of annual and half-yearly reports	Reference II, Procedure C Collective Investment Scheme for clarification on requirements.
38	Publication of collective investment scheme particulars and reports	<p>(1) The CIS management shall send to the ECSRC a copy of the CIS particulars and annual and half-yearly CIS report.</p> <p>(2) The management company shall supply the ECSRC all relevant CIS reports & accounts.</p> <p>(3) Any CIS advertisement shall indicate the CIS particulars and where the public may obtain those particulars.</p> <p>(4) No units' sale in CIS may occur unless it has offered a prospectus of the CIS.</p> <p>(5) The management company shall make copies of -</p> <p>a) the CIS particulars;</p> <p>b) the formation documents;</p> <p>c) the annual and half-yearly reports .</p> <p>(6) The management company shall supply the most recent CIS particulars & annual report & subsequent half-yearly report.</p>

CIS Regulation: Part Eight – General Requirements		
39	Publication of prices	The management company shall publish the issue, sale, repurchase and redemption prices of CIS units at least twice a

CIS Regulation: Part Eight – General Requirements		
		month unless the ECSRC authorises a reduction of frequency.
40	Units & accumulation units	<p>(1) The interests of CIS participants shall consist of units and each unit shall be treated as representing one undivided share in the CIS capital property.</p> <p>(2) Accumulation units represent the same number (including fractions) of undivided shares in the CIS capital property.</p>
41	Payments out of and into the property of a CIS	<p>(1) The CIS pays the following expenses -</p> <ol style="list-style-type: none"> a) the costs of dealing in the CIS property; b) interest on borrowings and charges incurred; c) the costs incurred in obtaining a CIS market listing; d) taxation and duties on the CIS; e) any modification costs due to CIS formation documents; f) any amendment costs in supplementary CIS documents; g) any costs incurred in respect of participants' meetings; h) any periodic charge payable to the management company; <ol style="list-style-type: none"> (i) the fees of the depository; (ii) any expenses or disbursements of the depository; (iii) the auditor fees and expenses; (iv) the costs of income distribution to participants; (v) the costs of printing and posting certificates; (vi) the costs in keeping the register; (vii) costs of publication of prices of units and reports; (viii) the costs of establishing the CIS; (ix) the costs of the management; and (x) any fees payable to the ECSRC. <p>(2) All payments or repayments of income shall be paid out of or into the CIS income property. If insufficient funds, payments will be paid out of the CIS capital property.</p> <p>(3) All payments or repayments of a capital nature shall be paid out of or into the CIS capital property.</p>
42	Creation, etc. of units, repurchases and redemptions	<p>(1) The CIS formation documents shall provide for the creation, cancellation, sale, repurchase and redemption of units, the valuation of the CIS property and the calculation of it.</p> <p>(2) A CIS participant shall be entitled to have units repurchased or redeemed at a price related to the property's net value.</p> <p>(3) A CIS shall comply if the management or investment company is required to ensure that a participant is able to sell his units on licensed securities market.</p> <p>(4) The management company may suspend the repurchase or redemption of units at any time for a period not exceeding [4] weeks, if there is good and sufficient reason to so suspend in the interests of the participants.</p> <p>(5) The management company shall give written notice to ECSRC.</p>

CIS Regulation: Part Eight – General Requirements		
		(6) The ECSRC may by written notice require the CIS management to suspend the repurchase or redemption of units in the public's interests.
43	Valuation and pricing	<p>(1) Offer & redemption prices should be calculated on the CIS net asset value divided by the number of outstanding units.</p> <p>(2) Such prices may be adjusted by fees and charges for CIS management, charged against investment income, next against dealing profits, and lastly against the capital value.</p> <p>(3) The amount or method of calculating fees and charges shall be clearly disclosed.</p>
44	Advertising	<p>(1) A CIS shall not issue any CIS advertisement its contents have been approved by the depositary with a copy to the ECSRC.</p> <p>(2) The ECSRC require the CIS to amend, withdraw or refrain from issuing an advertisement.</p> <p>(3) "Advertisement" does not include any publication of the issue, sale, repurchase or redemption prices of units.</p> <p>(4) CIS advertisements shall include a warning statement that:</p> <ul style="list-style-type: none"> a) the price of units, and the income may go up or down; and b) a participant's right to redeem his units may be suspended. <p>(5) Warning statements shall be printed in the same size type as the rest of the advertisement text; they may be in smaller text if printed in bold type or prominently outlined.</p>
45	Fees of depositary	Such depositary fees shall be calculated and paid determined by the CIS formation documents.
46	Inclusion of performance data	The ECSRC may require justification for any CIS advertisement stating performance data or estimated yield. No forecast of the CIS's performance may be made.
47	Changes to collective investment scheme documentation	<p>(1) No alteration may be made to the CIS formation documents except with ECSC approval of participant's resolution.</p> <p>(2) The depositary may certify that the CIS formation documents may be altered based on the fact that it -</p> <ul style="list-style-type: none"> a) is necessary for fiscal or statutory compliance; b) does not prejudice participants' interests, c) does not release the depositary from any liability, and d) does not increase the CIS costs and charges.
48	Transactions with connected persons	<p>(1) The CIS must approve any person entering into an underwriting or sub-underwriting contract stipulating all commissions and fees are paid to the CIS.</p> <p>(2) The CIS's assets must be deposited in investments earning interest not lower than the prevailing commercial rate.</p> <p>(3) All CIS transactions must be at arm's length unless prior consent from the depositary is received.</p> <p>(4) No single dealer should account for [50%] or more of the</p>

CIS Regulation: Part Eight – General Requirements		
		CIS's transactions in value in any one CIS financial year.
49	Meetings	<p>A CIS shall arrange to conduct general meetings of participants as follows -</p> <ul style="list-style-type: none"> a) Participants must be able to appoint proxies; b) votes should be proportionate to the number of units held, or to the value of units held for accumulation units; c) the meeting quorum for a special or extraordinary resolution shall be [25%] holders of the units, and 10% for an ordinary resolution; d) if within ½ hour from the appointed meeting time a quorum is not present, the meeting should be adjourned for 15 days; e) if a conflict of interest between different classes of participant, there should be provision for class meetings; f) an Extraordinary General Meeting shall be called for the following purposes - <ul style="list-style-type: none"> (i) to modify, alter or add to the formation documents, (ii) to terminate the CIS; (iii) to increase the maximum fees paid to the CIS management company, depositary or directors; or (iv) to impose other types of fee; g) the CIS directors, the depositary, the management company, and investment adviser shall be prohibited from voting if they have a material interest in the business; h) an ordinary resolution may be passed by a majority present entitled to vote in person or by proxy; and <ul style="list-style-type: none"> (i) a special resolution may be passed by 75% or more of the votes present or by proxy.

CIS Regulation: Part Nine – Restrictions on Investment Powers of CIS		
50	Application of this Part	Related CIS definition of terms.
51	General investment powers	<ul style="list-style-type: none"> (1) CIS property may be invested in accordance with this Part and within any relevant upper limit that is specified. (2) The CIS particulars may restrict- <ul style="list-style-type: none"> a) the descriptions of asset which the CIS may invest; b) the proportion of the CIS capital property investment; c) the description of transactions permitted; d) the CIS borrowing powers, and any restrictions.
52	Core requirement	<p>The CIS investments must consist of-</p> <ul style="list-style-type: none"> a) transferable securities licensed on a securities market;

CIS Regulation: Part Nine – Restrictions on Investment Powers of CIS		
		<ul style="list-style-type: none"> b) transferable securities listed or traded per the market rules; c) recently issued securities that will be listed within one year of issue on a licensed securities market and traded.
53	Spread of investments	<p>A CIS -</p> <ul style="list-style-type: none"> a) may invest no more than [5%] of its net asset value in the transferable securities issued by any single issuer. b) may acquire no more than [10%] of any class of security issued by any single issuer.
54	Government and other public securities	Up to [30%] of a CIS's net asset value may be invested in Government and other public securities of the same issue.
55	Financial futures	A CIS may not enter into any financial futures contracts except in currencies for hedging purposes.
56	Warrants and options	A CIS may invest no more than [10%] of its net asset value in warrants and options.
57	Investment in other collective investment schemes	<ul style="list-style-type: none"> (1) A CIS may only acquire the units of any other ECSRC authorised CIS. (2) A CIS may invest in aggregate no more than [5 %] of its net asset value in the units of other authorised CIS (3) A CIS may acquire no more than [10%] of the units of any single authorised CIS. (4) A CIS may invest all of its assets in a single CIS and be authorised as a feeder CIS, provided that - <ul style="list-style-type: none"> a) the underlying CIS is ECSRC authorised; b) the CIS particulars must state that the CIS is a feeder CIS into the underlying CIS; and c) the CIS borrowing may not exceed[10 %] of its net asset value and shall be restricted to redemptions or defraying operating expenses. (5) No increase in the overall fees or costs shall result if the CIS invests in a like managed CIS (same management company or by a connected person of that company).
58	Prohibition of real estate investments	A CIS may not invest in any type of real estate or real estate interests.
59	Restriction on lending of money	None of the money in the CIS property may be lent. Purchasing a debenture is not lending, nor is the placing of money on deposit or in a current account.
60	Restriction on lending of property other than money	<ul style="list-style-type: none"> (1) None of the CIS property other than money may be lent. Stock lending transactions are not lending. (2) None of the CIS property may be mortgaged (except to secure money borrowed).
61	Unlimited liability	A CIS may not acquire any asset, which involves the assumption of any unlimited liability.
62	Limitations on securities in which	A CIS may not invest in any security class if any director or management company officer owns more than ½% of the total

CIS Regulation: Part Nine – Restrictions on Investment Powers of CIS		
	directors or officers have interests	amount issued, or, collectively own more than 5%.
63	Limitations on nil-paid or partly paid securities	The CIS portfolio may not include any security where a call is to be made for any sum unpaid unless that call could be met in full out of cash or near cash by the CIS's portfolio.
64	Limitations on borrowing	A CIS may borrow under the following conditions:- a) up to a maximum of [10%] of its net asset value provided that the borrowing is temporary; and b) for an investment company, up to a maximum of [10%] of its net assets provided that the borrowing is to acquire immovable property and not to exceed [15%] of the net assets of the investment company.
65	Prohibition of short selling	A CIS may not carry out uncovered sales of transferable securities.
66	Applicability of restrictions to umbrella collective investment schemes	(1) This Part shall to the umbrella CIS as if each such separate part were a single CIS. (2) The total collective investment by the sub-CISs in any class of security issued shall not exceed [10%] of the net asset value of all the sub-CISs taken as a whole.
67	Breach of investment limits	If the investment limits are breached, the management company shall take all steps necessary to remedy the situation
68	Name of collective investment scheme	If the CIS name indicates a particular objective, geographic region or market, the CIS shall invest at least 70 % of its non-cash assets

Conduct of Business: This Regulation defines how the intermediary will conduct their place of business, where the office will be located, how many employees will be available, where records will be stored, how available the records must be to external auditors or the commission, what responsibilities the intermediary has to its clients, and what interest must be served on behalf of the client.

Conduct of Business Regulation: Part One - Preliminary		
1	Citation and commencement	Securities (Conduct of Business) Regulations operative on the [specified date..].
2	Application	(1) These regulations apply to all licensees of securities business. (2) These regulations apply to all securities business unless a specific regulation has precedence.
3	Contravention	A licensee who violates any provision of these regulations commits a disciplinary offence.

Conduct of Business Regulation: Part Two – Code of Business Conduct

Conduct of Business Regulation: Part Two – Code of Business Conduct		
4	Independence	When a licensee is advising or acting for a customer - a) it shall not claim it is independent or impartial if it is not; and b) it shall ensure that any claim it makes adequately includes any limitation.
5	Material interest	When a licensee has a material (conflict of) interest in a transaction, the licensee shall not knowingly advise, or exercise of discretion, unless it has, - a) fairly disclosed that material interest or relationship to the customer; or b) ensure that neither the material interest nor relationship adversely affect the customer's interests.
6	Inducements	A licensee must ensure that neither it nor its employees or agents either offers, gives, solicits or accepts, any inducement that is likely to conflict with any customer duties.
7	Fair and clear communications	(1) A licensee may communicate with another person to promote the securities investment business services if it can show that it believes that the communication is fair, comprehensive and not misleading. (2) A licensee shall ensure that any agreement, written communication, notification or information that it gives or sends to customers is presented fairly and clearly.
8	Customers' understanding of risk	A licensee shall not - a) recommend a transaction to a customer, or effect a discretionary transaction, unless it has taken steps to enable the customer to understand the risks involved; b) mislead a customer as to any advantages or disadvantages of a contemplated transaction; or c) promise a return unless it is contractually guaranteed.
9	Information about the licensee	A licensee shall ensure that a customer is given adequate information about its identity, business address, status within the licensee's firm and other relevant representatives.
10	Representatives of licensees	(1) A licensee shall satisfy itself that any representative it appoints is fit and proper to act for it in that capacity. (2) The licensee shall also satisfy itself that it has adequate resources to monitor and enforce compliance.
11	Customer agreements	(1) A licensee shall not provide to a customer any securities investment business services relating to - a) the discretionary management of a portfolio; or b) any other authorized ECSRC type of business, except under a written customer agreement signed and returned. (2) The ECSRC may prescribe special procedures for discretionary accounts operation, which must be followed.
12	Where customer	(1) When a licensee provides a customer on written contractual

Conduct of Business Regulation: Part Two – Code of Business Conduct		
	agreement required	terms, the agreement shall detail those services provided. (2) A court may set aside or vary an agreement entered into in violation of this rule, but this does not affect any dealing or transaction executed by the licensee for the customer.
13	Customers' rights	(1) A licensee shall not seek to exclude or restrict - a) any duty or liability to a customer which it has under any law or ECSRC rules; b) any other duty to act with skill, care and diligence that is owed to a customer; c) any liability owed to a customer for failure to exercise the degree of skill, care and diligence. (2) A purported exclusion or restriction prohibited by this rule shall be void and of no effect.
14	Suitability	A licensee shall ensure that it does not give securities investment business advice to, nor effect a discretionary transaction unless that advice or transaction is suitable for him.
15	Charges	(1) A licensee's charges shall not be unfair in their incidence or unreasonable in their amount. (2) Before a licensee provides a customer service, it shall disclose to him the basis or amount of its service charges and the amount of any other remuneration receivable by it.
16	Confirmation and periodic information	(1) When a licensee effects a sale or purchase, it shall ensure that the customer is sent within 24 hours a confirmation. (2) When a licensee acts as an investment manager, it shall send a customer account portfolio report at the beginning and end of the period, its composition, and for discretionary portfolio or account, changes in its composition.
17	Customer order priority	A licensee shall deal with customer and its own account orders fairly and in due turn.
18	Timely execution	When a licensee has decided to effect a customer order, it shall effect the execution of the order as soon as possible.
19	Best execution	When a licensee deals with or for a customer it shall find and deal on the terms, which are the best available to the customer.
20	Timely allocation	A licensee shall ensure that transaction it executes is promptly allocated.
21	Fair allocation	When a licensee has aggregated a customer order with an order for its own account, or with an order for another customer, then in the subsequent allocation – a) it shall not give unfair preference to itself or to any of those for whom it dealt; and b) if all orders cannot be satisfied, it shall give priority to satisfying customer orders.
22	Front running	When a licensee publishes a price-sensitive recommendation or

Conduct of Business Regulation: Part Two – Code of Business Conduct		
		research or analysis, it shall not knowingly effect its own account in the investment or in any related investment until the customers have had a reasonable opportunity to react to it.
23	Churning	A licensee shall not - a) deal or arrange a deal in the exercise of discretion for any customer; or b) advise a customer to deal too frequent or too large.
24	Insider dealing	A licensee shall not knowingly profit, from inside information in the hands of any of its officers, employees or agents, or assist anyone with such information to make a profit for itself.
25	Safeguarding of customer investments	(1) A licensee who has custody of a customer's securities shall: a) Keep safe any documents of title, and b) Ensure that any securities for a customer are properly registered in his name or an appropriate nominee.
26	Complaints	A licensee shall have internal procedures to ensure the proper handling of customer complaints and that any appropriate remedial action on those complaints is promptly taken.
27	Compliance	(1) A licensee shall ensure procedurally that - a) its officers, employees and other representatives are aware of their obligations under the Act and regulations, and that they act in conformity with them; and b) sufficient data is recorded & retained about its securities business and compliance with the Act and regulations. (2) ECSRC records are to be maintained and be kept available for inspections by an ECSRC authorise person, for 6 years.
28	Supervision	A licensee shall establish and maintain procedures - a) for the supervision of each of its officers, employees and other representatives; and b) for ensuring that each such person does not give advice or provide services beyond his competency.
29	Customer confidentiality	(1) All information in the licensee's possession relating to a customer shall be kept confidential. (2) A licensee may disclose customer information when required to do so by the ECSRC, a clearinghouse or the market supervision of a securities market of which it is a member, or if ordered by a court.
30	Cessation of business	When a licensee withdraws from securities business it shall - a) notify the ECSRC and its customers of such decision; b) ensure that any outstanding business is properly completed or transferred to another licensee.

Discipline: This Regulation defines what disciplinary action can be taken against an intermediary if charges are found to be valid by the ECSRC, what penalties can be imposed, what duration of penalties can be imposed and how an intermediary can appeal any disciplinary action.

Discipline Regulation: Part One - Preliminary		
1	Citation and commencement	Securities (Discipline) Regulations shall come into operation on the [specified date].
2	Institution of disciplinary proceedings	(1) When it appears to the ECSRC in the light of an inspection or an investigation, of the Act that – a) that the licensee is not a fit and proper person to carry on securities business; b) that the licensee has violated the Act or any regulation made under the Act; or c) it is desirable for the protection of investors, and the ECSRC decides that the matter should be the subject of disciplinary proceedings, the ECSRC shall refer the disciplinary proceedings to the Disciplinary Committee.
3	Jurisdiction of Disciplinary Committee	The Disciplinary Committee shall hear and determine disciplinary proceedings against a licensee referred.
4	Appointment of Disciplinary Committee Panel	(1) The Monetary Council shall appoint a Panel of not less than [] individuals who shall be Disciplinary Committee Members. (2) The Monetary Council shall appoint one member to be the panel chairman & another member to be deputy chairman. (3) The deputy chairman may perform chairman functions.
5	Revocation of appointment to Disciplinary Committee Panel	The Monetary Council may revoke the appointment of any member of the Panel if it is desirable for the effective performance by the Disciplinary Committee of its functions.
6	Convening of Disciplinary Committee	Where disciplinary proceedings are referred by the ECSRC to the Disciplinary Committee, the Panel chairman shall select [3] members to hear and determine the matter.
7	Secretary	(1) The Monetary Council shall appoint a secretary to the Disciplinary Committee to carry out administration. (2) The secretary may sit with the Disciplinary Committee, but may not take part in its deliberations.
8	Majority decision	If the Disciplinary Committee members are not unanimous in their decision, the majority shall decide. If the members are equally divided, the decision shall favour the licensee.

Discipline Regulation: Part Two – Pre-Hearing Matters		
9	Statement of case	Within [3] days of the disciplinary proceeding referral to the Disciplinary Committee, the ECSRC shall serve the licensee and the Disciplinary Committee a statement of charge(s) and a summary of the principal facts.
10	Exchange of evidence	After the service of a statement, except where the licensee

Discipline Regulation: Part Two – Pre-Hearing Matters

		<p>admits in writing to the charges to the ECSRC –</p> <ul style="list-style-type: none"> a) the ECSRC shall, within [7] days of the served statement, serve the licensee and the Disciplinary Committee copies of documents it intends to rely and a witness list it proposes to call with an outline of their proposed evidence; and b) the licensee shall, within [14] days of being served by the ECSRC, serve on the ECSRC and the Disciplinary Committee a statement of defence which shall include its intended pleas to the charges, which evidence of the ECSRC is agreed, which documents are agreed, what admission of facts the licensee makes, and a list of the witnesses it proposes to call with an outline of their proposed evidence.
11	Directions of Disciplinary Committee	The Disciplinary Committee may give all such directions and take other steps for the clarification of the facts and issues and for their fair and efficient presentation.

Discipline Regulation: Part Three – The Disciplinary Committee Hearing

12	Notice of hearing	The secretary to the Disciplinary Committee shall provide written notice to the licensee and the ECSRC within [15] days of the time and place of the hearing.
13	Admission of charges	The licensee may admit all or any of the charges referred to in the ECSRC’s statement by written notice to the Disciplinary Committee not less than [2] days before the day of the hearing.
14	Attendance	<ul style="list-style-type: none"> (1) The licensee’s officer or principal shall attend the hearing. (2) If the licensee fails to attend the hearing, the Disciplinary Committee may proceed in its absence.
15	Burden and standard of proof	<ul style="list-style-type: none"> (1) The burden of proof shall be on the ECSRC. (2) The standard of proof shall be that applicable in civil proceedings (the balance of probability).
16	Evidence and directions	<p>Proceedings at the Disciplinary Committee hearing shall be governed by these regulations and by the rules of justice, subject to which the Disciplinary Committee may –</p> <ul style="list-style-type: none"> a) admit any evidence without any requirement that it be on oath, and whether or not the same would be admissible in court; b) make all such directions with regard to the conduct of and the procedure at the hearing for securing a proper opportunity for the licensee to answer the case against it.
17	Conduct of hearing	<p>In conducting the hearing, the Disciplinary Committee may regulate its sittings and apply such rules on procedure and practice as it sees fit, provided that –</p> <ul style="list-style-type: none"> a) the Disciplinary Committee shall act fairly and shall give

Discipline Regulation: Part Three – The Disciplinary Committee Hearing		
		<p>the licensee a reasonable opportunity to make written or oral representations, to call witnesses and to cross-examine any witness called against him;</p> <p>b) the Disciplinary Committee may determine the issue and any penalty on the basis of written evidence and representations, it is satisfied that it is suitable for such determination and the licensee consents;</p> <p>c) in determining the issue by way of oral hearing, the Disciplinary Committee -</p> <p style="padding-left: 40px;">(i) shall hear the matter in private;</p> <p style="padding-left: 40px;">(ii) may permit the licensee to be represented;</p> <p>d) where the matter in issue against a licensee is found to be proved, the Disciplinary Committee shall allow the licensee, or its designate, to address it in mitigation of penalty.</p>
18	Record of hearing	<p>(1) The Disciplinary Committee shall record the hearing electronically or otherwise.</p> <p>(2) The licensee is entitled to a transcription or copy of the record on payment of the cost.</p>
19	Penalties	<p>On each charge admitted or proved, the Disciplinary Committee may impose one or more of the following penalties –</p> <p>a) issue a private warning or reprimand;</p> <p>b) issue a notice of public censure;</p> <p>c) impose a fine in such amount as it considers appropriate;</p> <p>d) suspend its license granted;</p> <p>e) revoke its license.</p>
20	Decision	<p>Following the disciplinary proceeding, the Disciplinary Committee shall deliver to the licensee and the ECSRC a written decision comprising a summary of –</p> <p>a) the charges admitted;</p> <p>b) its findings, with a statement of its reasons, as to whether any charges not admitted are proved;</p> <p>c) its findings or views on any facts or matters to which it wishes to draw attention; and</p> <p>d) any penalties and order for costs imposed.</p>
21	Costs	<p>(1) The Disciplinary Committee may order either party to the disciplinary proceedings to pay costs regardless of the outcome of the proceedings.</p> <p>(2) Costs may be awarded against the ECSRC only if the ECSRC has behaved unreasonably in the commencement or conduct of the proceedings.</p> <p>(3) The Disciplinary Committee may determine or delegate the determination of the amount of costs.</p> <p>(4) Costs awarded shall be payable within [15] days of the</p>

Discipline Regulation: Part Three – The Disciplinary Committee Hearing		
		written notice of the determination of the amount or the conclusion of any appeal against that determination.

Discipline Regulation: Part Four – Appeal to Monetary Council		
22	Right of appeal against finding charge is proved	A finding by the Disciplinary Committee that a charge is proved may be appealed by the licensee on the following grounds – a) that the Disciplinary Committee misdirected or misconducted itself; b) that the decision of the Disciplinary Committee was against the weight of the evidence; or c) that the decision of the Disciplinary Committee was based on an error of law or a misinterpretation of the Act or regulations.
23	Right of appeal on penalty or costs	A licensee may appeal if they feel the penalty imposed or amount awarded was excessive.
24	Time for appeal	Within [10] days of the Disciplinary Committee decision, the licensee may appeal to the Monetary Council by serving a written notice of appeal on the Disciplinary Committee.
25	Notice of appeal	A written notice of appeal shall set out each charge relevant to the appeal, the grounds of appeal and a brief statement of the matters relied on in respect of each ground.
26	Proceedings by written submissions	An appeal shall be written submissions of the licensee and the ECSRC.
27	Powers of Monetary Council on appeal	After considering the written submissions of the licensee and the ECSRC, the Monetary Council may confirm, reverse or vary the decision of the Disciplinary Committee.
28	Finality	The decision of the Monetary Council on an appeal under these regulations shall be final.

Securities (Continuing Disclosure Obligations of Issuers): This Regulation defines the reporting requirements of an issuers, how frequently they must report, to whom, what data must be included in these disclosures, and what are the results of non-disclosure of information.

Disclosure Regulation: Part One - Preliminary		
1	Citation and commencement	Securities (Continuing Disclosure Obligations of Issuers) Regulations shall come into operation on the [].
2	Application	To issuers of shares, warrants or corporate debt securities which are: a) “publicly offered” – issuer has issued the securities pursuant to prospectus, or b) “publicly traded - irrespective of date issued, (i) listed or dealing on a market, (ii) held by more than [100] people,

		(iii) determined by the ECSRC with regard to frequency and volume of trading
3	Interpretation	Definition of terms related to disclosure.

Disclosure Regulation: Part Two – Disclosure Obligation

4	General obligation	<p>Apart from specific requirements, an issuer shall notify the market or dealer of their securities, ECSRC, its members and holders of its securities immediately of any major new development in its activity which is not public that:</p> <ul style="list-style-type: none"> a) is necessary to enable them & the public to appraise the financial positions of the issuer and its subsidiaries, or b) would likely bring about a material change in the price or, or establish a false market in, its securities
5	Delivery of accounts, etc.	<p>The issuer shall send to –</p> <ul style="list-style-type: none"> a) the securities market; b) the ECSRC; c) every member of the issuer; and d) every holder of securities, a copy of the issuer’s annual accounts, auditor’s and director’s reports, not less than 3 weeks before the issuer’s annual general meeting nor more than 6 months after the end of that financial year.
6	Information to accompany directors’ report	<p>The issuer shall include with the annual directors’ report –</p> <ul style="list-style-type: none"> a) a description of the principal activities of the issuer and its subsidiaries and, a statement giving the turnover and contribution to operating profit; b) a geographical analysis of consolidated turnover and contribution to trading results of trading operations carried on by the issuer and its subsidiaries outside []; c) a statement showing - <ul style="list-style-type: none"> (i) the name of subsidiary/business location; and (ii) particulars of the issued share capital and debt securities, the number of subsidiaries, compliance shall not be required except for subsidiaries carrying on a business, materially affected the amount of the profit or loss of the issuer or the amount of the issuer’s assets; d) a statement at the end of the financial year showing- <ul style="list-style-type: none"> (i) the interests of each director and chief executive of the issuer, and of the associates of such director and chief executive; and (ii) the details of any right to subscribe for equity or debt securities granted to any director or chief executive, and of the associates of such director and chief executive, and of the exercise of any such right;

Disclosure Regulation: Part Two – Disclosure Obligation

		<ul style="list-style-type: none"> e) the statement required must- <ul style="list-style-type: none"> (i) distinguish between beneficial and non-beneficial interests; and (ii) specify the company, class and number held; (iii) in the event of operating results materially different from forecast, an explanation for the difference; (iv) a statement for any significant departure from applicable standard accounting practices; (v) a statement of bank loans, overdrafts, and other borrowings and the aggregate amounts repayable- f) on demand or within a period not exceeding 1 year; <ul style="list-style-type: none"> (i) more than 1 year but not exceeding 2 years; (ii) more than 2 years but not exceeding 3 years; (iii) within a period of more than 3 years; g) a statement of the amount of interest capitalised by the issuer and its subsidiaries; h) a statement as to the period unexpired of any service contract, of any director proposed for election at the annual general meeting or, if there are no service contracts; i) summary particulars of any significant contract in which a director is or was materially interested, or if there has been no such contract; j) summary particulars of any significant contract between the issuer, or one of its subsidiary companies, and a controlling shareholder or any of its subsidiaries; k) summary particulars of any significant contract for the services to the issuer and its subsidiaries by a controlling shareholder or any of its subsidiaries; l) a summary of the assets and liabilities for the last 5 years, with explanations or adjustments for changes in capital.
7	Interim reports	<p>(1) The issuer shall prepare an interim report within the first 6 months and, not later than 4 months after the end of that period of 6 months, the issuer shall-</p> <ul style="list-style-type: none"> a) publish in at least [2] newspapers an announcement containing the interim report information, the day after board approval; b) supply the ECSRC with the names of the newspapers and the publication date; and c) as soon as possible, send to the securities market and to every holder of its securities a copy of the interim report.

Disclosure Regulation: Part Two – Disclosure Obligation

		<p>(2) Each interim report shall contain at least the following information stated in respect of the issuer and its subsidiaries -</p> <ul style="list-style-type: none"> a) turnover; b) profit (or loss) before taxation and extraordinary items with separate disclosure of exceptional size or incidence; c) taxation on profits and the basis of computation; d) profit attributable to minority interests; e) profit attributable to shareholders before extraordinary items; f) extraordinary items (net of taxation); g) profit attributable to shareholders; h) amount of dividend paid or proposed on each class of shares and the amounts absorbed; i) transfers to and from reserves; j) earnings per share calculated before extraordinary items; k) comparative figures; and l) a statement at the end of the 6 months showing the interests of each director and chief executive of the issuer, and of their associates, in the share capital of the issuer and its subsidiaries; distinguish between beneficial and non-beneficial interests, and specify the company and the number of shares held. <p>(3) The accounting information of an interim report must state if its been audited or not.</p> <p>(4) Any preliminary announcement of results for the full year shall contain the information required.</p>
8	Acquisition or disposal of assets	<p>In the case of -</p> <ul style="list-style-type: none"> a) any acquisition or disposal of assets by the issuer or any of its subsidiaries where the assets being acquired or disposed of represent:- <ul style="list-style-type: none"> (i) an amount in excess of [15%] of the issuer's asset value or consolidated assets, (ii) any of the issuer's or its subsidiaries' directors or chief executive, or any associate; or (iii) an interest in any company of which a substantial shareholder is a director or chief executive of the issuer or any subsidiary, or any associate; b) any disposal of assets by the issuer or any of its subsidiaries where the net profit before taxation earned by the assets which are the subject of the disposal is in excess of [15%] of the issuer's consolidated pre-tax profit, the issuer shall comply with the disclosure requirements.

Disclosure Regulation: Part Two – Disclosure Obligation		
		<p>c) The issuer shall notify the securities market, the ECSRC and every member and holder of its securities with the following details -</p> <ul style="list-style-type: none"> (i) the date of the transaction and the parties; (ii) a general description of the assets and, if these are shares in whole or part, the name and general description of the activities of the company; (iii) the total consideration and other material terms; (iv) in the case of a transaction - <ul style="list-style-type: none"> (a) the basis of the valuation placed on the assets at the time of acquisition or disposal; and (b) in the case of a disposal, the excess or deficit of the proceeds over or under the book value; (v) in the case of a transaction, the director, chief executive or associate name, office held and relationship.
9	Transactions with related companies where the issuer is a subsidiary	<p>(1) When a transaction takes place between-</p> <ul style="list-style-type: none"> a) the issuer and its holding company; b) the issuer and any subsidiary of its holding company; c) a subsidiary of the issuer, and the issuer's holding company; or d) a subsidiary of the issuer and any subsidiary of its holding company, e) the issuer shall comply with the disclosure requirements. <p>(2) For the purpose of this regulation, "transaction" means –</p> <ul style="list-style-type: none"> a) an arrangement or agreement that the issuer directly or indirectly grants a loan or gives other financial assistance; b) an arrangement or agreement that the issuer provides security, by guarantee or otherwise, for the discharge of any obligation; or c) any transaction other than in the ordinary course of business. <p>(3) The issuer shall notify the securities market, the ECSRC and every member and holder of its securities without delay of the transaction including the following details –</p> <ul style="list-style-type: none"> a) the date of the transaction and the parties; b) the transaction nature, and if a loan, the financial assistance or security, its amount or value.
10	Prescribed information to shareholders	<p>An issuer shall ensure that all the necessary facilities and information are available to enable holders of its listed securities to exercise their rights and, in particular-</p> <ul style="list-style-type: none"> a) shall publish, in at least 2 newspapers having a national circulation, notice of every general meeting;

Disclosure Regulation: Part Two – Disclosure Obligation		
		<ul style="list-style-type: none"> b) inform holders of securities of the holding of meetings which they are entitled to attend; c) enable them to exercise their right to vote, where applicable; d) publish notices or distribute circulars giving information on- <ul style="list-style-type: none"> (i) the allocation and payment of dividends and interest; (ii) the issue of new securities, including arrangements for the allotment, subscription, renunciation, conversion or exchange of the securities; and (iii) redemption or repayment of the securities.
11	Board meetings	The board meeting date will be notified 10 days in advance to securities market holders. At the board meeting, decisions on dividends, the annual results or the half-yearly report are expected to be made or announced and approved.
12	Board decisions	The issuer shall inform the securities market and the ECSRC immediately after board approval of – <ul style="list-style-type: none"> a) a decision to declare any dividend or to make any other distribution on its securities, and the rate and amount; b) a decision not to declare any dividend which would otherwise have been expected; c) a preliminary announcement of profits or losses; d) a proposed change in the capital structure, and e) a decision to change the general character or nature of the business of the issuer or its subsidiaries .
13	Securities market and ECSRC to be notified of certain decisions	The issuer shall inform the securities market and the ECSRC securities market of any decisions made in regard to – <ul style="list-style-type: none"> a) an alteration to the issuer’s constitution; b) any proposed change in its capital structure including its listed debt securities; c) a change in the rights to any class of securities into which any debt securities are convertible or exchangeable; and d) a change in its directorate.
14	Basis of allotment	The issuer shall inform the securities market and the ECSRC of the basis of allotment of securities offered to the public for subscription or sale and of the results of any rights issue
15	Winding-up and liquidation	(1) The issuer shall inform the securities market and the ECSRC of- <ul style="list-style-type: none"> a) the winding-up petition, or equivalent, or the making of any winding-up order or the appointment of a provisional liquidator;

Disclosure Regulation: Part Two – Disclosure Obligation		
		<ul style="list-style-type: none"> b) the a voluntary wind up has been passed by resolution; c) the sale by any mortgagee of a portion of the issuer’s assets representing an amount in excess of [15%] of the consolidated net tangible assets; or d) the making of any judgement, declaration or order by any court, which may adversely affect the issuer’s enjoyment of its assets which represents an amount in excess of [15%] of the consolidated net tangible assets. <p>(2) A “major subsidiary” means a subsidiary representing [15%] or more of the consolidated net tangible assets or pre-tax trading profits.</p>
16	ECSRC may require information	<p>(1) The ECSRC may require an issuer –</p> <ul style="list-style-type: none"> a) to provide the ECSRC information in the form and within the time limits required; and b) to publish that information in the form and within the time prescribed to protect investors and maintain the market. <p>(2) If an issuer fails to comply, the ECSRC may itself publish the information.</p>

Disclosure Regulation: Part Three - Sanctions		
17	Action against an issuer	<p>(1) When the ECSRC considers that an issuer has violate any of these regulations, the ECSRC may do one or more of the following -</p> <ul style="list-style-type: none"> a) fine the issuer up to a maximum of EC\$[]; b) censure the issuer; c) publish the fact that the issuer has been fined or censured for violating these regulations; d) suspend trading in or discontinue the admission to dealing of the issuer’s securities. <p>(2) In the event of an issuer being fined, the issuer must disclose details of the fine in its audited accounts.</p> <p>(3) The ECSRC may require an issuer -</p> <ul style="list-style-type: none"> a) to provide to the ECSRC such information in the form and within the time limits specified by the ECSRC; and b) to publish such information in the form and within the time limits specified by the ECSRC to protect investors or maintain a fair and orderly market. <p>(4) If an issuer fails to comply, the ECSRC may itself publish the information.</p>
18	Action against a director	<p>When the ECSRC considers that a violation of these regulations by an issuer is due to a failure by all or any of its directors, the ECSRC may, do one or more of the following -</p> <ul style="list-style-type: none"> a) fine the relevant directors up to a maximum of EC[\$];

Disclosure Regulation: Part Three - Sanctions		
		<ul style="list-style-type: none"> b) censure the relevant directors; c) publish the fact that these directors have been fined or censured; d) in the case of wilful or persistent failure by a director, state publicly that in its opinion the retention of office by the director is prejudicial to the interests of investors; e) if the director remains in office following a public censure by the ECSRC, suspend trading in or discontinue the admission to dealing of the issuer's securities.
19	Notification of sanction	<p>Unless the ECSRC considers that maintenance of an orderly market or the protection of investors otherwise requires, where the ECSRC proposes to take any of the steps described, the ECSRC shall, in relation to the party concerned -</p> <ul style="list-style-type: none"> a) give advance notice of the ECSRC's proposed action; b) invite the written or in person representations to the ECSRC; c) advise of the decision as soon as practicable; and d) advise in writing of the reasons for unfavourable decision.

Prospectus: This Regulation defines the information necessary to be included in a prospectus by an issuer, when a prospectus is required, who is to receive the prospectus, and what penalties can be brought to anyone supplying misleading or erroneous information.

Prospectus Regulation		
1	Citation and commencement	These regulations may be cited as the Securities (Financial and Accounting Requirements) Regulations and shall come into operation on the [specified date].
2	Interpretation	Definition of terms related to prospectus.
3	Exemptions	<ul style="list-style-type: none"> (1) A "full prospectus" contains all information outlined in the Schedule and detailed in II, Corporate Finance Procedure A. (2) A prospectus is not required if any one of the following conditions are satisfied: <ul style="list-style-type: none"> a) Securities are offered: b) to no more than [100] persons; or by the issuer to their members or employees or any of their families, or holder of debentures. c) in connection with a bona fide invitation to enter in to an underwriting agreement with respect to them d) for consideration payable of total EC \$ [] or minimum EC\$ [] amounts. e) in denominations of at least EC\$ [] f) are shares free of charge to any or all holder of shares in

Prospectus Regulation		
		<p>the issuer</p> <p>g) that are the same class and were issued at the same time as securities for which a prospectus has been published.</p> <p>h) that are [10%] of the number, or corresponding market value, of shares of the same class already trading on an exchange, and that market requires current information equivalent to the ECSRC prospectus requirements.</p>
4	Form and content of prospectus	<p>(1) The prospectus will present all information required in a form easy to understand and analyse for investors and their professional advisers to make an informed assessment. Refer to Section II, Corporate Finance, Procedure A, Public Offering of Securities for further information on form and content.</p> <p>(2) If the shares offered are on a preemptive basis to some or all of existing shareholders, the ECSRC may authorise the omission of specified information from a prospectus provided equivalent current information is available.</p> <p>(3) In a situation where an offer is being made within 12 months, or a different, class of securities, a prospectus may be published containing only the differences occurring since the full prospectus which are likely to influence the value, provided it is accompanied by the full prospectus.</p>
5	Exceptions	<p>(1) The ECSRC may authorize omission of information from a prospectus under the following situations:</p> <p>a) disclosure would be contrary to public interest</p> <p>b) the data is minor and not likely to influence assessment of the issuer's financial reports/position or prospects.</p> <p>c) Disclosure would be detrimental to the issuer and omission would not mislead investors in their assessment.</p> <p>(2) An offeror may omit information with respect to an issuer if:</p> <p>a) he is not the issuer nor acting in pursuance of an agreement with the issuer, and the information is not available to him or has not been able to obtain it after making reasonable efforts to do so.</p>
6	Advertisements in connection with public offer	When a prospectus is required, the person proposing to make an offer shall not issue an advertisement to the public unless the ECSRC has approved the prospectus and the address from which it is or will be available.

Takeovers: This Regulation defines the term takeover and the parties involved in such action, how this action must occur, what disclosure requirements are necessary before such action can occur, and what penalties can be imposed if proper procedures are not followed.

Takeovers Regulation: Part 1 – General		
1	Citation and commencement	These regulations may be cited as the Securities (Takeovers) Regulations and shall come into operation on the [specified date].
2	Application	(1) These regulations apply to all takeover or merger offers affecting public companies registered under the Companies Act. (2) All persons engaged in takeover transactions shall observe the general principles and shall comply with the specific requirements.
3	Interpretation	Definition of terms related to takeovers.
4	Object	The object of these regulations is to ensure fair treatment for shareholders that are affected by takeover transactions. This includes requiring timely disclosure, adequate information to allow investors to make informed decisions.
5	Contravention	A person who violates any provision commits an offence and is liable on conviction to a fine not exceeding EC\$[].

Takeovers Regulation: Part 2 – General Principles		
6	Equality of treatment	All shareholders are to be treated equally including shareholders of the same class.
7	Information to shareholders	During an offer, or one being contemplated, no one can give information to some shareholders, which is not made available to all shareholders. This does not apply to information in confidence by the offeree company to a bona fide potential offeror or vice versa.
8	Announcements	An offeror should announce an offer only after careful and responsible consideration with its financial advisers.
9	Sufficient information and time	Shareholders should be given sufficient accurate information, advice and time to reach an informed decision on an offer. No relevant information should be withheld.
10	Full and prompt disclosure	All persons concerned with takeovers should make full and prompt disclosure of all relevant information and avoid the creation or continuance of an uninformed market
11	Oppression of minority	Rights of control should be exercised and the oppression of minority or non-controlling shareholders is unacceptable.
12	Duties of directors	Directors should have regard to the interests of the shareholders and not to their own personal or family interests.
13	Competent independent advice	A board, which receives an offer, should seek competent independent advice in the interests of its shareholders.
14	Limitations on directors' actions	The offeror and offeree boards have a primary duty to act in the best interests of their shareholders, they must accept that there are limitations with takeover and merger transactions can be

Takeovers Regulation: Part 2 – General Principles		
		carried out. Inevitably, the General Principles and the Specific Rules will impinge on the freedom of action of boards and persons involved.
15	No frustration of offer by offeree board	At no time after a bona fide offer has been communicated to the board of the offeree company, may any action be taken by the board of the offeree company to jeopardize said offer without a general shareholder's meeting.
16	No less favorable terms	If a takeover or merger transaction has been put into a written offer, or shares have been purchased, any subsequent general offer made to the same class shareholders shall not be on less favorable terms.
17	Full cooperation with ECSRC	All parties concerned with takeovers are required to cooperate with the ECSRC, and to provide all relevant information.

• Takeovers Regulation: Part 3–Specific Requirements - Offers		
18	Offer	An offer should be put to the offeree board or to its advisers before the offer is announced to the public.
19	Identity of offeror	If an offer being made is not made by the ultimate offeror, the identity of that person must be disclosed at the outset to the board of the offeree company.
20	Implementation of offer	A board is entitled to be satisfied that the offeror will be in a position to implement the offer in full.
21	Confidentiality	Absolute secrecy before an announcement of an offer or proposed offer is of vital importance. All persons who have confidential information, particularly if it is price sensitive, are required to take the greatest care to prevent a leak. This requirement is additional to the law against insider dealing.

• Takeovers Regulation: Part 3–Specific Requirements - Independent advice, independent committees and shareholder approval		
22	Board of offeree company	A board, which receives an offer, should retain an independent financial adviser to advise the board if the offer is, or is not, fair and the reasons why. Such advice, should be obtained in writing be made known to shareholders along with the board's recommendation. If any of the directors of an offeree company is faced with a conflict of interest, the offeree board should establish an independent committee of the board to discharge the board's responsibilities in relation to the offer.
23	Board of offeror company	If any director of an offeror is faced with a conflict of interest as a result of a proposed offer, the offeror's board should, establish an independent committee to assess the offer. If the conflict is a material one, the ECSRC should establish, the materiality of the offer to the offeror, whether the offeror's board should retain an

• Takeovers Regulation: Part 3–Specific Requirements - Independent advice, independent committees and shareholder approval		
		independent financial adviser to advise the shareholders, and whether the offer should be made conditional upon approval of the majority of the votes cast by shareholders at a general meeting of the offeror's shareholders.
24	Persons not suited to give independent advice	A person who has a conflict of interest with the offeror or offeree will not be regarded as a suitable person to give independent advice.
25	Independent financial advisers and independent shareholders	A financial adviser will not normally be considered to be independent if he is considered to have a relationship with the offeror, the offeree company, or the controlling shareholder(s) of either. If there are shareholders who are not independent because they have an interest in the proposed transaction, the independent adviser should endeavor to represent the best interests of the offeror or the offeree company, respectively, by concerning itself only with the interests of the independent shareholders.
26	Independent committees	Independent committee board members shall consist of directors who have no direct or indirect interest in the offer other than as a shareholder of the offeree. An affiliate is a person, which controls, is controlled by, or is under common control with, the person in question. In case of doubt, the ECSRC should be consulted. If a committee of a board of directors is not truly independent, it should not be characterized as such. If it is not possible to form an independent committee, responsibility for representing the interests of any independent shareholders shall reside with the independent financial adviser.

• Takeovers Regulation: Part 3–Specific Requirements - Announcements		
27	Offers or possible offers	<p>An announcement is required -</p> <ol style="list-style-type: none"> When a firm intention to make an offer is notified to the board of the offeree company; when, following an approach to the offeree company, the offeree company is the subject of rumor and speculation or there is undue movement in its share price, or a significant increase in the volume, whether or not there is a firm intention to make an offer; when, before an approach has been made, the offeree company is the subject of rumor and speculation or there is undue movement in its share price, and there are reasonable grounds for concluding that it is the potential offeror's actions which have led to the situation; or when negotiations or discussions are about to be extended to include more than a very restricted number

• Takeovers Regulation: Part 3–Specific Requirements - Announcements		
		of people .
28	Responsibilities of offeror and offeree for announcements	<p>(1) Before the board of the offeree company is approached, the responsibility for making an announcement can lie only with the offeror. The offeror should keep a close watch on the offeree company's share price and volume for any signs of undue movement.</p> <p>(2) Following an approach to the board of the offeree company, the primary responsibility for making an announcement will rest with the board of the offeree company, which must keep a close watch on its share price and volume.</p>
29	Suspension of trading	When an announcement is required, the offeror or offeree, should notify the ECSRC and the securities market immediately that an announcement is imminent and serious consideration should be given to requesting a suspension of trading in such shares pending publication of the announcement. A potential offeror must not attempt to prevent the board of an offeree company from making an announcement or requesting the securities market to grant a temporary suspension of listing.
30	Announcement of firm intention to make an offer	<p>(1) When a firm intention to make an offer is announced, the announcement must contain -</p> <ul style="list-style-type: none"> a) the terms of the offer; b) the identity of the ultimate offeror or the ultimate controlling shareholder; c) details of any existing holding of voting rights in the offeree company - <ul style="list-style-type: none"> (i) which the offeror owns or over which it has control or direction; (ii) which is owned or controlled or directed by any person acting in concert with the offeror; (iii) in respect of which the offeror has received an irrevocable commitment to accept the offer; and (iv) in respect of which the offeror holds an option to purchase or warrants or other convertible securities; d) all conditions to which the offer or the posting of it is subject; and e) details of any arrangement in relation to shares of the offeror or the offeree and which might be material to the offer. <p>(2) The announcement of an offer should include confirmation by the financial adviser or by another appropriate third party that resources are available to the offeror sufficient to satisfy full acceptance of the offer.</p>

• Takeovers Regulation: Part 3–Specific Requirements - Announcements		
31	Announcement of certain purchases	Acquisitions of voting rights of an offeree company by an offeror may give rise to an obligation to make a cash offer or to increase an offer. Immediately after any acquisition giving rise to such obligation, an announcement must be made, stating the number of voting rights acquired and the price paid, together with any pertinent information not previously announced.

Takeovers Regulation: Part 3–Specific Requirements - Prohibitions		
32	No frustrating action	<p>(1) Once a bona-fide offer has been communicated to the board of an offeree company, no action shall be taken by the board of the offeree company in relation to the affairs of the company without the approval of the shareholders of the offeree company in general meeting. In particular the board must not, without such approval -</p> <ul style="list-style-type: none"> a) issue any shares; b) issue or grant options of any unissued shares; c) create or issue or permit the creation of any securities carrying rights of conversion into, or subscription for shares; d) sell, dispose of or acquire assets of material amount; e) enter into contracts, including service contracts, or f) cause the company to purchase or redeem any shares in the company or provide financial assistance for such purchase. <p>(2) Where the company is under a prior contractual obligation, the ECSRC must be consulted. The ECSRC may grant a waiver from the general requirement to obtain shareholders' approval.</p>
33	No withdrawal of an offer	When there has been an announcement of an intent to make an offer, except with the consent of the ECSRC, the offeror must proceed unless the offer is subject to the prior fulfillment of a specific condition and that has not been met.

Takeovers Regulation: Part 3–Specific Requirements - Information		
34	Information to offerors	Relevant information relating to the offeree, should be furnished equally and promptly to any other bona-fide potential offeror, who should specify the questions to which it requires answers. An offeror is not entitled to receive all the information supplied to its competitor.

Takeovers Regulation: Part 3–Specific Requirements – Obligations of directors		
35	Resignation of directors of offeree company	Except with the ECSRC's consent, the offeree's directors should not resign until the later occurrence of the first closing offer date, or the date when the offer becomes unconditional.

Takeovers Regulation: Part 3–Specific Requirements – Timing and contents of documents		
36	Availability of information	Information about companies in an offer must be made equally available to all shareholders at the same time and in the same manner.
37	Offer document time limit	The offer document, which must not be dated more than three days prior to dispatch, should be posted within 21 days (or, in the case of a securities exchange, 35 days) of the announcement of the offer terms. The ECSRC's consent is required if the offer document may not be posted within this period.
38	Content of offer document	The offer document submitted by the offeror to the offeree shareholders should contain the required information together with any other relevant information.
39	Offeree reply document	The offeree company should send to its shareholders within 14 days of the posting of the offer document, a document containing the information together with any other information it considers to be relevant to enable.
40	Views of offeree's board and financial advisor	The offeree company's document must include the views of its board and the written advice of its financial adviser if the offer is or is not, fair and reasonable and the reasons why. If the offeree company's financial adviser is unable to advise if the offer is, or is not fair, the ECSRC should be consulted.
41	Subsequent documents	Documents subsequently sent to shareholders of the offeree company by either party must contain details of any material changes in information previously published by or on behalf of the relevant party during the offer period.

Takeovers Regulation: Part 3–Specific Requirements–Standard of care and responsibility		
42	Prospectus standard	Any document must be prepared with the same standard of care as if it were a prospectus. This applies regardless who prepares the document. Those who issue such document must ensure that it remains accurate and up to date throughout the offer period, and must notify shareholders of any material change.
43	Sufficient information	Shareholders must be given sufficient information by the offeror and offeree and advice to enable them to reach a properly informed decision as to the merits or demerits of an offer.
44	Director's joint and several responsibility	Documents should state that all directors of the offeror and offeree have jointly accepted full responsibility for the accuracy of information contained in the offer document. Both concur that no omissions or misleading statements are included.
45	ECSRC's consent required for exclusion of directors	If it is proposed that any director should be excluded from such a statement, the ECSRC's consent is required. In such cases, the exclusion and reasons for it should be stated in the document.

Takeovers Regulation: Part 3–Specific Requirements – Profit forecasts		
46	Standard of care	The directors must compile an objective profit forecast. The financial advisers must report whether or not they are able to satisfy themselves that the forecast has been so compiled.
47	Assumptions	When a profit forecast appears, the assumptions, including the commercial assumptions, upon which the forecast is based must be stated in the document. Such assumptions should be specific. All-embracing assumptions and the general estimates made in the profit forecast should be avoided..

Takeovers Regulation: Part 3–Specific Requirements – Asset valuations		
48	Disclosure of revaluations	When revaluations of assets of either the offeror or offeree company are made in connection with an offer, details of the revaluations or an appropriate summary must be included in the offer document circulated to the shareholders.
49	Preparing revaluations	The revaluations must be carried out or confirmed by an independent, expert and the basis of valuation clearly stated. The document should state that the expert has given and not withdrawn his consent to issue the document with the inclusion of the valuation in the form and context in which it is included.

Takeovers Regulation: Part 3–Specific Requirements – Issuance of documents		
50	Filing of documents for comments	Two copies of all documents must be filed with the ECSRC for comment prior to release or publication and must not be released or published until the ECSRC has confirmed that it has no further comments.
51	Publication of announcements	All announcements must be published as a paid announcement in at least one leading daily-published newspaper.

Takeovers Regulation: Part 3–Specific Requirements – Offer timetable		
52	Minimum period	An offer must be open for at least 21 days following the date of posting of the offer.
53	Conditions	If the offer is conditional, it must specify the latest day when the offeror can declare the offer unconditional.
54	14 day period for acceptance	Where a conditional offer becomes unconditional, it should remain open for acceptance for not less than 14 days. Any offer extension announcement may require another 14 day notice in writing must be given before the offer is closed to those shareholders that have not accepted the offer.
55	Final day	Except with the ECSRC’s consent, an offer shall not be kept open after the expiry of 60 days from the date of the posting of the initial offer document unless it has become unconditional.
56	Revised offer	If, in the course of an offer, the offeror revises its terms, all offeree shareholders will be entitled to the revised terms. A

Takeovers Regulation: Part 3–Specific Requirements – Offer timetable		
		revised offer must be kept open for at least 14 days from the date of posting written notification.
57	Acceptor's right to withdraw	An acceptor shall be entitled to withdraw his acceptance after 21 days from the first closing date of the offer, if the offer has not by then become unconditional..

Takeovers Regulation: Part 3–Specific Requirements–Announcement of results of offer		
58	Nature of announcement	The offeror shall immediately inform the ECSRC and the securities market of an offer's status and shall publish an announcement the next day. The announcement shall state the number of shares it has or controls, the number of shares which have accepted the offer have been received, and the number of shares acquired by the offeror during the offer period. The statement must also specify the percentages of the relevant classes of share capital, and the percentages of voting rights.
59	Consequence of failure to announce	The ECSRC should be consulted if an offeror is unable to comply with any of the announcement requirements. The ECSRC may require that acceptors be granted a right of withdrawal, on terms acceptable to the ECSRC, until the requirements of this rule can be met.

Takeovers Regulation: Part 3–Specific Requirements–Restrictions on dealings before and during the offer		
60	Restrictions on dealings before the offer	(1) No securities dealings of the offeree company may be transacted by any person with a commercial interest who has confidential price sensitive information concerning an actual or contemplated offer or revised offer. Such restriction does not apply to an offeror, in respect of such dealings that are transacted for purposes of the offer unless the offeror, is a director or employee of the offeree company. (2) No securities dealings may take place by the offeror except where the offer is not price sensitive in relation to those securities.
61	Restrictions on dealings during the offer	During an offer period, the offeror must not sell any securities in the offeree company except with the prior consent of the ECSRC and following 24 hours public notice that such sales might be made.
62	Restrictions on dealings by offeror during non-cash offers	For an offer consisting of shares of the offeror, traded on a securities market with no cash alternative, the offeror, may not engage in any purchase of the offeror's shares until either the offeror abandons its intention to conduct the offer and the date the related offer period expires.
63	Dealings after termination of	If discussions are terminated or the offeror decides not to proceed with an offer after an announcement has been made, no

Takeovers Regulation: Part 3–Specific Requirements–Restrictions on dealings before and during the offer		
	discussions	dealings in securities of the offeree company by any person privy to this information may take place prior to an announcement of the position.

Takeovers Regulation: Part 3–Specific Requirements–Disclosure of dealings during offer period		
64	Dealings in relevant securities	<p>(1) During an offer period all parties to a takeover or merger transaction and their advisers are free to deal, subject to these regulations and to the disclosures and restrictions mentioned in this regulation being complied with by them</p> <p>a) Own account – Dealings in relevant securities by any person for his own account during an offer period must be disclosed in writing to the ECSRC.</p> <p>b) Discretionary accounts - Dealings in relevant securities by any person for discretionary accounts (but not for non-discretionary accounts) of investment clients during an offer period must be disclosed in writing to the ECSRC.</p> <p>c) Material trading arrangement - Dealings in relevant securities by any company having a material trading arrangement with an offeree company must be disclosed in writing to the ECSRC</p> <p>(2) For the purposes of this Regulation -</p> <p>a) Dealings include the purchase and sale of securities, the exercise or conversion of rights over securities, subscriptions for securities, and redemptions or purchases by a company of its own securities;</p> <p>b) Disclosure of dealings must include the following information -</p> <p>(i) The total of the relevant securities in question purchased or sold, or redeemed or purchased by the company itself;</p> <p>(ii) The prices paid or received;</p> <p>(iii) The identity of the person(s) dealing;</p> <p>(iv) If the dealing is by a person acting in concert with the offeror or the offeree company, an explanation of how that status arises;</p> <p>(v) If the disclosure is made by a [5%] shareholder, and</p> <p>(vi) The resultant total amount of relevant securities owned or controlled by the person(s) in question and the percentage that it represents.</p>

Takeovers Regulation: Part 3–Specific Requirements–Disclosure of dealings during offer period		
65	Dealings by [5%] shareholders	Any person(s) owning or controlling (5%) or more of any security must disclose this information to the ECSRC.
66	Discretionary accounts	If a person manages investment accounts on a discretionary basis, relevant securities managed will be treated as controlled by that person and not by the person on whose behalf the relevant securities are managed.

Takeovers Regulation: Part 3–Specific Requirements – Cash Offer		
67	When cash offer required	<p>(1) Where -</p> <ul style="list-style-type: none"> a) shares of any class under offer in the offeree company have been purchased for cash by an offeror, during the offer period and within 6 months prior to its commencement and such shares carry [10%] or more of the voting rights of the offeree company; b) an offeror making a non-cash offer (for which there is no cash alternative) acquires offeree shares for cash during the offer period and becomes obligated to increase its offer; or c) in the view of the ECSRC there are circumstances which render such a course necessary in order to give effect to have the offer revised, shall be in cash or accompanied by a cash alternative and, the offer price shall not be less than the highest price paid by the offeror for shares of the class that is the subject of the offer during the offer period and within 6 months prior to its commencement. <p>(2) The consent of the ECSRC is required if the offeror wishes to make its offer for a price other than the highest price paid by it, for shares of the class that is the subject of the offer during the offer period and within 6 months prior to its commencement.</p>

Takeovers Regulation: Part 3–Specific Requirements–Purchases at above offer prices		
68	Highest price paid	If the offeror purchases securities in the offeree company in the market during the offer period at above the offer price, the offeror must increase the offer to not less than the highest price (excluding stamp duty and dealing costs) paid for any securities.
69	Offers involving a further issue of listed securities	If the offer involves an issue of securities already traded, the current value of the offer should be established by the average traded price during the immediately preceding trading period. If the offer involves cash and securities, the offeror must endeavor, to effect such increase while maintaining the same ratio of cash to securities as is represented by the offer.
70	Shareholder	Offeree shareholders must be notified in writing of the increased

Takeovers Regulation: Part 3–Specific Requirements–Purchases at above offer prices

	notification	price 14 days before the offer closes, and be told the number and class of securities purchased and the price paid.
71	Special deals	Except with the consent of the ECSRC, neither the offeror nor any person acting in concert with it may enter into arrangements to purchase or sell securities of the offeree company which has not been extended to all shareholders.

Takeovers Regulation: Part 3–Specific Requirements – Conditions

72	Subjective conditions	An offer must not be made subject to conditions, which depend on judgments by the offeror or the fulfillment of them.
73	Acceptance condition	(1) Except with the consent of the ECSRC, all offers shall be conditional upon the offeror having received acceptances by more than [50%] of the voting rights of the offeree company. (2) An offer may be made conditional on an acceptance level of shares carrying a higher percentage of the voting rights.

Takeovers Regulation: Part 3–Specific Requirements – Delay before subsequent offer

74	Temporary ban	(1) Except with the consent of the ECSRC, any offer that has been withdrawn or lapsed, no persons can make an offer for the offeree company within 12 months. (2) This restriction applies to any person contemplating making an offer, but does not announce or deny his intention within a reasonable time.
75	6 months delay before acquisition above offer price	Except with the consent of the ECSRC, no person(s) holding more than [50%] of the voting rights of a company, can within 6 months of closing an offer make a second to shareholders to purchase shares in the same company at a higher price than that made available under the previous offer. For this purpose, the value of a securities exchange offer shall be calculated as at the day the offer became, or was declared, unconditional.

Takeovers Regulation: Part 3–Specific Requirements – Substantial acquisitions

76	Disclosure of acquisitions of [20%] and above	(1) Following an acquisition or disposal of shares carrying voting rights, a person must disclose that acquisition or disposal and his total holding to the company not later than 9.00 a.m. on the day following the date of the acquisition or disposal, if - a) after the acquisition, he comes to hold shares or rights over shares representing [20%] or more, but less than [50%] of the voting rights; or b) after the acquisition or disposal his holding of shares or rights over shares is increased or decreased to or beyond any whole percentage figure representing [20%] or
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Takeovers Regulation: Part 3–Specific Requirements – Substantial acquisitions		
		<p>more, but not exceeding [50%]; or</p> <p>c) after a disposal his holding of shares or rights over shares decreases to one representing less than [20%].</p> <p>(2) Person acting by agreement in the acquisition must have their shares totals aggregated and treated as one person for this regulation. Each person acting in such manner must ensure that the obligations arising under this regulation are fulfilled.</p>

Securities Licences and Fees Regulations: This regulation details the requirements for preparing the correct licence form and submitting the proper fees.

Securities Licences & Fees Regulation: Part 1 - Preliminary		
1	Citation and commencement	States commencement of regulation.
2	Interpretation	Defines the terms used in this regulation.

Securities Licences & Fees Regulation: Part 2 - Licences		
3	Applications	Must follow the respective form.
4	Directions in forms	When preparing forms, directions must be followed.
5	Manner of application for licence	Licence application form & relevant annexes must be enclosed in a sealed envelope & filed with the ECSRC. Signed statements of assets & liabilities along with <ul style="list-style-type: none"> a) certified copies of the last balance sheet (audited) and b) auditor's report and c) copy of Memorandum & Articles of Association. ECSRC may refuse an application if no licence fee accompanies the documents.
6	Alteration of facts disclosed in applications	The applicant must notify the ECSRC in writing of any material change in his application.
7	General conditions	Each licence will be personal and not transferable. The holder will give written notice of any material change. The licensee shall not conduct securities business other than that permitted by its licence.
8	Replacement of licence	When the ECSRC is satisfied a licence is lost, stolen or defaced, a replacement licence may be obtained for a prescribed fee.
9	Display of licence	Holders will display their licence readily visible on the premises where it conducts business.
10	Change of employer by representative	Representatives will not change employers in relation to said licence unless they file the proper notification with the ECSRC.

Securities Licences & Fees Regulation: Part 3 - Fees		
11	Fees	The fees prescribed shall be paid to the ECSRC for a) granting a licence, b) approval of prospectus and c) authorization of Collective Investment Scheme.
12	Waiver by ECSRC	ECSRC may waive or refund any and all fees.

Additional Regulations/Rules Recommended for ECSM

Below is a list of the additional regulations/rules, which the Eastern Caribbean Securities Regulatory Commission (ECSRC) may need to develop in connection with its regulatory functions. For ease of reference, the respective Articles of the Agreement and the Sections of the Act that call for the adoption of the regulations/rules has been noted.

- Section I refers to additional regulations/rules pertaining to the ECSRC Agreement.
- Section II refers to additional regulations/rules pertaining to the Draft Securities Act.
- Section III refers to recommended regulations not specifically set forth in the Act or Agreement, but which can be adopted pursuant to the ECSRC's general powers to adopt/recommend regulations/rules to carry out its regulatory functions.

I. Additional Regulations/Rules – ECSRC Agreement	Agreement Articles
Procedural rules governing internal functions of the SRC	Art. 18
Rules respecting calling and conduct of SRC business meetings	Art. 32(1)(a)
Procedures for initiating and holding hearings	Art. 32(1)(b)
Procedures for appeals and review of orders of delegates and SRO's	Art. 32(1)(c)
Code of conduct governing ECSRCers, officers, and employees of SRC to avoid conflicts of interests and other undesirable practices	Art. 32(1)(d)
Rules respecting organization, procedure, administration, and practices of SRC	Art. 32(1)(e)
II. Additional Regulations/Rules – Securities Act	Securities Act Sections
Rules regarding fees, charges, levies, prescribed by Act or Regulations	6(d)(2)
Procedures for Register of Licenses	71
Regulations for Short Selling (?)	72
Regulations for segregation and safekeeping of customers' money or securities	74
Regulations exempting issuers or offerors from prospectus requirements	95(7)
Regulations allowing draft prospectus to be published in prior to approval by SRC	95(8)
Regulations for procedures for composition of disciplinary committee	
Regulations for procedures for recording and transferring title to securities	149(1)
Regulations for listing and suspension of listed securities	156(1)(e)
Regulations for remuneration of auditors (?) and costs of audits	156(1)(h)
Regulations for authorization and regulation of SRO's	156(1)(k)

III. Additional Regulations/Rules – Not Related to Act or Agreement	
Note: Additional Regulations and Rules not specifically provided for in the Securities Act or Agreement, but which SRC has power to recommend and/or adopt pursuant its general power to make appropriate Regulations, Rules, and Procedures	
Regulations/Rules	
Regulations exempting small issues, and issues to limited number of offerees	
Regulations exempting offers to certain classes of offerees, such as large institutions, wealthy and sophisticated investors (accredited investors)	
Regulations regarding exemptions of trading among accredited investors (Rule 144A)	
Regulations regarding integration of offerings	
Regulations regarding aggregation of offerings	
Regulations setting forth net capital requirements	
Regulations regarding issuer's purchases of its own stock	
Regulations regarding tender offers	
Regulations regarding going private transactions by issuers	
Regulations regarding proxy solicitations	
Regulations that broadly define fraudulent and manipulative practices (Rule 10b-5)	
Regulations regarding re-sales of securities, and safe harbor provisions for re-sales (Rule 144).	
Regulations regarding exemptions for completely offshore offers and sales (Regulation S)	
Regulations prescribing the contents of a) Registration Statements for Public Offerings of Securities; and b) Registration Statements for Public Companies	

ECSRC Operations, Procedures and Guidelines Manual