



THE REGULATOR AND YOU!

Facts about **SECURITIES**

A security is essentially a contract that can be assigned a value and is oftentimes tradable. It includes several readily recognizable investment vehicles such as notes, stocks, preferred shares, bonds, debentures, options in respect of securities, swaps, rights, warrants, and other financial assets, such as investment contracts. All of these are securities and are subject to the regulations of the Financial Services Commission ("FSC").

Some securities contain a promise to pay a return at a specified date. Most government securities are bonds that pay a return. Both stocks and bonds may be traded publicly on organized exchanges such as the Jamaica Stock Exchange.

In general, any non banking transaction that involves an investment of money in an enterprise, with an expectation of profits to be earned through the efforts of someone other than the investor, is a transaction involving a security.



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Under the Securities Act and the Unit Trusts Act, the FSC is responsible for ensuring that individuals and companies dealing in securities and managing unit trust schemes are properly licensed and operating according to the law.

The FSC oversees the licensing, registration, capital adequacy and conduct of approximately 50 firms and over 650 individuals doing business in the securities industry.



The FSC is empowered under the FSC Act and the Securities Act, 2001 to:

- Grant or refuse licenses, and in any case of the breach of the Securities Act and its regulations, suspend or cancel licenses.
- Examine the records of licensees in such a manner as the FSC sees fit.
- Test the integrity, competence and judgment through 'Fit and Proper' assessments, of all significant holders, directors and senior managers of securities firms.
- Introduce measures to reduce the threat of fraud or money laundering in licensed institutions
- Enforce the rules of a recognized Stock Exchange such as the Jamaica Stock Exchange
- Hear appeals by members of a recognized Stock Exchange in matters relating to the operation of that organization
- Take action to prevent manipulation of the securities market
- Take action in the public's interest to stop trading in a security.
- Apply penalties for breaches of the Securities Act.
- Educate the public about the securities industry.

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