FINANCIAL SERVICES COMMISSION

FORM C 1, EXPLANATORY NOTES

GENERAL INSTRUCTIONS

1) The C1 form constitutes the basic requirements as stipulated under Regulations 13 (3) and 14 (3)(b) of The Securities (Conduct of Business) Regulations, 1999.

2) The notes are to be used as a guide in the completion of the C1 form. The form is however not all-inclusive and licensees are expected to provide additional information as necessary to allow the Financial Services Commission to understand their financial status and condition.

3) Explanatory notes are only provided for items where ambiguities may arise in interpretation and classification.

4) The C1 form is to be filed with the Financial Services Commission along with the quarterly financial statements and Management Discussion and Analysis (MD&A) within forty-five (45) days after the end of the financial quarter. The C1 form should also be submitted along with the audited financial statements and MD&A within ninety (90) days after the financial year end. Additionally, as stipulated under paragraph 3.6 of the Guidelines for Margin Requirements for Repurchase Agreements (SR-GUID-04/07-0010), the C1 form should be submitted, along with the monthly financial statements, within fifteen (15) days after the end of each month in which a licensee had outstanding repurchase agreements.

5) All relevant sections should be appropriately completed and the accuracy of the information submitted should be verified by at least two authorized signatories. In cases where the Responsible Officer and the Financial Controller are one and the same, the Chief Executive Officer may be the co-signatory. The C1 form may be e-mailed to securities@fscjamaica.org in which case the use of electronic signatures is strongly recommended.

6) Figures should be stated in thousands of Jamaica dollars, except where indicated otherwise. Any conversion of foreign currency balances should be in accordance with International Accounting Standards.

7) The C1 form should be submitted with accompanying notes where the additional information provided in such notes is important in order for a reader of the form to come to an understanding of the licensee's financial condition.

8) Financial instruments should be reported at current market value as per International Accounting Standards. Assets which are measured at amortized cost and which will therefore not be marked to market should be reported at face value.

MANAGED FUNDS DEFINITION

For the purpose of ensuring accurate reporting on the C1 form, Managed Funds activities may be defined as all situations where the terms of agreement or arrangement between the investor and the dealer allows the dealer full, partial or no discretion with regards to the investment activity to be carried out on behalf of the investor. This includes situations in which customers provide a dealer with:

- Cash;
- Securities;
- Financial instruments;
- A pool of investments; or
- Any variation or combination of these.

The arrangement may allow the funds of the investor to be invested together with the funds of other investors in a collective manner. In addition, investment activities may be undertaken directly by the dealer or through the use of an intermediary.

Managed funds activities exclude the following:

a) Broker transactions – where a security or financial instrument is purchased and delivered to the investor and the transaction has been completed in all respects as at the reporting date; and

b) Custody arrangements – where the dealer has the responsibility for the safekeeping of a security or financial instrument on behalf of its investors, pursuant to a safekeeping agreement.

COMPLETION OF THE C1 FORM

For assistance in completing pages 1a(i) – (iii), 1b, and 1c of the C1 Form, please refer to the Guidelines for Interim Capital Standards for Securities Dealers (“Capital Standards” - SR-GUID-04/07-0011).

The computations being performed are adaptations of Regulations 2A (1) and (2) of the Capital Standards, which respectively state that “Every licensee shall maintain at all times a capital adequacy ratio between its capital base and its risk-based assets and other risk exposures, of not less than the percentage specified by the Commission by notice in writing”; and “The Commission shall determine the respective weights to be applied to the risk-based assets and other risk exposures.”

Page 1a(i) – Risk Weighted Assets (Credit Risk) Computation

Investments in equities and Collective Investment Schemes (“CIS”), as well as all other balance sheet assets that are *not* classified as available for sale or trading assets, must be reported on Page 1a(i). This includes all assets which the dealer intends to hold until maturity, benefitting from contractual cash flow payments. For example, if a licensee has purchased a bond using funds from its proprietary account and expects to collect interest payments on a periodic basis with principal repayment at the maturity of the instrument, then that bond should be reported on Page 1a(i).

Similarly, if the licensee has issued clients with Certificates of Participation (“COPs”), matching the contractual cash flows received from the licensee’s holding of an instrument with the cash flows paid over to these clients, then that instrument should be reported here. Clients holding COPs should not be treated as clients engaged in repurchase agreement (“repo”) transactions.

Excluded from Page 1a(i) are all assets which the licensee intends to trade, sell, or use as underlying securities in repurchase agreement transactions funded by clients.

Amounts should be reported in thousands of Jamaica dollars and entered in the column labelled ‘On-Balance Sheet’. These amounts are automatically multiplied by the appropriate risk weightings in the adjacent column to calculate the individual risk-weighted totals, which are summed to determine the ‘Risk Weighted Assets Total part 1’. This Risk Weighted Assets (“RWA”) total is automatically updated in the ‘CAPITAL ADEQUACY RATIO COMPUTATION’ table located at the bottom of Page 1a(i).

The following categories of assets should be reported on Page 1a(i) of the C1 form:

- *Cash on hand*. This includes all cash held in-house by the licensee on the reporting date, and is assigned a 0% risk weighting;
- *Bank of Jamaica (“BOJ”) deposits and instruments*. This includes the total of all deposits held at the BOJ as well as holdings of BOJ securities. This category is assigned a 0% risk weighting;
- *Government of Jamaica (“GOJ”) securities - domestic currency denominated*. This includes domestic GOJ securities held outright, domestic debt granted to or guaranteed by the GOJ, and domestic debt issued by statutory bodies owned or controlled by the GOJ, or an agency of the GOJ and guaranteed by the GOJ. These are assigned a 0% risk weighting;
- *GOJ securities – foreign currency denominated (“FX GOJ”).* This includes FX GOJ securities which have been purchased/not purchased under margin or repo arrangements entered into with overseas brokers, foreign currency denominated debt granted to or guaranteed by the GOJ, and foreign currency denominated debt issued by statutory bodies owned or controlled by the GOJ, or an agency of the GOJ and guaranteed by the GOJ. Effective June 30, 2012, these are assigned a 100% risk weighting;
- *Debt of G10 countries (inclusive of Governments, Government agencies, and Central Banks)*. This category is assigned a 0% risk weighting;
- *Approved CARICOM debt (inclusive of Government, Government agencies and Central Banks)*. As at September 30, 2011, only the sovereign debts of Barbados and Trinidad & Tobago are approved. These debts are assigned a 0% risk weighting;

- *Goodwill*. A company's reported goodwill is assigned a 0% risk weighting;
- *Investments in unconsolidated subsidiaries*. These are assigned a risk weighting of 0%. An equal amount must be deducted from tier 1 capital in order to derive an accurate capital base for computation of the licensee's capital adequacy ratio.
- *Deposits and other amounts due from local deposit-taking institutions, or any other regulated deposit taking institution*. These include all deposits and all cash items in the course of collection, and are assigned a 20% risk weighting;
- *Amounts due under reverse repurchase agreement transactions*. This includes fixed amounts due under reverse repurchase agreement transactions with licensed securities dealers or licensed deposit taking financial institutions only, irrespective of the transaction currency. The type of assets (inclusive of amounts) which are the subject of these reverse repurchase agreement transactions should be reported in Section A of Attachment 4 of the C1 form. The assigned risk weighting is 20%;
- *Amounts due from non-G10 and non-approved CARICOM governments, central banks and development banks*. These are assigned a 20% risk weighting;
- *Loans (secured by client investments)*. These include all situations where a licensee has lent funds to clients, and the debt obligations of these clients are secured by their investments. These are assigned a risk weighting of 20%;
- *Amounts due from participation in Collective Investment Schemes*. This represents the market value, as at the reporting date, of all investments of the licensee in CISs, inclusive of mutual funds, unit trusts, and other pooled arrangements. The assigned risk weighting is 50%, irrespective of the asset composition of the CIS.
- *Residential mortgages (first charge and current or arrears < 3 months).*Residential mortgages fitting this criterion attract a 50% risk weighting;
- *Other mortgages and loans*. Any loan or mortgage that is not accounted for in any of the previous categories must be reported here, and is assigned a 100% risk weighting;
- *Equity Investments, inclusive of ordinary shares and preference shares*. Investments in the ordinary shares and/or preference shares of companies other than unconsolidated subsidiaries. These are assigned a 100% risk weighting;

- *Fixed Assets*. This includes premises, plant, equipment and other fixed assets of the licensee. The assigned risk weighting is 100%;
- *Other Securities, exclusive of Trading Securities.* This category includes other securities not previously classified, inclusive of claims on the private sector (corporate bonds, promissory notes etc.). The assigned risk weighting is 100%;
- *All other assets*, exclusive of Trading Assets. This includes investments in real estate and other assets not previously classified. Included in this category are accounts receivables, withholding tax receivables, other receivables, and customers' liabilities under guarantees; and
- *Foreign Exchange Exposure*. This reflects the higher absolute value of a licensee's overall net position (short/long) with respect to exposures to foreign currency denominated assets and liabilities. Calculations are performed on page 1c. The assigned risk weighting is 100%.

Page 1a(ii) – Risk Weighted Assets (Market Risk) Computation

With the exclusion of investments in equities and CISs, all balance sheet assets that *are* classified as available for sale or trading assets must be reported on Page 1a(ii). In other words, any asset, excluding equities and CISs, that the licensee intends to trade, sell, or use as the underlying security in a repurchase agreement transaction funded by clients must be reported on Page 1a(ii). In addition, the following should be noted:

- Market Risk capital charges are divided into two types - specific and general. These are further divided into six categories, represented by six tables, based on the currency denomination of the assets; viz the Jamaica dollar, United States dollar, Canadian dollar, British Pound Sterling, Euro, and All Other Currency (converted to United States dollar) denominated assets;
- The capital charge for specific market risk is designed to protect against an adverse movement in the price of an individual security owing to factors related to the individual issuer. These factors are credit rating specific;
- The capital charge for general market risk is designed to capture the risk of loss arising from changes in market interest rates. Generally speaking, the longer the tenor, the greater the price movement for a given change in interest rates. As a result, capital charges increase with the tenor of the security;
- Amounts must be reported by currency and by maturity in one of eight available maturity buckets. Fixed-rate instruments should be allocated according to the residual term to maturity, while floating-rate

instruments should be allocated according to the residual term to the next re-pricing date;

- **Domestic trading assets:**

  Jamaica dollar denominated Government of Jamaica ("GOJ") debt, Bank of Jamaica ("BOJ") securities, and other Public Sector Securities are assigned a specific market risk weighting factor of 0%. "Other Public Sector Securities" includes all securities carrying a GOJ guarantee;

  Other local securities include other domestic currency denominated securities not previously classified, inclusive of claims on the private sector (corporate bonds, promissory notes etc.). These securities are assigned a specific market risk weighting factor of 8%;

  Other trading assets (excluding equities and CISs) include any other domestic currency denominated asset which is classified as an available for sale or trading asset. These are assigned a specific market risk weighting factor of 8%;

- **Foreign currency denominated trading assets:**

  GOJ and other public sector securities debt denominated in foreign currencies are assigned a specific market risk weighting factor of 8%, in direct relation to Jamaica's sovereign credit rating. Debt considered investment grade (inclusive of US, UK, Canadian, other G-10, and approved CARICOM sovereign debt) is assigned a specific market risk weighting factor of 1.6%[1]. All other foreign government debt and foreign currency denominated trading assets (excluding equities and CISs) are assigned a specific market risk weighting factor of 8%;

  Other trading assets (excluding equities and CISs) include any other foreign currency denominated asset which is classified as an available for sale or trading asset. These are assigned a specific market risk weighting factor of 8%;

- The total amounts reported in each maturity bucket (each column) are multiplied by the corresponding general market risk weighting factors to calculate the general market risk capital charges; these are summed to produce a total general market risk capital charge.

  The total amounts reported for each asset category (each row) are multiplied by the corresponding specific market risk weighting factors to calculate the specific market risk capital charges. The resulting capital charges are summed to produce a total specific market risk capital charge;

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[1] Currently only Trinidad & Tobago sovereign debt and Barbados sovereign debt are considered approved CARICOM debt.

- The Market Risk Computation Summary Table located at the bottom of Page 1a(ii) updates automatically and displays total market risk capital charges by currency, as well as the totals converted to Jamaica dollar amounts. Licensees are required to input the foreign exchange rates they used as at the reporting date into cells D98 – D101 of this table;
- The total market risk capital charge (in Jamaica dollars) is multiplied by 10 to derive an RWA Adjustment for Market Risk. This figure is then multiplied by the relevant market risk implementation factor[2] to arrive at a **Risk Weighted Assets Total Part 2** amount, which is then added to the **Risk Weighted Assets Total Part 1** amount calculated on Page 1a(i) to derive an **Aggregate Risk Weighted Assets Total;** used as the denominator in computing the Capital Adequacy Ratio (otherwise referred to as the Capital to Risk Weighted Assets Ratio).

<u>Page 1a(iii) – Check & Balance Sheet</u>

This allows licensees to check the asset totals input into the spreadsheets on Pages 1a(i) and 1a(ii) against the actual balance sheet asset total. The total asset amounts reported on Pages 1a(i) and 1a(ii) are automatically summed to produce a "total assets, based on prudentials" amount, in Jamaica dollars. Licensees should enter the total assets reported on the balance sheet into the table.

The template automatically calculates the difference between these two amounts, with any non-zero amount indicating an error in the template inputs, as differences should be negligible and due primarily to rounding errors. Licensees should resolve any errors in the template before the report is submitted to the FSC.

<u>Page 1b – Tier 1 & Tier 2 Capital Computations</u>

This section determines a licensee's level of regulatory capital (aggregate Tier 1 and Tier 2 capital) for the purpose of meeting capital adequacy requirements. Tier 1 capital represents a more permanent form of capital than Tier 2 capital. Each licensee is expected to maintain at all times a capital base comprising of not less than fifty percent (50%) of Tier 1 Capital. The aggregate of Tier 1 capital (after prescribed deductions) and Tier 2 capital forms the capital base, used as the numerator in computing the Capital Adequacy Ratio.

<u>Tier 1 Capital components:</u>
Tier 1 capital includes permanent shareholder's equity (issued and fully paid ordinary shares/common stock and perpetual non-cumulative preference shares) and certain disclosed reserves (created or increased by appropriations of retained earnings or other surplus, e.g. share premiums, retained profit, retained earnings reserves, statutory revenue reserves and other eligible reserves approved by the Financial Services Commission. Retained earnings should be reported as a positive amount, serving to

[2] The market risk implementation factor is expected to increase by 12.5 percentage points each quarter over a 4 quarter period, moving from 50.0% as at June 30, 2011 to 100.0% as at June 30, 2012.

increase Tier 1 capital, whereas Accumulated Deficits brought forward, reported as a negative amount, will serve to reduce Tier 1 capital.

Tier 1 capital prescribed deductions:
Aggregate fair value reserve (including deferred tax assets) should only be included as a prescribed deduction if it has a debit or negative balance. In instances when it has a negative balance, its absolute value should be deducted from Tier 1 capital.

Other prescribed deductions include:

- Investments in unconsolidated subsidiaries, which are given a 0% risk weighting on Page 1a(i) of the C1 form. These amounts should include losses incurred by the subsidiaries; and
- Goodwill.

Tier 2 capital components:

- Preference shares which are classified as perpetual and cumulative;
- Preference shares which are non-perpetual in nature, but which have an original term to maturity greater than five years;
- Share premium other than that which is included in Tier 1 capital;
- Subordinated term debt, which includes conventional unsecured subordinated debt capital instruments with a minimum original fixed term to maturity of over five years. The maximum amount of this type of debt that can be included in Tier 2 capital is limited to 50% of Tier 1 capital. Subordinated term debt can only be included in Tier 2 capital if it is subjected to adequate amortization arrangements (For example, during the last five years to maturity, a cumulative discount (or amortization) factor of 20% is applied per year to reflect the diminishing value of these instruments as a continuing source of strength).
- General provisions for loss on assets/general loan-loss reserves. This is limited to a maximum of 1.25% of the licensee’s aggregate risk weighted assets total. Provisions ascribed to identified deterioration of particular assets or known liabilities, whether individual or grouped, should be excluded;
- Capital reserve, which is an account for long-term capital investment projects or any other large and anticipated expense(s) that will be incurred in the future;
- Revaluation reserve, which is a reserve account reflecting the estimated surplus created when real property assets are revalued. These assets must be prudently valued, fully reflecting the possibility of price fluctuation and forced sale; and
- Other eligible reserves, as approved by the Financial Services Commission.

Page 1c – Foreign Exchange Exposure (On-Balance Sheet)

The foreign exchange exposure schedule provides details of the licensee’s exposure to foreign currency denominated assets and liabilities. Amounts should be reported inclusive of accrued interest. All foreign currency denominated balance sheet assets and liabilities should be accounted for and reported in the appropriate currencies provided. The available currency classifications include US Dollars, Pound Sterling, Canadian Dollars, Euros, and TT Dollars. If the licensee has investments in other currencies then they should be converted to United States dollar amounts and reported under the "Other" category.

Whenever the asset amount (item 1) exceeds the liabilities amount (item 2), a Net Long Position exists. When this occurs the difference is included in item 3 for the corresponding currency. Similarly, whenever the liabilities amount exceeds the asset amounts a Net Short Position exists, and the corresponding value is included in item 4.

The foreign exchange rate for each currency, applicable as at the reporting date, should be provided and included in item 5. The net long positions and net short positions are then multiplied by the corresponding foreign exchange rates to derive the Jamaica Dollar equivalent long positions (item 6) and short positions (item 7) respectively. All item 6 values are totaled, and likewise all item 7 values are totaled and the results included in the total column for items 6 and 7 respectively. The higher absolute value of the items 6 and 7 totals is placed as the item 8 amount. This value is then automatically inputted in the penultimate row of the first table on Page 1a(i) as the foreign exchange exposure amount.

<u>Pages 2 to 4 of the C1 Form</u>

2.0 MANAGED FUNDS-SECURITIES ACQUIRED (Held on Behalf of Investors)

Managed Funds-Securities Acquired (Held on Behalf of Investors) provides the Financial Services Commission with detailed information on the type of securities in which client funds have been invested.

2.1.0 Short-term Deposits (including Current Account)

This includes deposits payable in one year or less and current account balances in both domestic and foreign currencies.

2.2.0 Government of Jamaica ("GOJ") Securities

This comprises all securities issued by the Government of Jamaica that are held outright and includes, but is not limited to, investment notes, treasury bills, local registered stock, bonds, promissory notes and debentures.

2.3.0 Foreign Government Securities

This reflects all securities issued by the government of countries other than Jamaica. A detailed breakout is required in Attachment 1.

2.3.1 Foreign Govt. Issues

Licensees should submit details on the type of debt security, country of issue, currency denomination, maturity date, market value and cost of the debt security, as well as the name of any overseas transacting brokers. This should be reported in the prescribed format located in Attachment 1.

2.4.0 BOJ Securities

This comprises all BOJ securities held outright and includes, but is not limited to, Certificates of Deposits.

2.5.0 Other Public Sector Securities

This includes all securities held outright that are issued by Local Government and other Public Entities. This section is divided into those public sector securities with payment obligations guaranteed by the Government of Jamaica and those that do not carry a GOJ guarantee.

2.6.0 Reverse Repurchase Agreements

This includes all amounts due under reverse repurchase agreement transactions. A detailed breakout of the securities underlying these transactions should be provided in Section B of Attachment 4.

2.7.0 Commercial Paper

Commercial Paper is defined in The Securities (Disclosure of Interest) Regulations, 1999 ("DOI Regulations") as 'securities comprising or evidencing a debt obligation repayable within a year of the date of issue, whether or not secured or guaranteed, but does not include payment obligations arising out of the sale of goods or services.' Pursuant to regulation 11 of the DOI Regulations, no commercial paper shall be issued unless the issuer and its guarantor , if any, has delivered an information memorandum to the Financial Services Commission.

2.8.0 Promissory Notes (Domestic Currency)

This refers to a debt obligation repayable in one year or more from the date of issue and for which interest is only paid at maturity. This may be secured or unsecured and issued by different entities. When a company issues the promissory note and takes responsibility for payment of the debt, this may be classified as a corporate-guaranteed promissory note. When issued by a non-corporate entity, it is referred to as a non-corporate promissory note. A non-corporate entity may be a sole trader, partnership, fund, trust, an unincorporated association or an organization.

2.9.0 Promissory Notes (Foreign Currency-Jamaican Issue)

This refers to promissory notes issued in foreign currency by Jamaican companies.

2.10.0 Promissory Notes (Foreign Currency-Non-Jamaican Issue)

This refers to promissory notes issued in foreign currency by Non-Jamaican companies.

2.11.0 Corporate Bonds

Corporate Bonds issued by Jamaican companies should be reported under Corporate Bonds (Jamaican Issue) and those issued by foreign companies should be reported under Corporate Bonds (Non-Jamaican Issue).

2.12.0 Equity Investments at Market Value

This refers to ownership interests in a corporate entity. The amounts reported should reflect the market values as at the reporting date. Stocks listed on the Jamaica Stock Exchange ("JSE") are reported as Listed (local exchange) and stocks listed on an exchange other than the JSE are classified as Listed (overseas exchange). Investments in stocks that are not listed on an organized exchange are classified as over-the-counter.

2.13.0 Collective Investment Schemes (CIS)

Collective Investment Schemes refer to all types of arrangements where money is managed for individuals on a collective basis. The arrangement allows the holder of a security to receive on demand, or within a fixed or specified period after demand, or on a fixed or pre-determinable date, an amount computed by reference to the value of a proportionate share in the net assets represented by the security, or where permitted by regulation, by reference to a fixed value. Collective Investment Schemes include the following:

a) Mutual Funds;
b) Unit Trusts;
c) All other variable rate funds other than variable rate insurance contracts and pension funds; and
d) All fixed or guaranteed income money market funds

2.14.0 Derivatives

This refers to the aggregate market value of derivative products purchased on behalf of clients. If market values are not available, then the aggregate outlays may be used. (See Securities Release - Management Discussion and Analysis ("MD&A") – SR-GUID-05/12-0004 for detailed disclosure requirements.)

2.15.0 Other Investments

All investments not otherwise classified should be reported here, with details provided on an additional sheet.

2.16.0 Interest Receivable

This includes interest earned and accrued but not yet collected on deposits, investments and loans.

2.17.0 Other Receivables

All receivables not otherwise classified should be reported here, with details provided on an additional sheet.

2.18.0 Total Managed Funds-Securities Acquired (Held on Behalf of Investors)

This automatically provides the sum total of level codes 2.1.0 to 2.17.0.

Summary Table - MANAGED FUNDS - Securities Acquired (Held on Behalf of Investors) - TOTAL ASSETS BREAKDOWN – This section separates Managed Funds – Securities Acquired (Held on Behalf of Investors) into 'on' and 'off' balance sheet amounts. Licensees are required to enter both amounts, the total of which is expected to equate to the total amount computed at level code 2.18.0. Any difference between these totals is reflected in the last row of the table. The off balance sheet amount will be used in deriving a licensee's intermediation ratio.

Page 5 of the C1 Form:

3.0 MANAGED FUNDS (FORM OF OBLIGATIONS TO INVESTORS)

This section of the C1 Form discloses the nature and extent of obligations due to investors under managed funds arrangements. This includes the amounts due to investors for participation in securities, investments in collective investment schemes, portfolio management, repurchase agreement transactions, and trust management services.

3.1.0 Certificates of Participation

This quantifies the obligations to investors arising from investor participation in securities. These investors are issued with Certificates of Participation ("COPs") which contain information such as the amount of funds invested, and the rates of return and maturity dates of the underlying assets. In order to qualify as a certificate of participation, the contractual interest payment and principal repayment date or dates of the COP must be identical to the contractual interest payment date or dates and principal repayment date, respectively, of each security being participated.

3.2.0 CIS Contract Notes

This indicates the value of contract notes issued to investors whose funds have been placed in Collective Investment Schemes (See level code 2.13.0), and includes mutual funds, unit trusts, and other pooled funds contract notes.

3.3.0 Portfolio Management Certificates

This provides the aggregate value of certificates issued to investors evidencing that the licensee manages the investors' portfolios. This excludes funds invested in pooled fund arrangements.

3.4.0 Repo Liabilities

This represents the liabilities of the licensee arising from Repurchase Agreement transactions. For clarity, this information should be broken down into Repo Liabilities with individual retail clients, non-financial corporate retail clients, deposit taking institutions, insurance companies, other securities dealers, and BOJ Repos assigned to third parties.

3.5.0 Funds held in trust

This represents funds that the licensee manages and for which the licensee acts as trustee, fiduciary or agent for the investors. The licensee usually has full discretion in relation to management of these funds. Pension fund obligations are included in this category.

3.6.0 Funds not yet placed

This represents investors' funds that have been received by the licensee but have not yet been invested as at the reporting date.

3.7.0 Interest Payable

This includes interest due and payable on managed funds and is to be broken down into domestic and foreign currencies.

3.8.0 Other Payables

This represents all payables not otherwise classified.

3.9.0 Total Managed Funds (Form of obligations to investors)

This automatically provides the sum total of level codes 3.1.0 to 3.8.0.

Summary Table - MANAGED FUNDS (Form of Obligations to Investors) - TOTAL LIABILITIES BREAKDOWN – This section separates Managed Funds (Form of Obligations to Investors) into 'on' and 'off' balance sheet amounts. Licensees are required to enter both amounts, the total of which is expected to equate to the total amount computed at level code 3.9.0. Any difference between these totals is reflected in the penultimate row of the table. In addition, the summary table provides an indication of whether or not a shortfall exists between the Managed Funds (Securities Acquired (Held on behalf of investors)) and Managed Funds (Form of obligations to investors) amounts.

Pages 6 & 7 of the C1 Form:

INVESTMENT DEALINGS WITH ASSOCIATED COMPANIES

Associated companies are defined in Section 3 of the Securities Act. The value of investment dealings with associated companies should be reported in the prescribed format shown on pages 6 and 7. Associated companies of the reporting licensee that are licensed under the Securities Act should be reported under Licensees (page 6) while those that are not licensed by the Financial Services Commission should be reported under Non-Licensees (page 7).

Where any one entity is both a borrowing and lending client the gross amounts should be shown; there should be no netting.

The aggregate investment dealing amounts with Associated Companies (both licensees and non-licensees) are automatically divided by total Managed Funds in order to indicate the level of managed fund activities involving associated companies.

ATTACHMENTS:

Attachment 1 – ***Detailed Analysis of Foreign Govt. Issues***

As mentioned at level code 2.3.1, this provides details on all foreign government issues. This should include the description of the debt security, country of issue, maturity date, currency of issue, cost and market value of the debt security, as well as the name of any overseas transacting brokers. Figures should be reported in thousands of Jamaica Dollars.

Attachment 2 – ***Currency Exposure Schedule and Memoranda Items***

The Currency Exposure Schedule is very similar to the foreign exchange exposure (on-balance sheet) located on page 1c. The major divergence lies in the fact that the currency exposure schedule provides details of the licensee's exposure to foreign currency denominated assets and liabilities with respect to ALL managed funds activities. All foreign currency assets and liabilities that were reported in the Managed Funds breakout sections of the C1 form (pages 2 – 5) should be accounted for and reported in the appropriate currencies provided. The available currency classifications include US Dollars, Pound Sterling, Canadian Dollars, Euros, and TT Dollars. If the licensee has investments in other currencies then they should be converted to United States dollar amounts and reported under the "Other" category.

Memoranda Items Section – This section relates to activities of the licensee other than managed funds activities, inclusive of brokered transactions and custodial arrangements.

Attachment 3 – ***Detailed Analysis of Accounts Held with Overseas Brokers (Margin/Cash/Repo Accounts)***

This attachment provides a detailed analysis of a licensee's accounts (margin/cash/repo) held with overseas brokers. The licensee is expected to report on all balances held with overseas brokers as at the reporting date, and indicate the reason for inter-period movements. Amounts should be reported in thousands of United States dollars.

Attachment 4 - ***Schedule of Reverse Repurchase Agreements***

This attachment is divided into two sections. In section A, licensees should report on the type of assets (inclusive of amounts) that are the subject of reverse repurchase agreements reported on the licensee's balance sheet. In section B, licensees should report on the type of assets (inclusive of amounts) that are the subject of reverse repurchase agreements reported at level code 2.6.0 on page 2 of the C1 form.