

THE SECURITIES ACT

REGULATIONS
(under section 76)

THE SECURITIES (CONDUCT OF BUSINESS) REGULATIONS, 1999

*(Made by the Securities Commission and approved by the Minister
on the 29th day of April, 1999)*L.N. 60E/99
Amdt.:
L.N. 113B/2002
105/2003
117A/2014

1. These Regulations may be cited as the Securities (Conduct of Business) Regulations, 1999.

2.—(1) In these Regulations—

“A Buy-In” is the cost of the purchase which is transferred to a dealer failing to deliver, by the dealer failing to receive;

“capital” means money raised through the issuance of share certificates, bonds, debentures or any other long-term obligation, contributed or earned surplus and reserves;

“fails” means trades which are not settled on the contractual settlement date within the settlement period;

“licensee” means a dealer or investment adviser to whom a licence is granted under the Act;

“margin”, “margin agreement”, “margin deficiency”, “margin rate” and “margin requirements” mean, subject to paragraph (6), the provisions in that regard determined pursuant to the Rules of the Jamaica Stock Exchange or Regulations issued by the Commission;

“market value” in respect of—

(a) a commodity futures contract, means the settlement price on the relevant date or last trading day prior to the relevant date; and

(b) securities, means—

(i) where the security is listed and posted for trading on a stock exchange, the bid price, or if the security is sold short, the ask price as shown on the exchange quotation sheets as at the close of business on the relevant date or last trading date prior to the relevant date, as the case may be, subject to an appropriate adjustment where an unusually large or unusually small quantity of securities is being valued; or

(ii) where the security is not listed and posted for trading on a stock exchange, a value determined in accordance with paragraph (2);

“stock records” means a record of securities movements kept in the

(2) Subject to paragraphs (3), (4) and (5), the market value of securities not listed and not posted for trading on a stock exchange, shall be determined by assigning a reasonable value on the basis of values shown on published market reports or inter-dealer quotation sheets on the relevant date or last trading day prior to the relevant date.

(3) A licensee may vary a value from that shown on published market reports or inter-dealer quotation sheets where, in light of all the circumstances, some other value would be more appropriate.

(4) The Commission may require that a different value from that determined under paragraph (2) or (3) be assigned, where in light of all the circumstances, some other value would be more appropriate.

(5) Where no published market report or inter-dealer quotation sheet exists with respect to the securities, they shall be assigned a market value of zero, unless the Commission decides otherwise.

(6) For the purpose of the definition of "margin", "margin agreement", "margin deficiency", "margin rate" and "margin requirements", where there is a conflict between the Rules of the Commission and those of the Jamaica Stock Exchange, the Rules of the Commission shall prevail.

PART I. *General*

3. Each licensee and representative shall comply with the applicable requirements of these Regulations.

4. Every notice to the Commission required to be provided, filed or given shall be delivered to the Commission in writing.

5. On the directive of the Commission, a licensee may enter into an agreement with regard to the treatment of capital in the form prescribed by the Commission.

6.—(1) On the direction of the Commission, every dealer, other than a dealer referred to in paragraph (3), shall participate in a Compensation Fund or Contingency Trust Fund approved by the Commission.

(2) The Commission may vary the amount required to be contributed to the Compensation Fund or Contingency Trust Fund by any dealer, where it would be in the public's interest to do so.

(3) This regulation shall not apply to dealers who are licensed only in the capacity of a qualifying director in respect of a company applying for a licence under section 9 of the Act and who conduct no business on their own behalf.

PART II. *Changes in circumstances of Licensees*

7.—(1) Subject to paragraph (5), a licensee or officer of a licensee who proposes to acquire directly or indirectly, beneficial ownership of the securities of any other licensee, shall, at least thirty days before the proposed date of the

acquisition, give written notice to the Commission providing all relevant facts to enable the Commission to determine if the acquisition—

- (a) will result in a conflict of interest;
- (b) will prevent a licensee from complying with the conditions of his licence;
- (c) is inconsistent with an adequate level of investor protection; or
- (d) is otherwise prejudicial to the public interest.

(2) The acquisition shall not take effect if, within thirty days of receipt of a notice under paragraph (1), the Commission gives notice in writing to the licensee concerned (hereinafter referred to as a notice of objection) that it objects to the proposed acquisition.

(3) Where the Commission issues a notice of objection under paragraph (2), it shall afford the licensees concerned an opportunity to be heard.

(4) After hearing the licensees the Commission may, if satisfied that the acquisition can be approved, cancel the notice of objection and notify the licensees of such cancellation and of its approval of the acquisition.

(5) Paragraph (1) does not apply to a licensee who, alone or in combination with any other person, proposes to acquire securities which together with the securities already beneficially owned by that licensee or over which that licensee exercises control or direction, do not exceed 5% of any class or series of securities of any licensee that is a listed company on a stock exchange in Jamaica.

PART III. Dealer/Client Relationship

8.—(1) Every licensed dealer shall designate an officer or, in the case of a branch office, a manager reporting directly to the designated officer, who shall be responsible for approving the opening of new client accounts and the supervision of trades made for the clients.

(2) Every licensed dealer shall—

- (a) make enquiries to establish the identity, reputation and where applicable, the creditworthiness of each client;
- (b) ensure that all portfolios under management have a Request For Proposal completed and signed by each client;
- (c) ensure that the Request For Proposal clearly states the kind of authority given to the portfolio manager by the client, such as—
 - (i) full discretion (client grants full authority without consultation);
 - (ii) partial discretion (client must be contacted before execution of any trade/transaction);
 - (iii) custody (no discretion to trade. Assets are for safe-keeping and reporting only); and

- (d) ensure that the Request For Proposal explicitly states the risk appetite of the client, such as—
- (i) aggressive (high risk);
 - (ii) medium (medium risk);
 - (iii) conservative (low risk),

and that each strategy employed by the portfolio manager fits one of the above categories.

(3) Paragraph (2) (b) does not apply to a licensed dealer who executes a trade on the instructions of another licensed dealer.

(4) Where an account is opened and traded on behalf of a client or clients by a dealer who executes orders with another dealer in its own name or identifies its client or clients by means of a code or symbols, that other dealer shall satisfy itself as to the creditworthiness of the first mentioned dealer but shall not otherwise have any responsibility for the suitability of any trade for the client or clients of that dealer.

(5) Where dealer A executes orders in the name of its client with dealer B with no agreement that payment of the account is guaranteed by the investor, dealer A shall—

- (a) obtain full information concerning the client with a view to determining the client's creditworthiness; or
- (b) obtain a letter of undertaking from a registered dealer's or investment adviser's representative of dealer B—
 - (i) stating that the representative is familiar with applicable rules of account supervision;
 - (ii) containing a covenant to make the investigation required by this regulation and to advise, where known, if the client is an insider or an employee, director or officer of a company or a partner in a firm engaged in the securities business,

but dealer A shall not have responsibility for determining the suitability of any trade for the client.

9.—(1) Every licensee shall maintain standards which are not inconsistent with the provisions of the Act or any regulations made thereunder, in relation to—

- (a) ensuring fairness in the allocation of investment opportunities among its client; and
- (b) ensuring that no trade is conducted on the dealer's own behalf or on behalf of selected clients when the dealer is in possession of material information that has not yet been made public.

(2) Licensees and their representatives shall where applicable adopt the standards of professional conduct contained in the First Schedule.

(3) A copy of the standards adopted shall be furnished to each client and filed with the Commission.

(4) Every licensee shall ensure that—

- (a) the account of each client is supervised separately from the accounts of other clients; and
- (b) except in the case of mutual funds, unit trust or pension funds, or as expressly permitted by the Commission, an order placed on behalf of one account is not pooled with that of another account.

(5) Where—

- (a) there has been a material change in the ownership or control of a licensee; or
- (b) it is proposed that a licensee sell or assign the account of a client in whole or in part to another licensee,

the licensee shall, prior to such sale or assignment and immediately after such material change, give a written explanation to the client of the proposal or change and shall inform the client of the client's right to withdraw the client's account.

(6) In paragraph (5), "material change" means the acquisition of 10% of the voting shares of a licensee or a 10% increase in the holdings of a licensee.

10.—(1) Where there is a debit or credit balance or securities held by a dealer on behalf of a client, the dealer shall send a statement of account to each such client at the end of each month in which the client has effected a transaction.

(2) Where a client has not effected a transaction but there are either funds or securities held by the dealer on a continuing basis, the dealer shall, not less than once every three months, forward a statement of account to the client showing any debit or credit balance and the details of any securities held.

(3) The statement required by paragraph (1) or (2) shall contain a list of the securities held for the client and indicate clearly which securities are held for safekeeping or in segregation.

(4) Except where the client has expressly directed otherwise, every dealer shall send to each client, not less than once every three months, a statement of the portfolio of such client under the dealer's management.

11.—(1) Securities that are held by a dealer for a client pursuant to a written safekeeping agreement and that are unencumbered shall be kept apart from all other securities and be identified as being so held in the dealer's security position record, client's ledger and statement of account.

(2) Securities referred to in paragraph (1) may be released to a third party only on the client's instruction.

(3) Securities which are unencumbered and are either fully paid for or are excess margin securities held by a dealer for a client, other than pursuant to a written safekeeping agreement shall be—

- (a) segregated and identified as being held in trust for the client; and

- (b) described as being held in segregation on the dealer's security position record, client's ledger and statement of account.
- (4) Securities described in paragraph (1) may be segregated in bulk.
- (5) A dealer, or investment adviser shall not lend a client's securities unless—
 - (a) the client has given written permission for such lending;
 - (b) instructions for the lending of securities form part of a written safekeeping agreement; or
 - (c) the securities are lent from the segregated or proprietary positions of the dealer or investment adviser,

and any fees gained from the lending of securities shall be shared with the client from whose portfolio the securities are lent.

(6) Fails shall not be outstanding for more than thirty days.

(7) If the fails cannot be settled between the brokers within thirty days, the broker failing to receive may "Buy-In" the broker failing to deliver.

(8) Short sales may only be transacted by licensees having the creditworthiness and liquid assets to cover such trades in the event that the market moves in an unfavourable direction.

12.—(1) Every licensee shall maintain books and records necessary to record properly its business transactions and financial affairs.

(2) All records may be kept by means of mechanical, electronic or other devices and the licensee shall—

- (a) take adequate precautions, appropriate to the means used, to guard against the risk of falsification of records and breach of confidence regarding the information recorded; and
- (b) provide a means for making the information available in an accurate and intelligible form within a reasonable time to any person lawfully entitled to examine the records.

(3) Without restricting the generality of paragraph (1), a licensee shall maintain each of the following books and records—

- (a) stock records of original entry, containing an itemized daily record of all purchases and sales of securities;
- (b) records of—
 - (i) all receipts and disbursements of cash;
 - (ii) all debits and credits;
 - (iii) the account for which each transaction was effected;
 - (iv) the name or title or both, of the securities;
 - (v) the class or designation of the securities;

- (vi) the number or value or both, of the securities;
 - (vii) the unit and aggregate purchase or sale price, if any;
 - (viii) the trade date and the name or other designation of the person from whom the securities were purchased or received or to whom they were sold or delivered;
- (c) a securities record or ledger showing separately for each security as of the trade date or settlement date—
- (i) all long and short positions, including securities in safekeeping, carried for the licensee's account or for the account of clients;
 - (ii) the location of all securities long and the position offsetting securities sold short; and
 - (iii) the name or designation of the account in which each position is carried;
- (d) ledgers or other records maintained in detail reflecting all the assets and liabilities, income and expense and capital accounts;
- (e) ledgers accounts or other records itemizing separately for each cash and margin account of every client, all purchases, sales, receipts, and deliveries of securities for the account and all other debits and credits to the account;
- (f) ledgers or other records reflecting—
- (i) securities in transfer;
 - (ii) dividends and interest received;
 - (iii) securities borrowed and securities loaned;
 - (iv) money borrowed and money loaned, together with a record of the collateral therefor and any substitutions in the collateral; and
 - (v) securities which the licensee has failed to receive and failed to deliver;
- (g) a record of each order and of any other instruction, or a copy thereof given or received from the purchase or sale of securities, whether executed or unexecuted, showing—
- (i) the terms and conditions of the order or instruction and of any modification or cancellation of the order or instruction;
 - (ii) the account to which the order or instruction is placed by an individual other than the individual in whose name the account is operated or an individual duly authorized to place orders or instructions on behalf of a customer that is a company;

- (iii) where the order or instruction is placed by an individual failing within the exceptions specified in sub-paragraph (ii), the name, sales number or designation of the individual placing the order or instruction;
 - (iv) the date and time of the entry of the order or instruction, and, where the order is entered pursuant to the exercise of discretionary power of a licensee or his representatives, a statement to that effect;
 - (v) the price at which the order or instruction was executed; and
 - (vi) the date and time of execution or cancellation;
- (h) copies of confirmation or other records of all prior purchases and sales or securities and copies of notices of all other debits and credits or securities, cash paid or received and other items for the accounts of clients;
- (i) subject to sub-paragraph (3)(c), a client record in respect of each cash and margin account containing—
 - (i) the name and address of the beneficial owner and the guarantor, if any, of the account;
 - (ii) where trading instructions are accepted from a person or company other than the client, written authorization or ratification from the client naming the person or company; and
 - (iii) in the case of a margin account, a properly executed margin agreement containing the signature of the owner and the guarantor, if any, and the additional information obtained,
but in the case of a joint account or an account of a corporation, such records are required only in respect of the person or persons authorized to transact business for the account;
- (j) a record of all options in which the licensee has any direct or indirect interest or which the licensee has granted or guaranteed, containing at least an identification of the security and the underlying security and the number of underlying securities to which the option relates;
- (k) a record of the proof of money balances of all ledger accounts in the form of trial balances and a record of a reasonable calculation of minimum Free Assets in the case of companies licensed as dealers or investment advisers and net worth in the case of individuals so licensed, prepared for each month within thirty days after the end of the month;
- (l) such other books and records as the Commission may require.

(4) Records relating to unexecuted orders or instructions as prescribed in paragraph (3) (f) and confirmations prescribed in paragraph (3) (g), shall be maintained for a period of at least two years.

(5) Documents relating to executed orders or instructions as prescribed in paragraph (3) (f), shall be maintained for a period of at least seven years and shall be best in a readily accessible location for the first two years of that period.

(6) Every licensee shall maintain the location of its book and records in Jamaica.

PART IV. Periodical Reporting and Accounts

13.—(1) Every company licensed as a dealer or investment adviser shall file with the Commission annual reports in the form specified as Form “PR.A” in the Third Schedule within ninety days after the end of the dealer’s financial year.

Third
Schedule.

(2) Annual audited financial statements, prepared in accordance with the provisions of the Companies Act must be filed with the annual report.

(3) A Management’s Discussion and Analysis of Financial Condition and Results of Operations must be filed with the annual report, and shall include the following information—

- (a) the constitution of liquid funds;
- (b) the amount of funds under management;
- (c) a list of current liabilities owed to clients;
- (d) a statement as to the value of its investments being held in subsidiaries or associated companies.

14.—(1) Every company licensed as a dealer or investment adviser shall file with the Commission quarterly reports in the form specified as Form “PR.Q” in the Fourth Schedule.

Fourth
Schedule.

(2) The reports referred to in paragraph (1) shall be filed within forty-five days after the end of the dealer’s financial quarters, but no quarterly report need be filed for the fourth quarter of any financial year.

(3) The following shall be filed with the quarterly reports—

- (a) quarterly financial statements accompanied by a certificate signed by—
 - (i) the dealer if he is a sole practitioner; or
 - (ii) the qualifying director or two registered representatives if the dealer is a company or partnership,

stating that to their best knowledge and belief the statements filed accurately reflect the financial state of the dealer;

- (b) a Management’s Discussion and Analysis of Financial Condition and Results of Operations including the following information—
 - (i) the constitution of liquid funds;
 - (ii) the amount of funds under management;
 - (iii) a list of current liabilities owed to clients;
 - (iv) a statement as to the value of its investments

being held in subsidiaries or associated companies.

15. Every individual or partnership licensed as a dealer or investment adviser shall file with the Commission—

- (a) annual reports, annual audited financial statements, quarterly reports and quarterly financial statements as required for companies under regulation 14; or
- (b) a sworn statement indicating that the individual licensee has not transacted securities business; and
- (c) proof of continuing to meet net worth requirements.

15A. [*Deleted by L.N. 105/2003*]

16. Every licensee shall—

- (a) within thirty days after each anniversary of the grant of his licence file with the Commission—
 - (i) a valid tax compliance certificate;
 - (ii) a current listing of directors;
 - (iii) a current list of partners;
 - (iv) a current list of all holders of over ten per cent of any class of licensee's shares;
 - (v) a current list of all representatives;
 - (vi) a current list of branches;
- (b) ensure that—
 - (i) an annual credit report is submitted directly to the Commission by the licensee's bank;
 - (ii) an annual statement on pending or outstanding litigation against the licensee is submitted directly to the Commission by the licensee's attorney-at-law.

17. Licensees shall report to the Commission any change in the licensee's auditors within five business days of the change and shall indicate—

- (a) the reason for the change of auditors;
- (b) whether the auditor's report for either of the past two years included an adverse opinion or disclaimer of opinion; or
- (c) whether there were disagreements with the former auditor on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which if not resolved to the satisfaction of the former auditor, would have caused him to make reference to the subject matter of the disagreement in connection with the report.

PART V. *Display of Licences and Certificates of Registration*

18. Every licensee shall display to the public conspicuously at their respective places of business—

- (a) the licence issued to the dealer or investment adviser by the Commission; and

- (b) the certificates of registration issued to the registered representatives of the dealer or investment adviser.

PART VI. *Inspection, Audit and Investigations*

19. The authorized officers of the Commission shall be empowered to conduct such inspections, audit or investigations at the offices of all licensees as may be required to ensure compliance with the Act and these Regulations.

20. Every licensee shall ensure that full co-operation is rendered and all requested information supplied to the authorized officers of the Commission in carrying out inspections, audits or investigations.

21. A person who contravenes any provisions of these Regulations commits an offence and shall be liable on summary conviction before a Resident Magistrate to a fine not exceeding fifty thousand dollars or to imprisonment for a term not exceeding two years or to both such fine and imprisonment.

FIRST SCHEDULE

(Regulation 9)

Standards of Professional Conduct

Licensees shall—

(1) Establish a Compliance Department to monitor compliance with the Securities Act and these Regulations. The Compliance Department must also monitor the personal investment activities of all officers and registered representatives of the licensee. In this regard, the Compliance Department should ensure that officers and registered representatives—

- (a) place their own portfolios in blind trusts;
- (b) report their investment holdings to their employers;
- (c) disclose personal investment decisions to clients; and
- (d) ensure that transactions for clients or employers have priority over transactions in securities or other investments of which the licensee or registered representative is the beneficial owner. If a licensee or registered representative decides to make a recommendation about the purchase or sale of a security or other investment he shall give his clients or employer adequate opportunity to act on this recommendation before acting on his own behalf.

(2) Establish a structure within their organization to restrict the flow of confidential information only to those who need to know in order to perform their duties effectively and this structure shall include—

- (a) a physical separation of the part of the firm that receives insider information from the rest of the firm, and particularly from the part of the firm that trades on its own inventory;
- (b) trading restrictions for officers and representatives of the firm regarding particular securities at particular times when the firm may be in possession of insider information; and
- (c) continuous monitoring and review of trading activities of officers and representatives.

THIRD SCHEDULE

(Regulation 13)

SECURITIES COMMISSION

FORM "PR.A"

GENERAL INSTRUCTIONS

A. Rules as to Use of Form "PR.A"

1. Form "PR.A" shall be used for annual reports under regulations 13 and 15 of the Securities (Conduct of Business) Regulations, 1999. An annual report on this form shall be filed within ninety days after the end of each financial year.

2. This is not a blank form to be filled in. It is a guide to be used in preparing the report.

3. These general instructions are not to be filed with the report. The instructions to the various captions are also to be omitted from the report as filed.

B. Incorporation by Reference

1. If the licensee makes available to stockholders or otherwise publishes, within the period prescribed for filing the report, a document or statement containing information meeting some or all of the requirements of Part I of this form, the information called for may be incorporated by reference from such public document or statement, in answer or partial answer to any item or items of Part I of this form, provided copies thereof are filed as an exhibit to Part I of the report in this form.

2. Other information may be incorporated by reference in answer or partial answer to any item or items of Part II of this form.

A. Rules as to Use of Form "PR.A"

1. Form "PR.A" shall be used for annual reports under regulations 14 and 16 of the Securities (Conduct of Business) Regulations, 1999. An annual report on this form shall be filed within ninety days after the end of each financial year.

2. This is not a blank form to be filled in. It is a guide to be used in preparing the report.

3. These general instructions are not to be filed with the report. The instructions to the various captions are also to be omitted from the report as filed.

B. Incorporation by Reference

1. If the licensee makes available to stockholders or otherwise publishes, within the period prescribed for filing the report, a document or statement containing information meeting some or all of the requirements of Part I of this form, the information called for may be incorporated by reference from such public document or statement, in answer or partial answer to any item or items of Part I of this form, provided copies thereof are filed as an exhibit to Part I of the report in this form.

2. Other information may be incorporated by reference in answer or partial answer to any item or items of Part II of this form.

C. Integrated Reports to Security Holders

Quarterly reports to security holders may be combined with the required information of Form "PR.Q" and will be suitable for filing with the Commission if the following conditions are satisfied—

1. The combined report contains full and complete answers to all items required by Part I of this form. When responses to a certain item of required disclosure are separated within the combined report, an appropriate cross-reference should be made.

THIRD SCHEDULE, *contd.*

2. If not included in the combined report, the cover page, appropriate responses to Part II, and the required signatures shall be included in the Form "PR.Q". Additionally, as appropriate, a cross-reference sheet should be filed indicating the location of information required by the items of the form.

D. Signature and Filing of Report

Three complete copies of the report, including any financial statements, exhibits or other papers or documents filed as a part thereof, and five additional copies which need not include exhibits shall be filed with the Commission. At least one complete copy of the report, including any financial statements, exhibit or other papers or documents filed as a part thereof, shall be filed with each recognized exchange on which any class of securities of the licensee is registered. At least one complete copy of the report filed with the Commission and one such copy filed with each exchange shall be manually signed on the licensee's behalf by the qualifying director or a duly authorized officer who must be a registered representative of the licensee, as well as by the principal financial or chief accounting officer of the licensee.

PART I. *Financial Information*

Item 1. Financial Statements.

Provide the information required by regulation 15 or 16.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Companies shall furnish the information required by regulation 15 (3) (b).

PART II. *Other Information*

Instruction: The report shall contain the item numbers and captions of all applicable items of Part II, but the text of such items may be omitted provided the responses clearly indicate the coverage of the item. Any item which is inapplicable may be omitted. Where information called for in Part II has already been addressed in Part I it need not be repeated in Part II. In these circumstances the information can be incorporated into Part II by direct reference to the place where it is addressed in Part I.

Item 1. Legal Proceedings.

Furnish information on proceedings which have been commenced, terminated or in which there have been material developments during the period covered by the report, including the relevant dates and a description of the disposition thereof.

Item 2. Changes in Securities.

- (a) If the constituent instruments defining the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved and state briefly the general effect of such modification upon the rights of holders of such securities.
- (b) If the rights evidenced by any class of registered securities have been materially limited or qualified by the issuance or modification of any other class of securities, state briefly the general effect of the issuance or modification of such other class of securities, upon the rights of the holders of the registered securities.

Instruction: Working capital restrictions and other limitations upon the payment of dividends are to be reported hereunder.

Item 3. Defaults Upon Senior Securities.

THIRD SCHEDULE. *contd.*

If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not cured within thirty days, with respect to any indebtedness of the licensee or any of its significant subsidiaries exceeding 5% of the total assets of the licensee and its consolidated subsidiaries, identify the indebtedness and state the nature of the default. In the case of such a default in the payment of principal, interest, or a sinking or purchase fund instalment state the amount of the default and the total arrearage on the date of filing this report.

SIGNATURES

Pursuant to the requirements of the Securities (Conduct of Business) Regulations, 1999, the licensee has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

.....	
Licensee	
.....	
Date	(signature—print name and title here)
.....	
Date	(signature—print name and title here)

FOURTH SCHEDULE

(Regulation 14)

SECURITIES COMMISSION

FORM "PR.Q"

GENERAL INSTRUCTIONS

A. Rules as to Use of Form "PR.Q"

1. Form "PR.Q" shall be used for quarterly reports under regulations 14 and 15 of the Securities (Conduct of Business) Regulations, 1999. A quarterly report on this form shall be filed within forty-five days after the end of each of the first three financial quarters of each financial year. No report need be filed for the fourth quarter of any financial year.

2. This is not a blank form to be filled in. It is a guide to be used in preparing the report.

3. These general instructions are not to be filed with the report. The instructions to the various captions are also to be omitted from the report as filed.

B. Incorporation by Reference

1. If the licensee makes available to stockholders or otherwise publishes, within the period prescribed for filing the report, a document or statement containing information meeting some or all of the requirements of Part I of this form, the information called for may be incorporated by reference from such public document or statement, in answer or partial answer to any item or items of Part I of this form, provided copies thereof are filed as an exhibit to Part I of the report in this form.

FOURTH SCHEDULE, *contd.*

2. Other information may be incorporated by reference in answer or partial answer to any item or items of Part II of this form.

A. Rules as to Use of Form "PR.Q"

1. Form "PR.Q" shall be used for quarterly reports under regulations 15 and 16 of the Securities (Conduct of Business) Regulations, 1999. A quarterly report on this form shall be filed within forty-five days after the end of each of the first three financial quarters of each financial year. No report need be filed for the fourth quarter of any financial year.

2. This is not a blank form to be filled in. It is a guide to be used in preparing the report.

3. These general instructions are not to be filed with the report. The instructions to the various captions are also to be omitted from the report as filed.

B. Incorporation by Reference

1. If the licensee makes available to stockholders or otherwise publishes, within the period prescribed for filing the report, a document or statement containing information meeting some or all of the requirements of Part I of this form, the information called for may be incorporated by reference from such public document or statement, in answer or partial answer to any item or items of Part I of this form, provided copies thereof are filed as an exhibit to Part I of the report in this form.

2. Other information may be incorporated by reference in answer or partial answer to any item or items of Part II of this form.

C. Integrated Reports to Security Holders

Annual reports to security holders may be combined with the required information of Form "P.R.A" and will be suitable for filing with the Commission if the following conditions are satisfied—

1. The combined report contains full and complete answers to all items required by Part I of this form. When responses to a certain item of required disclosure are separated within the combined report, an appropriate cross-reference should be made.

2. If not included in the combined report, the cover page, appropriate responses to Part II, and the required signatures shall be included in the Form "P.R.A". Additionally, as appropriate, a cross-reference sheet should be filed indicating the location of information required by the items of the form.

D. Signature and Filing of Report

Three complete copies of the report, including any financial statements, exhibits or other papers or documents filed as a part thereof, and five additional copies which need not include exhibits shall be filed with the Commission. At least one complete copy of the report, including any financial statements, exhibit or other papers or documents filed as a part thereof, shall be filed with each recognized exchange on which any class of securities of the licensee is registered. At least one complete copy of the report filed with the Commission and one such copy filed with each exchange shall be manually signed on the licensee's behalf by the qualifying director or a duly authorized officer who must be a registered representative of the licensee, as well as by the principal financial or chief accounting officer of the licensee.

PART I. Financial Information**Item 1. Audited Financial Statements or Indemnity Insurance.**

Provide the information required by regulation 14 or 16.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

FOURTH SCHEDULE. *contd.*

Furnish the information required by regulation 14 (3).

Item 3. Annual Tax Compliance Certificate.

PART II. *Other Information*

Instruction: The report shall contain the item numbers and captions of all applicable items of Part II, but the text of such items may be omitted provided the responses clearly indicate the coverage of the item. Any item which is inapplicable may be omitted. Where information called for in Part II has already been addressed in Part I it need not be repeated in Part II. In these circumstances the information can be incorporated into Part II by direct reference to the place where it is addressed in Part I.

Item 1. Legal Proceedings.

Furnish information on proceedings which have been commenced, terminated or in which there have been material developments during the period covered by the report, including the relevant dates and a description of the disposition thereof.

Item 2. Changes in Securities.

- (a) If the constituent instruments defining the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved and state briefly the general effect of such modification upon the rights of holders of such securities.
- (b) Class of securities, state briefly the general effect of the issuance or modification of such other class of securities upon the rights of the holders of the registered securities.

Instruction: Working capital restrictions and other limitations upon the payment of dividends are to be reported hereunder.

Item 3. Defaults Upon Senior Securities.

If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not cured within thirty days, with respect to any indebtedness of the licensee or any of its significant subsidiaries exceeding 5% of the total assets of the licensee and its consolidated subsidiaries, identify the indebtedness and state the nature of the default. In the case of such a default in the payment of principal, interest, or a sinking or purchase fund instalment state the amount of the default and the total arrearage on the date of filing this report.

SIGNATURES

Pursuant to the requirements of the Securities (Conduct of Business) Regulations, 1999, the licensee has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

.....
Licensee

.....
Date (signature—print name and title here)

.....
Date (signature—print name and title here)