

**THE**



**JAMAICA  
STOCK  
EXCHANGE**

# **RULES**

## **RULES**

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## Definitions

### ***Block Transactions***

**Block Transactions** - are uninterrupted put-throughs. They are restricted to transactions between members of the same group of companies and other transactions which will not effect a change in the beneficial ownership of the securities.

- I. The Jamaica Stock Exchange (the Exchange) may sanction these transactions only in the case of approved take-overs or where in the case of a listing on the JSE a block transaction is deemed necessary under Rule 402B(b)
- II. The consideration should be within 5% of Market Price where Market Price means “Last Sales Price” except when the “Closing Bid” is higher or the “Closing Ask” is lower than the “Last Sale Price”.
- III. Signed Transfer(s) for all Block Transactions must be presented to the Exchange for prior approval by the Exchange at least 20 days before the transaction is executed on the market.

### ***Connected Persons***

Persons deemed to be connected with a director/senior manager are:

- A. The director's/senior manager's husband or wife.
- B. The director's/senior manager's minor children (these include step-children and adopted children) and dependents, and their spouses.
- C. The director's/senior manager's partners.
- D. Bodies corporate of which the director/senior manager and/or persons connected with him together have control.

### ***Control***

Control of a corporation is the holding of shares which carry 50% or more of the voting rights in the corporation.

### ***A Recognised Stock Exchange***

A Recognised Stock Exchange is a stock exchange which is recognised by the Exchange and the Securities Commission and which may be listed by the International Financial Corporation or any other body which the Exchange and the Securities Commission may wish to use.

### ***Member/Dealer***

Member/Dealer shall mean a company authorized by the Company to trade in Securities on the Exchange and is licensed under the Securities Act.

## ***Purchase by Company of its Own Shares***

- (i) Self Tender Offer (STO)-  
(i.e. the company offers all shareholders the opportunity to tender shares at a fixed price or within a range of acceptable prices. This method generally allows the company to purchase a significant amount of shares in a single offer and gives all shareholders the same opportunity to sell shares)
  
- (ii) Open Market Repurchase (OMR)  
(i.e. the Company repurchases its shares in the open market. This is the most frequently used mechanism as it provides the company with flexibility in relation to timing, price and volume)

## **General Rules**

### ***Powers of Exchange***

#### **101 Interpretation of Rules**

Any dispute or difference which may arise as to the meaning or interpretation of these rules, or as to the powers of the officers or the Directors or the validity of any election, or proceedings of the general meetings of the Exchange or proceedings of the Exchange shall be determined by the Directors whose decision shall be final and binding upon all member/dealers.

#### **102 Examination of Member/Dealer's Books and Records**

The Exchange may at any time cause the books and other records of a member/dealer to be examined and a report submitted accordingly. The Exchange may not take any action upon such report without a copy thereof being served on the member/dealer and no disciplinary action in relation thereto may be taken unless the procedure outlined under Rule 228 is complied with.

#### **103 Complaints**

The Exchange may receive and adjudicate on claims or complaints against a member/dealer and shall consider whether such claim is appropriate and fitting for adjudication, but before any adjudication, the Exchange shall require as a condition for their intervention that the complainant or claimant and the member/dealer shall sign an agreement to treat the reference as if it were a submission to arbitration within the meaning of the Arbitration act, and to be bound by the findings or award of the Exchange arrived at in accordance with the rules of the Exchange. The complainant or claimant and the member/dealer shall refrain from taking any legal action either criminal or civil whilst the matter is being adjudicated by the Exchange.

## 104 Compensation Fund

The Exchange shall establish a Compensation Fund to which all member/dealers of the Exchange shall make quarterly contributions. The basis on which member/dealers' contributions are to be computed shall be determined by the Exchange from time to time. The Compensation Fund is a statutory trust. The relevant rules which govern the Fund are contained in provisions of the Securities Act and any regulations there under prescribing Compensation Fund requirements for Recognised Exchanges.

## 105 Listing of Companies

- A. Listing: The listing of the shares/stocks or any other security of any company is in the absolute discretion of the Exchange who may delegate such powers to a duly appointed committee.
- B. Application for Listing: Application must be made to the Exchange and must comply with the requirements of the Exchange as contained in Rules 401- 406 and Appendices 2 to 6.
- C. Initial Fee for Listing: Every application for listing must be accompanied by the initial fee in force at the date the application is made (Appendix 6). In the event of the application being rejected by the Exchange the initial fee is returnable to the applicant company.
- D. Annual Fee for Listing: Every company whose securities are listed on the Exchange shall pay, within fourteen (14) days of the first day of January in each year, the annual fee in force at the date of payment (Appendix 6).

## 106 Delisting of Companies

The securities of a listed company may be delisted if any of the following occur:

- A. The company fails or ceases to comply with any of the requirements of the listing agreement (Appendix 3).
- B. There are any changes to the Articles or Memorandum of Association of the company which make it undesirable that the securities of the company should be listed.
- C. In the opinion of the Exchange the company is guilty of conduct calculated to substantially affect in an adverse manner, the orderly market for its securities.

The delisting of the company shall take place by decision of the Exchange or in an emergency, by the Chairman, or in his absence by the Vice-Chairman of the Board of Directors. But where such delisting takes place by action other than by the Exchange, it shall be reported to the Exchange at the first available opportunity and the Exchange may ratify or revoke any such decision and if such a decision is revoked, then the listing of the company shall forthwith be restored.

A suspension of listing may be effected in like manner as a delisting.



## 107 Market Meetings

The Exchange shall hold market meetings each business day (Monday to Friday inclusive) from 9:30 a.m. to 1:00 p.m., or for such periods as the Exchange may decide for the purpose of dealing in listed stocks, shares and other securities.

The Exchange may make rules and regulations for the conduct of such market meetings.

## 108 Closure, Reduction, Extension or Alteration of Trading Sessions

The Directors may by resolution close the Exchange for any period or periods and may reduce, extend or otherwise alter the time of any period or periods. Such action may be taken on the Directors' own initiative or as a result of a petition in writing signed by at least 75% of the active member/dealers of the Exchange.

## 109 Compilation and Publication of List of Prices

It shall be the duty of the Secretary or such other person as may be designated by the Directors, to record all transactions which take place at market meetings, and to prepare for publication appropriate lists of prices at which such transactions took place during each day's market meeting, and containing such other information as the Directors may direct.

The Exchange may give directions from time to time regarding the preparation and publication of the lists.

## *Committees of the Exchange*

### 110 Listing Committee

- A. The Secretary shall convene a meeting of the Listing Committee not more than:
  - (i) Seven (7) business days after receipt of an application for listing from a company which has not made a public offer of its shares/stock;
  - (ii) Seven (7) business days after receipt of the notice of allotment from a company which has made a public offer of its shares/stock.
  
- B. Notices: Notices of all meetings of the Listing Committee shall be in writing and shall be mailed or delivered to each member/dealer at the Exchange or mailed or delivered to the usual place of business of each member/dealer at least twenty-four hours prior to such meeting. However, such period of notice and such written notice may be waived either prior to the meeting or subsequent to the meeting by each absentee member signing a waiver of such notice.



- C. Proceedings of Committee: Meetings of the Listing Committee shall be presided over by the Chairman of the Board or in his absence by the Vice Chairman or by a Director of the Exchange.
- D. Quorum: Two (2) member/dealers and one (1) Director shall form a quorum of the Listing Committee, but should a duly convened meeting be not held for want of a quorum, then at the next meeting of the Listing Committee convened in place of such meeting, any three (3) Directors may form a quorum.
- E. Reporting to directors: All decisions of the committee must be reported to and ratified at the next meeting of the Directors following the meeting of the committee.

**111. Regulatory and Market Oversight Committee (RMOC)**

The Regulatory and Market Oversight Committee (hereinafter called the “RMOC”) is the Committee of the Board of Directors of the Exchange comprising the independent directors who are not the nominees or connected to any Member/Dealer of the Exchange. The Board of Directors of the Exchange has delegated responsibility to the RMOC for reviewing and ensuring compliance with and enforcement of the Laws, any Rules including Business Rules, contractual obligations and appropriate standards of conduct governing the Member/Dealers, their clients and participants on the Exchange. The RMOC shall be the disciplinary committee of the Exchange and may impose any of the penalties specified in Rule 228 upon a Member/Dealer in respect of whom disciplinary action is taken, which results in a finding of misconduct.

**Members/Dealers**

**201 Qualification of Member/Dealers**

- A. Every member/dealer shall be a corporation incorporated in a CARICOM country.
- B. Such corporation shall be owned and controlled by persons (natural and/or juridical) who are both citizens of and residents of a CARICOM country.
- C. No corporation may become a member/dealer of the company unless its application for membership is approved by the Exchange. Each applicant corporation must satisfy the Exchange when applying for membership, and if admitted to membership, must continuously satisfy the Exchange that:
  - (i) The business of stockbroking shall be and is the principal business of such corporation;

- (ii) The corporation has paid-in equity capital of not less than Ten Million Dollars (\$10,000,000).
  - (iii) That its proposed seat holder, principal officers and employees serving customers have sufficient knowledge of stockbroking and are persons of such integrity and character as to honourably comply with the Rules;
  - (iv) That it will not and does not in addition to its business of stockbroking carry on any business which has been specifically prohibited in the Rules to be carried on with the business of stockbroking;
  - (v) That the corporation has made adequate arrangements, in its constituent documents or otherwise, to enable the Company to carry out the powers contained in Clause 3 (w) of the Articles of Incorporation and Article 84 of the Articles of Association;
  - (vi) Its Memorandum and Articles of Association, directors, shareholders, proposed member/dealer and chief executive officer are approved by the Exchange.
- D. Its application for member/dealer status is approved by the Exchange.

## **202 Application Procedure**

### **A. Fit and Proper**

An applicant will not be admitted unless it is able to satisfy the Exchange that it is fit and proper to carry on stockbroking business. In order to determine whether the applicant is fit and proper to carry on stockbroking business, the Exchange may take account of all such considerations as it sees fit including, but not limited to the applicants':

- (i) Financial integrity
- (ii) Absence of convictions or civil liabilities
- (iii) Competence
- (iv) Good reputation and character
- (v) Efficiency and Honesty

- B. Procedure
- (i) The Exchange shall consider the application (Appendix 9). At any such time after receiving an application and before finally deciding upon it, the Exchange may require the applicant to furnish additional information (whether relating directly to the applicant or not) which in the opinion of the Exchange is, or could be, material to its consideration of the application.
  - (ii) Any information furnished to the Exchange by the applicant shall, if the Exchange so requires, be verified in such manner as it may specify.
  - (iii) The Exchange may additionally take into account any other information which it considers appropriate in relation to the applicant provided such information is disclosed to the applicant and the applicant is given an opportunity to comment on it and may require the applicant to attend an interview.
  - (iv) If the Exchange resolves to admit the applicant, the applicant shall be so informed and shall become a member/dealer subject to the Rules and the Memorandum and Articles of the Exchange.
  - (v) Every member/dealer of the Exchange shall be bound by and observe the provisions of Clause 3 (w) of the Articles of Incorporation of the Exchange.

### **203 The Fit and Proper Person Test**

In the determination of whether to grant or to refuse an application for membership or approved representative status, the Exchange may take into account any matter which relates to any person who is, or who will be, employed by or associated with the applicant (whether or not an associate), to any person who is, or will be, an appointed representative of the applicant, to any Director or Controller of the body, to any other in the same group, or to any Director or Controller of such other body corporate. The Exchange shall have regard to any business which the applicant proposes to carry on in connection with its stockbroking business.

The Exchange may at any time withdraw or suspend any authorisation which it has granted if, *inter alia*, it appears that the firm:

- (i) Is not fit and proper, or,
  - (ii) Has given the Exchange false, inaccurate or misleading information.
- A. In the case of an applicant for a member/dealer:
- (i) The applicant or any of its representatives should not be:
    - A. an undischarged bankrupt or subject to a current sequestration order;
    - B. subject to an interim order, a composition or scheme of arrangement;
    - C. otherwise insolvent.

- (ii) The applicant or any of its representatives should not have been convicted of an offence (excluding minor traffic offences).
- (iii) The applicant's representatives must have suitable experience and / or educational qualifications.
- (iv) There must be no reason for the Exchange to consider the applicant and its representatives not to be of 'good reputation and character'.
- (v) The Exchange must not have reason to doubt that the applicant's representatives will perform the duties of a member efficiently, honestly and fairly.

**B. Criterion 1: Financial Integrity**

It is relevant to ascertain whether a petition has ever been served on the applicant or that within the last ten (10) years the applicant has failed to satisfy a judgment debt under a court order within one year of the making of the order.

**Criterion 2: Absence of Convictions or Civil Liabilities**

- (i) It is material to establish whether the applicant has at any time pleaded guilty to, or been convicted of, any offence by a civil, criminal or military court in Jamaica or elsewhere or been subject to penalties for deliberate tax evasion.
- (ii) Also to be taken into account is whether the applicant has ever, in connection with the formation or management of any corporation, been adjudged by a court civilly or criminally liable for any fraud, misfeasance or other misconduct or has been the subject of any civil action which has resulted in a finding against the applicant by a court in respect of stockbroking business.
- (iii) If an applicant has ever been the subject of any civil action which has resulted in a finding against the applicant by a court, or a settlement being agreed, in respect of any matter other than the conduct of stockbroking business, this will be material.
- (iv) It is material to establish whether in connection with the formation or management of any corporation the applicant has been disqualified by a court from being a Director, or from acting in the management or conduct of the affairs of any corporation.
- (v) It is a material factor, to be taken into account, if the applicant has been adjudged bankrupt; had a receiving order made against him; has his estate sequestrated; or entered into a deed of arrangement in favour of his creditors or other composition or arrangement with creditors.

**Criterion 3: Possession of Suitable Experience and/or Educational Qualifications**

The Exchange will decide what constitutes suitable experience and/or educational qualifications in the absence of the appropriate examinations.

**Criterion 4: Good Reputation and Character**

- (i) The Exchange must be satisfied that they have no reason to believe that the applicant is not of good reputation and character. Factors which might give them reason to believe that the applicant is not of good reputation and character include whether:
  - A. The applicant has been refused the right or been restricted in the right to carry on any trade, business or profession for which a specific licence, registration or other authority is required;
  - B. The applicant has ever knowingly been the subject of an investigation into allegations of misconduct or malpractice in connection with the applicant's stockbroking business, or has ever been censured, disciplined or publicly criticised by any professional body to which the applicant has belonged, or is currently undergoing any such investigation or disciplinary procedure;
  - C. The applicant has ever been censured, disciplined, or publicly criticised by or made the subject of a court order at the instigation of any regulatory authority, or any officially appointed enquiry, or any other established body concerned with the regulation of a financial activity;
  - D. The applicant has ever been refused entry to any trade association connected with financial activities.
    - (i) A conviction for any offence could be relevant in the assessment of the good reputation and character of the applicant.
    - (ii) It will be material in considering the business standing of the applicant (and thus whether the applicant enjoys good reputation and character) to take note, *inter alia*, of the existence and degree of publicity which includes material adverse to the applicant. In determining an applicant's reputation it is also material to consider the state of his relationship with his clients.
    - (iii) The fact in itself that an applicant has attracted significant adverse public complaint which is the subject of open comment bears upon his good reputation and character. The Exchange is entitled to be jealous of its own business reputation when considering applications for admission as a member/dealer.

If the Exchange is contemplating having regard to adverse comment in this way, the applicant will be given an opportunity to comment on the material concerned before a decision is taken on the application.

**Criterion 5: Efficiently, Honestly and Fairly**

This criterion stands apart from the four criteria mentioned above in that it relates to the future activities of the applicant. It extends to the promotion of efficiency to ensure that the service which the public

C. The above criteria apply equally to firms which are applying for admission as member/dealer and their officers seeking to become approved representatives (Appendix 9).

- (i) Their directors, managers, representatives, traders and employees who deal with the public in an advisory capacity will be required to become approved representatives but it will be material to consider whether all persons connected with such an applicant can meet the five criteria set out above and whether any of them has ever been a director, or concerned in the management or conduct of affairs of any company which has gone into liquidation by reason of insolvency, whilst he was or within one year of his being a director, or so concerned.
- (ii) It will also be material to establish whether a person connected with an applicant firm has been concerned with the management or conduct of affairs of any company which, by reason of any matter relating to a time when he was so concerned, has been convicted of any criminal offence in Jamaica or elsewhere, censured, disciplined or publicly criticised by any enquiry or any governmental or statutory authority or any other regulatory bodies recognised by such authority, or which has been the subject of any civil action which has resulted in a finding against the company by a court.
- (iii) In addition, the Exchange will wish to ensure that the ownership structure of an applicant firm does not result in any unacceptable conflicts of interest.
- (iv) The obligation will be upon the applicant to satisfy the Exchange as to any of the matters referred to in the fit and proper person test and the Exchange reserves the right, at its absolute discretion, to place whatever weight it considers appropriate to any of the information supplied and to take into account matters other than those referred to above, where it considers it appropriate to do so provided such information is disclosed to the applicant and the applicant is given an opportunity to comment on it.
- (v)

The applicant has never been refused entry to any profession or vocation, or has never been dismissed or requested to resign from any office or employment.

**D. Agreement with the Exchange**

Successful applicants are required to sign an agreement legally binding them to obey the rules and regulations including Clause 3 (w) of the Exchange's Articles of Incorporation and be subject to any codes of discipline which the Exchange may impose from time to time.

**E. Resignation of Member/Dealer**

- (i) Resignation by three (3) months written notice accompanied by reason for resignation, which shall in the opinion of the Exchange, be necessary to determine whether the effective date should be postponed, or if any other measures will be necessary for the protection of the investors who are customers of that member/dealer.
- (ii) The Exchange in its absolute discretion may refuse notice of resignation given by a member preliminary to its taking effect, if it is considered by the Exchange that any matter affecting such member/dealer needs to be investigated prior to a decision on the question of whether it should be expelled or otherwise disciplined for any other reason.

**204 Misleading names**

The Exchange may refuse to allow a member/dealer to carry on business under a name which they consider misleading.

**205 Name of business**

All member/dealers shall state on all contract notes and correspondence relating to the transaction of business in the stock market, the name in which their stockbroking business is carried on.

**206 Attorneys**

- A. A member/dealer may nominate attorneys any one of whom will be permitted to act as its trading representative at sessions of the Exchange but not more than one such attorney may trade at the same session.
- B. A separate Form of Appointment (Appendix 10) shall be executed by a member/dealer for each of its attorney(s), and accompanied by the appropriate fee(s), the form(s) shall be delivered to the Secretary of the Exchange.



- C. An attorney shall be:
  - (i) not less than 18 years of age;
  - (ii) of Jamaican citizenship or resident in Jamaica for not less than 6 months;
  - (iii) person in the regular employ of the member/dealer.
- D. A member/dealer shall pay such fees for each of its attorneys as the Exchange shall from time to time prescribe.
- E. All attorneys shall be bound equally with member/dealers to observe the rules and regulations of the Exchange.

## 207 Mergers and Partnerships

- A. A member/dealer shall not enter into a merger or partnership with any other person except with the prior written consent of the Exchange. A member/dealer so desiring to enter into partnership shall:
  - (i) Not later than one month before proposed commencement of the merger or partnership, apply in writing to the Exchange for consent to enter into the merger or partnership, and shall therewith submit such evidence as to its ability and its intended partner's ability as at the commencement of the merger or partnership to comply with the Rules of the Exchange relating to *Member/Dealership* as the Exchange may require;
  - (ii) Give such information whether verbally or in writing as the Exchange may require;
  - (iii) Where a member/dealer desires to merge or enter into partnership with another member, it shall indicate the member/dealer who shall continue to be a member/dealer in the Exchange and the member/dealer whose membership shall be terminated and shall forward to the Exchange at the same time, a signed undertaking by the active member whose membership is to be terminated, to make its trading access in the Stock Exchange available for purchase by a new entity to be approved by the Board and for transfer to such new entity as directed by the member. The purchase price of the trading access shall be agreed by the buyer and seller.
  - (iv) Not less than fourteen days prior notice of the dissolution of partnership shall be given in writing to the Exchange by the partner who is the member/dealer of the Exchange and the Exchange may require both continuing and retiring partners to attend before them; provided however, that such notice shall not be required where the Exchange otherwise permits or where the partnership is dissolved by reason of the death of one of the partners.

- B. The name of a partnership shall not be changed without the prior consent of the Exchange.
- C. Posting of Notice  
The Exchange shall cause a notice to be published in the Exchange as follows:
  - (i) Not later than fourteen days before the intended commencement of a partnership or merger;
  - (ii) As soon as possible after the receipt by the Exchange of any notice of dissolution of partnership;
  - (iii) Not less than fourteen days before the intended change of name of a partnership or merger, and such notice shall specify the date of the commencement or dissolution or change of name of the partnership or merger as the case may be, and such commencement or dissolution or change of name shall become effective on the day specified for that purpose in the notice, and where the partnership is with another member/dealer then the notice shall state which member/dealer shall from what date, continue in relation to the new partnership.
- D. Where a merger is made or a partnership is formed or a partnership is dissolved, the Exchange shall satisfy itself that the new corporation in the case of a merger or the new partnership in the case of a formation of a new partnership, or the continuing member/dealer in the case where partnership is dissolved and a member/dealer of the partnership continues as a member/dealer of the Exchange, is able to comply with the Rules of the Exchange relating to *Member/dealership* and may require to be provided with such evidence as in the opinion of the Exchange is necessary to satisfy it in relation to these matters.
- E. For the purposes of the rules and regulations of the Exchange, the following relationships shall be deemed to be partnerships:
  - (i) Where an active member/dealer lends security or cash to another member/dealer or to any other person on terms contingent on or varying with the profits of its business, then it is deemed to have thereby entered into partnership with a member/dealer or other person borrowing the security or cash;
  - (ii) Any member/dealer who enters or is deemed to enter into partnership with another member/dealer or member/dealers shall for the purpose of these rules be deemed to assume joint and several liability for all debts and obligations of such member/dealer or member/dealers with whom it entered into partnership arising immediately before it entered into such partnership and for all debts and obligations of the partnership incurred while it is in partnership.

- F. Where a firm fails in partnership it is dissolved and if any member/dealer or member/dealers of the firm continue as member/dealer of the Exchange or are re-admitted as member/dealer and should they wish to renew the partnership, such renewal must be treated as a new partnership for the purposes of these Rules.
- G. The Exchange shall decide any question as to whether or not a partnership exists within the meaning of these Rules.

**208 Member/Dealer’s Books & Records**

- A. All member/Dealers of the Exchange must in their professional dealings:
  - (i) Keep proper books of accounts with respect to:
    - (a) All sums of money received and expended relative to the business as stockbroker or dealer in securities;
    - (b) All sales and purchases of securities whether as principal or broker or otherwise;
    - (c) All assets and liabilities whether as principal or agent or in whatever capacity held.

All books of accounts shall show separately the accounts of clients in respect of paragraph (a), (b) and (c) above.

A member shall not be regarded as having kept proper books of accounts unless it keeps such books as are necessary to give a true and fair view of the state of the member/dealer's affairs in its business as stockbroker and to explain its transactions.
  - (ii) Use proper forms of contract in transactions for the purchase and sale of securities whether as principal or as broker;
  - (iii) When requested by the Exchange to do so, present their books of accounts and other records for examination, by a public accountant or other agent appointed by the Exchange, in connection with dealings with clients or for the purpose of certifying the net asset worth of the business.
- B. The Exchange may from time to time by circular or other means bring to the attention of members, prescribe or advise upon the books, records, accounts or other documents to be kept by member/dealers and as to the manner of keeping, preparing or compiling the same and the entries, information and other matters to be recorded or contained therein.

**209 Financial Returns**

- A. Monthly Returns  
Every member/dealer shall submit to the Exchange within thirty-one (31) days of the end of each month, financial statements in the form prescribed by the Exchange.
  
- B. Quarterly Returns  
Every member/dealer shall submit to the Exchange within thirty-one (31) days of the end of each quarter, financial statements in the form prescribed by the Exchange.
  
- C. Annual Returns  
Every member/dealer must furnish to the Exchange each year within three (3) months of the end of its financial year audited financial statements and a certificate from a public accountant authorized to perform an audit under the provisions of the Companies Act 2004 certifying:
  - (i) that proper books of accounts as required by the Exchange have been kept;
  - (ii) setting out a statement of contingent liabilities other than those normally arising in the business of the stockbroker;
  - (iii) that its net asset worth held in the form of cash and readily convertible securities as at the end of the financial year is not less than \$5,000,000.

**210 Delinquency in Submitting Audited Accounts**

If a period of three (3) months has elapsed since the due date (3 months after financial year end), for a member to submit audited accounts to the Exchange, the Exchange shall have authority to send in the Exchange Auditor to prepare the member/dealer's accounts and audit the same. The delinquent member/dealer will be charged for the preparation of the accounts.

**211 Fines**

Any member/dealer which fails to submit any financial return within the period specified in Rule 209 shall be charged a fine of Five Thousand Dollars (\$5,000.) per day (including weekends and public holidays) until such time that the return is submitted to the Exchange or the member/dealer is suspended.

**212 Suspension for 90 Days Delinquency**

- A. A member/dealer will be automatically suspended if:
  - (i) Such member/dealer is delinquent in forwarding any monthly report to the Exchange for a period exceeding sixty (60) days from the due date of such report, or
  - (ii) Such member/dealer fails to pay all accrued fines within a period of ninety (90) days from the date of the breach for which the fines are charged.

- B. Suspension will continue until the member/dealer forwards to the Exchange all reports that are overdue and pays all accrued fines as at paragraph A(ii) above.
- C. The suspension of a member/dealer will be published in the daily newspaper(s).

### **213 Disputes Between Member/Dealers**

- A. All disputes between member/dealers or disputes between a member/dealer and its representatives, which do not affect the general interest of the stock market shall be referred for arbitration of a member/dealer or member/dealers of the Exchange.

In case no such arbitrators can be found, then such matters must be referred to the Exchange for its arbitration. Where any question arises as to whether any matter in dispute affects the general interest of the stock market, then the Exchange shall decide such question and its decision shall be final. Where any matter is referred to the Exchange for arbitration pursuant to this sub-clause, then none of the contending parties shall participate as arbitrators of such matter.

- B. No member/dealer shall attempt to enforce by law any claim relative to stock market business against another member/dealer without first complying with the preceding sub-clause requiring reference to arbitration.
- C. The Exchange may intervene in cases where a member/dealer acts contrary to this rule but the Exchange may at its discretion refuse to intervene in any claim which in its opinion arises in whole or in part from the negligence of the claimant, or has not been diligently pursued by the claimant or which could not be recognised by them without causing great hardship upon some intermediary.

### **214 Complaints by Member/Dealers**

All complaints or other communications in the nature of complaints must be in writing and shall be signed. The Exchange shall consider each complaint and shall take such action thereon as it may deem fit which is not inconsistent with the Rules of the Exchange and the Articles of Incorporation of the Exchange.

### **215 Advertising**

No member/dealer of the Stock Exchange may advertise for stock market business or issue circulars or business communications soliciting business to persons other than its own principals unless it sends a copy to the Exchange so that it is received by the Secretary or other officer of the Exchange at least three (3) days before it is published. The Exchange may at any time before the publication thereof request the member/dealer to amend or not publish the same and the member/dealer shall comply with any such request.

Nothing herein contained shall prevent a member/dealer from issuing to any person a circular or business communications of an informative nature which does not directly or indirectly solicit business.

**216 Use of Name on Documents of Offer**

No member/dealer of the Exchange shall without the consent of the Exchange allow itself to be named as member/dealer in any Prospectus, Statement in lieu of Prospectus, Memorandum for Listing or other document of offer.

- A. Relating to securities not listed, or,
- B. In respect of which no application for listing has been made unless such document contains a statement that application will be made or has been made for such shares to be listed, or,
- C. Where such application has been made, it has been refused or deferred, or listing has been suspended or cancelled.

**217 Determination of Defaulting Client**

Where a member/dealer's client defaults on any obligation and by reason of such default, the member/dealer is of the view that no further business should be transacted with such client, the member/dealer shall forthwith notify the Exchange of the name and address of such client and of the facts and circumstances of such default, and send a copy of the notification to the client. Upon receipt of the member/dealer's notification, the Exchange will write to the client requesting a written response or personal appearance within 30 days. The Exchange will thereafter examine both sides of the issue and make a determination of fault. If the member/dealer is at fault, then the Exchange will dismiss their request for notification. But, if the client is at fault, the Exchange as it deems fit may then, under confidential cover, notify each member/dealer of the name of such defaulting client.

**218 Business with or for Person Expelled**

A member/dealer shall not without the permission of the Exchange share commission with or carry on business for or with a person who has been expelled from the Exchange or who has ceased to be a member/dealer for whatever cause.

**219 Defaulting Member/Dealer**

If any member/dealer defaults in, or fails to meet, or admits or discloses its inability to meet its liabilities to the Exchange or to another member/dealer, or to the public, the member/dealer concerned may be adjudged a defaulter by the Exchange and notice thereof shall be posted on the notice board and mailed or delivered to each member/dealer.

Subject to compliance with the requirements and procedures for an enquiry by the Exchange laid down at Rule 228, the Exchange may at any time suspend a defaulter from the exercise of the privileges of membership and notice thereof shall be posted on the notice board and mailed or delivered to each member/dealer including the defaulter.

No member/dealer shall do business for the account of a defaulter without the written consent of the Exchange.

**220 Inactive Member/Dealers**

- A. An active member/dealer is one which in a calendar year transacts not less than three percent (3%) market share of the business transacted on the Exchange or contributes at least \$100,000 in fees from trading on the Exchange.
- C. A member/dealer who fails to attain either the minimum market share or the minimum fee contribution shall be deemed to be an "inactive" member/dealer. Provided however, that in the case of a new member/dealer, or in the reinstatement of a dormant or inactive member/dealer, the criteria for determining whether or not such member/dealer is active or inactive will not apply in the first year of trading but in the second year.

**221 Member/Dealers in Good Standing**

A member/dealer in good standing is defined as one which has paid up all subscription fees and any fees charged in relation to trading on the Exchange, and is not in breach of any Rule of the Exchange.

**222 Trading for Employee of Another Firm**

No member/dealer shall knowingly take or carry any account or make any transaction in which any employee of another member/dealer has an interest, either direct or indirect, without the written consent of such other member/dealer.

**223 Dealing in Listed Securities**

No member/dealer of the Exchange may deal in Jamaica in any stocks, shares or securities listed on the Exchange save and except at market meetings of the Exchange or as otherwise authorised by rules made by the Exchange.

**224 Commission**

Each member/dealer shall determine the commission which it charges on transactions in securities posted for trading on the Exchange. Every contract note issued under Rule 311 shall clearly show the commission charged.



**225 Insurance**

The Exchange shall require every member/dealer to maintain such policy or policies of insurance as the member/dealer may consider desirable against losses, caused by the dishonest acts of its officers, directors or partners provided such insurance is available and against losses caused by handling stolen and forged documents of title or securities or other defective instruments.

**226 Associate Members**

- A. Commercial banks and/or their associated trust companies may apply to the Exchange for associate membership status.
- B. Associate members shall:
  - (i) pay an annual subscription fee as determined by the Exchange from time to time;
  - (ii) be entitled to attend, without any voting privileges, all general meetings of the Jamaica Stock Exchange;
  - (iii) be eligible to act as agents in a public offer of stocks or bonds for which application for listing on the Exchange will be made.

**227 Managed accounts**

- A. A discretionary account shall mean an account which is handled by a member/dealer for a client and in which dealings are carried out on a regular basis without prior reference to the client.
- B. Every member/dealer which conducts discretionary account business shall have a written agreement with the client which shall set out the general aims and restrictions of the account and the basis on which it can be mutually terminated. The discretion shall be given to the member/dealer and not to individuals.
- C. Every member/dealer shall maintain a separate record for each discretionary client and it should be under the control of a manager/director who should regularly review the operations of discretionary accounts.
- D. Member/dealers who conduct managed accounts must submit with the monthly financial report specified in Rule 209, a schedule showing the number of accounts managed and the dollar value of these accounts.
- E. The client agreement letter must do the following:
  - (i) Specify the nature of the services to be provided by the member/dealer;
  - (ii) State the specific investment objectives of the client, if any;
  - (iii) Specify any restrictions on the types of investment into which the available funds of the client may be invested or if there are no such restrictions, state that fact;

- (iv) State how the agreement may be terminated or modified by the member/dealer or by the client;
- (v) State whether there are any restrictions as to how the client is to give instructions to the member/dealer, how the member/dealer is to confirm the receipt of those instructions if otherwise than by the issue of a contract note following execution of those instructions and the circumstances (if any) in which the member firm may refuse instructions received from the client;
- (vi) State the basis on which the member/dealer is to charge for the services it provides and how payment is to be made or collected by the member/dealer.
- (vii) State the arrangements for accounting to the client in respect of transactions arranged on his behalf;
- (viii) State the frequency with which the client is to be supplied with a statement of the money and the investments comprised in the portfolio and a valuation thereof and, what the basis of such valuation is to be.

## **228 Disciplinary Proceedings**

### **A. Disciplinary Proceedings**

- (i) As stipulated in Rule 111 hereof, the RMOC of the Exchange shall be the disciplinary committee and the RMOC may impose any of the penalties specified in Section C below upon a Member/dealer in respect of whom disciplinary action is taken which results in a finding of misconduct.

**A quorum for a meeting of the RMOC shall comprise four (4) Directors of the Exchange who are members of the RMOC.**

- (ii) Unless the context otherwise requires, for the purpose of this rule, a reference to a “Member/Dealer” (as defined in Rule 201) shall be deemed to include any Approved Representative or formerly Approved Representative (as defined in Rule 203 C(i)) and a reference to “Member/Dealer” shall be construed accordingly.

### **B. Acts of Misconduct**

Acts of misconduct may consist of, but are not limited to the following:

- (i) Any breach in the course of trading or dealing on the Exchange of the Securities Act or Regulations or any other Laws governing the conduct of business of Member/Dealers.
- (ii) Breach of any of the Rules of the Exchange or of the JCSD.
- (iii) Failure to comply with a decision of the Exchange or of the JCSD.
- (iv) Conduct which is detrimental to the interests of the Exchange or the JCSD.

- (v) Conduct which is dishonourable or disgraceful or improper or unbecoming of the character of a Member/Dealer.
- (vi) Conduct which is disorderly or involves willful obstruction of business on any trading floor.
- (vii) Failure to pay any fine imposed by the Exchange, within the specified time.
- (viii) Any act which results in the Member/Dealer being found to have made improper profits.
- (xi) Any act which results in a Member/Dealer being convicted for a criminal offence involving dishonesty or fraud.

**C. Disciplinary Procedures**

Disciplinary proceedings shall be deemed to have been instituted on the date on which the documents are referred to the RMOC by the General Manager or the Chief Regulatory Officer or any other authorized officer of the Exchange.

**(i) Process for Referral of Complaints to the RMOC**

Complaints by the General Manager or the Chief Regulatory Officer or any other authorized officer of the Exchange: Where the General Manager or the Chief Regulatory Officer or any other authorized officer of the Exchange has investigated and decided that there is reason to believe that a Member/Dealer may have committed an act of misconduct or may have brought itself under the operation of Section B hereof, the General Manager or the Chief Regulatory Officer or other authorized officer of the Exchange shall prepare a Statement of Complaint which shall detail the grounds of complaint which the Member/Dealer shall be required to answer and shall remit it to the RMOC. The Statement of Complaint must be signed by the General Manager or the Chief Regulatory Officer or any other authorized officer of the Exchange as Complainant.

Complaints by clients or other aggrieved persons: Where a written complaint is made to the Exchange by any client or other person aggrieved by the conduct of a Member/Dealer, the General Manager or the Chief Regulatory Officer or some other authorized officer shall review the facts and allegations of misconduct contained in such complaint for the purpose of determining whether it is appropriate that the complaint be remitted to the RMOC. Where upon review it is determined that a Member/Dealer may have committed an act of misconduct or may have brought itself under the operation of Section B hereof, the complaint shall be remitted to the RMOC. The complaint by a client or other aggrieved person shall detail the grounds of complaint which the Member/Dealer shall be required to answer and must be signed by either the client or other aggrieved person

**Review by a Hearing Officer**

In the event of a determination by the General Manager or the Chief Regulatory Officer or any other authorized officer of the Exchange that there is no basis for bringing a complaint, the client or other aggrieved person shall be notified of that determination in writing and may within 15 business days of being notified apply in writing to the RMOC to review same. The notification to the client must state that the client or other person aggrieved is entitled to apply in writing to the RMOC for a review of the determination. Upon receipt of such a written application, the RMOC shall designate one of its Members (hereinafter called the "Hearing Officer") to carry out a review. In carrying out such review the Hearing Officer may in his absolute discretion allow any party to make submissions orally or in writing, and if the Hearing Officer determines that a complaint is warranted, the Hearing Officer shall direct in writing that a Statement of Complaint signed by either the client or any other aggrieved person or the General Manager or the Chief Regulatory Officer or any other authorized officer of the Exchange as Complainant be laid before the RMOC.

**Service of Notice**

Any notice or other document shall be deemed to be duly served if sent by registered post addressed to any party at that party's last known address or place of business.

**(ii) Hearing Panel of the RMOC to Hear a Complaint**

Where documents to commence disciplinary proceedings are referred to the RMOC in accordance with Section (C)(i) hereof, the RMOC shall assign at least four (4) members of the RMOC (hereinafter called "the Hearing Panel") to hear and determine the matter and the RMOC shall designate one of the members to be the Chairman of the Hearing Panel. The Hearing Panel may include the Hearing Officer who reviewed the complaint unless there is good and sufficient reason to disqualify the Hearing Officer.

**(iii) The Proceedings and Hearing by the Hearing Panel**

- (a) On receipt of the signed Statement of Complaint setting out the complaint against the Member/Dealer, the Hearing Panel shall fix a date and place within the Corporate Area of Kingston and Saint Andrew, Jamaica for the hearing, and assign a Secretary.
- (b) The Secretary of the Hearing Panel shall cause the notice of hearing to be served accompanied with a copy of the Statement of Complaint on the Member/Dealer and on the Complainant. The notice of hearing shall give not less than twenty (20) business days prior notice and shall specify the time and place of hearing. Any notice or other document shall be deemed to be duly served if sent by registered post addressed to any party at that party's last known address or place of business.

- (c) The Complainant and the Member/Dealer shall respectively furnish to the Secretary of the Hearing Panel and to each other a list of all documents on which they respectively propose to rely. Such lists shall, unless otherwise ordered by the Hearing Panel, be furnished by the Complainant and the Member/Dealer respectively at least ten (10) business days before the hearing.
- (d) Either party may inspect the documents included in the list furnished by the other and a copy of any document mentioned in the list of either party shall on written request of the party requiring it, be furnished to that party by the other within three (3) business days after the receipt of the request.
- (e) If either or both parties fail to appear at the hearing, the Hearing Panel may, upon proof of service of the Notice of Hearing, proceed to hear and determine the application in his or their absence.
- (f) The Hearing Panel may, in its discretion, either as to the whole case or as to any particular fact or facts, proceed and act upon evidence given orally upon oath or affirmation at the hearing of the complaint or by affidavit; provided that any party to the proceedings may require the attendance of any deponent to any such affidavit for the purpose of giving oral evidence, and in event of the non-attendance of such deponent, the Hearing Panel shall disallow the affidavit unless the Hearing Panel is satisfied that the affidavit is purely formal and that the requirement for the attendance of the deponent will merely cause delay.
- (g) Notes of the proceedings should be taken by the Secretary of the Hearing Panel or other person appointed by the Hearing Panel and any party who appears at the proceedings shall be entitled to a copy thereof on payment of a charge from time to time prescribed by the RMOC.
- (h) Notwithstanding anything to the contrary, contained in these rules, the Hearing Panel may extend or abridge the time for doing anything under this rule, and allow for any new documents to be introduced.
- (i) The Hearing Panel shall make a written report of its findings and the penalty imposed (if any) to the Board of Directors of the Exchange and to the respective parties to the complaint on whether the Member/Dealer is guilty of misconduct and/or whether the Member/Dealer has contravened Section B hereof and the Board shall be bound to accept the decisions of the Hearing Panel.

(iv) **Findings and Penalties To Be Imposed**

Where such report states that the Hearing Panel has decided that the Member/Dealer is guilty of misconduct and/or has contravened Section B hereof, the report shall state the penalty or penalties which the Hearing Panel has decided to impose and the Exchange shall be bound to accept the decision of the Hearing Panel. The findings, penalties and orders imposed by the Hearing Panel shall be by way of a majority decision. The Exchange shall implement the decision and penalty or penalties imposed.

**PENALTIES**

The Penalties and Orders which may be imposed in sequence of severity are:

- (a) Expulsion or suspension of the Member/Dealer from the Exchange;
- (b) Expulsion or suspension of a Member/Dealer's representative from trading on the Exchange;
- (c) Expulsion or suspension of a Member/Dealer's representative from entering any trading floor of the Stock Exchange;
- (d) Censure or reprimand of the Member/Dealer
- (e) Alternatively or additionally to any other penalty, a fine of such amount as may be considered appropriate may be imposed and the Hearing Panel may further direct that such fine whether in whole or in part shall be paid to a Complainant for any loss or damage caused by the misconduct of the Member/Dealer.
- (f) Further to any of the foregoing penalties, the Hearing Panel may order the Member/Dealer to pay such sum as it finds appropriate to make compensation to the client or other aggrieved person making complaint for any loss or damage suffered as a consequence of the misconduct of the

(v) **Former Member/Dealers**

Disciplinary proceedings against a former Member/Dealer shall not be instituted more than one year after the cessation, resignation or lapsing of Membership.

**D. Notification to the Public**

The Committee shall hear all complaints in private, but the Exchange may in its discretion and in such manner as it thinks fit, notify or cause to be notified to Member/Dealers and to the public, any decision of the Hearing Panel including the following:

- (i) That any Member/Dealer or the representative of any Member/Dealer has been expelled or suspended.
- (ii) That any Member/Dealer has been censured, reprimanded and/or fined and/or ordered to pay a compensatory order.

**E. Fines**

- (i) A fine imposed under Section C (iii) shall be a debt due from the Member/Dealer to the Exchange and payable within the time specified by the Hearing Panel. A compensatory order made in favour of any client or other aggrieved person making complaint shall be due and payable by the Member/Dealer as an arbitration award made in favour of the Complainant.
- (ii) Save where the Hearing Panel directs that a fine or part thereof shall be paid to a Complainant for any loss or damage caused by the misconduct of the Member/Dealer, the proceeds of a fine imposed under Section C (iii) shall be credited to the funds of the Exchange.
- (iii) If any member/dealer does not pay a fine or compensatory order imposed under Section C in accordance with Section E (i) the Exchange shall on fourteen (14) days' notice suspend such member from all privileges of membership until the fine or compensatory order is paid.

**F. Appeals**

- (i) Member/Dealers of the Exchange who wish to appeal decisions of the Hearing Panel have the right of appeal to the Financial Services Commission under Section 22(3) of the Securities Act.
- (ii) Clients or other aggrieved persons making Complaint have the right of appeal to the Financial Services Commission under section 22(4) of the Securities Act.
- (iii) An appeal from a decision of the Hearing Panel to the FSC does not automatically operate as a stay of the decision of the Hearing Panel. Any applications for stay of the decision of the Hearing Panel should first be made to the RMOC.

**G. Abridgement**

The RMOC is hereby empowered to abridge the time periods for doing any act or taking any step and/or to modify or wholly dispense with any of the aforesaid disciplinary procedures set out in these Rules, where the RMOC is satisfied that such extra-ordinary measures are required in the interests of the Exchange and/or the public trading or dealing in securities on the Exchange and the RMOC may act accordingly on its own initiative without any prior application.



**RULE 229 BUSINESS CONTINUITY AND CONTINGENCY PLAN**

- A. Members and member organizations must develop and maintain a written business continuity and contingency plan establishing procedures relating to an emergency or significant business disruption. Such procedures must be reasonably designed to enable members and member organizations to meet their existing obligations to customers. In addition, such procedures must address their existing relationships with other broker-dealers, and counter-parties. Members and member organizations must make such plan available to the Exchange upon request.
  
- B. Members and member organizations must conduct, at a minimum, a yearly review of their business continuity and contingency plan to determine whether any modifications are necessary in light of changes to the member's or member organization's operations, structure, business or location. In the event of a material change to a member's or member organization's operations, structure, business or location, the member or member organization must promptly update its business continuity and contingency plan.
  
- C. The elements that comprise a business continuity and contingency plan shall be tailored to the size and needs of a member or member organization. Each plan, however, must, at a minimum, address, if applicable:
  - 1. Books and records back-up and recovery (hard copy and electronic);
  - 2. Identification of all mission critical systems and back-up for such systems;
  - 3. Financial and operational risk assessments;
  - 4. Alternate communications between customers and the firm;
  - 5. Alternate communications between the firm and its employees;
  - 6. Alternate physical location of employees;
  - 7. Critical business constituent, bank and counter-party impact;
  - 8. Regulatory reporting;
  - 9. Communications with regulators; and
  - 10. How the member or member organization will assure customers prompt access to their funds and securities in the event the member or member organization determines it is unable to continue its business.

To the extent that any of the above items is not applicable, the member's or member organization's business continuity and contingency plan must specify the item(s) and state the rationale for not including each such item(s) in its plan. If a member or member organization relies on another entity for any of the above-listed categories or any mission critical system, the member's or member organization's business continuity and contingency plan must address this relationship.

- D. Each member or member organization must disclose to its customers how its business continuity and contingency plan addresses the possibility of a future significant business disruption and how the member or member organization plans to respond to events of varying scope. At a minimum, such disclosure must be made in writing to customers at account opening, posted on the Internet website of the member or member organization (if applicable) and mailed to customers upon request.
- E. The term “mission critical system,” for purposes of this Rule, means any system that is necessary, depending on the nature of a member's or member organization's business, to ensure prompt and accurate processing of securities transactions, including order taking, entry, execution, comparison, allocation, clearance and settlement of securities transactions, the maintenance of customer accounts, access to customer accounts and the delivery of funds and securities.
- F. The term “financial and operational risk assessments,” for purposes of this Rule, means a set of written procedures that allow members and member organizations to identify changes in their operational, financial, and credit risk exposure.
- G. Members and member organizations must designate a senior officer to approve the Plan, who shall also be responsible for the required annual review, as well as an Emergency Contact Person(s). Such individuals must be identified to the Exchange (by name, title, mailing address, e-mail address, telephone number, and facsimile number). Prompt notification must be given to the Exchange of any change in such designations.

## Trading & Operations

### 301 Trading Sessions

Dealings in listed securities shall commence at 9:30 a.m. on each business day. Extension or retraction of these times is at the absolute discretion of the officer of the Exchange presiding over the session, subject to concurrence of the majority of seatholders and attorneys on the floor.

### 302 Quotation Spreads

All bids and offers shall be made at a minimum spread per unit of share/stock of:

- A. 0.05 where quotation is up to \$5.00 per unit
- B. 0.10 where quotation is more than \$5.00 per unit

**303 Board Lots**

A board lot shall consist of:

- A. 500 units of shares/stocks priced at more than \$50.00
- B. 1000 units of shares/stocks priced at \$20.01 to \$50.00
- C. 2000 units of shares/stocks priced at \$20.00 or less

**304 Odd Lots**

Odd lots must be traded:

- A. between bid and offer (at market);
- B. at any price in the event there has been no bid or offer during past twenty-four (24) trading sessions.

**305 Established Buyer**

The member/dealer first submitting the highest bid for a security becomes the Established Buyer thereof at the bid price for not less than one board lot, without interference, or more than a board lot with the consent of all member/dealers present. At any point after a board lot has been dealt in, the stock may again be called at any member/dealer's request other than the previous Established Buyer and any such member may take over the position of Established Buyer at a bid price which may be:

- A. lower than the current bid, or,
- B. at the current bid, or,
- C. higher than the current bid.

**306 Established Seller**

The member/dealer first submitting the lowest offer for a security becomes the Established Seller thereof at the offer price for not less than one board lot, without interference, or more than a board lot with the consent of all member/dealers present. At any point after a board lot has been dealt in, the stock may again be called at any member/dealer's request other than the previous Established Seller at an offer price which may be:

- A. higher than the current offer, or,
- B. at the current offer, or,
- C. lower than the current offer.

**307 Determination of Established Buyer or Established Seller**

- a. Where two or more member/dealers make an identical bid or offer, the officer of the Exchange presiding shall determine the established position by means of drawing lots or some other acceptable means, e.g. tossing a coin.
- b. Where a member/dealer vacates his established position voluntarily any other member may take over the established position at either a lower bid or a higher as the case may be.

**308 Limitations**

A member/dealer wishing to deal in any security must deal with the Established Buyer or the Established Seller as the case may be for not less than one board lot. Any amount in excess of a board lot may only be done in the event that no other member/dealer intervenes to deal in the security at the established price, whether as buyer or seller. Where there is an intervention, the intervening member/dealer shall also be subject to the above limitations.

**309 Put-Through Transactions**

Any member/dealer may deal as an Agent, Principal Buyer, or Principal Seller subject to the following conditions:

- A. Member/Dealer
  - A Member/Dealer may put through a transaction as:
    - (i) Agent at:
      - (a) The BID price with the consent of the Established Buyer, up to a maximum of one board lot, after which 30% of the amount in excess must be offered for sale to floor members at the BID price. In the event of the Established Buyer exercising his right of one board lot, the member executing the put-through will be allowed the next board lot before applications of the 30% rule.
      - (b) The OFFER price with the consent of the Established Seller, up to a maximum of one board lot, after which 30% of the amount in excess must be bought from floor members at the Offer price. In the event of the Established Seller exercising his right of one board lot, the member executing the put-through will be allowed the next board lot before applications of the 30% rule.
      - (c) any INTERMEDIARY price, without interference, up to a maximum of one board lot, after which the member executing the put-through must satisfy buying and /or selling orders from floor members at that INTERMEDIARY price up to 30% of the amount in excess.

(ii) Principal Buyer at:

The OFFER price only, with consent of the Established Seller, up to a maximum of one board lot, after which up to 30% of the amount in excess must be bought from floor members at the OFFER price. In the event of the Established Seller exercising his right of one board lot, the member executing the put-through will be allowed one board lot before application of the 30% rule (above).

(iii) Principal Seller at:

the BID price only, with the consent of the Established Buyer, up to a maximum of one board lot, after which up to 30% of the amount in excess must be offered for sale to floor members at the BID price. In the event of the Established Buyer exercising his right of one board lot, the member executing the put-through will be allowed one board lot before application of the 30% rule (above).

B. Established Buyer

An Established Buyer may put through a transaction as:

(i) Agent at:

- (a) The Bid Price, up to a maximum of one board lot, after which 30% of the amount in excess must be offered for sale to floor members at bid price.
- (b) The OFFER price only, with the consent of the Established Seller, up to a maximum of one board lot, after which up to 30% of the amount in excess must be bought from the floor members at the OFFER price. In the event of the Established Seller exercising his right of one board lot, the member executing the put-through will be allowed one board lot before application of the 30% rule (above).
- (c) any INTERMEDIARY price, without interference, up to a maximum of one board lot, after which the member executing the put-through must satisfy buying and /or selling orders from floor members at that INTERMEDIARY price up to 30% of the amount in excess.

(ii) Principal Buyer at:

The OFFER price only, with consent of the Established Seller, up to a maximum of one board lot, after which up to 30% of the amount in excess must be bought from floor members at the OFFER price. In the event of the Established Seller exercising his right of one board lot, the member executing the put-through will be allowed one board lot before application of the 30% rule (above).

(iii) Principal Seller at:

The BID price only, without interference, up to a maximum of one board lot, after which up to 30% of the amount in excess must be sold to floor members at the BID price.

C. Established Seller

An Established Seller may put through a transaction as:

(i) Agent at :

- (a) The OFFER price without interference, up to a maximum of one board lot, after which 30% of the amount in excess must be bought from floor members at the OFFER price.
- (b) The BID price with the consent of the Established Buyer, up to a maximum of one board lot, after which 30% of the amount in excess must be offered for sale to floor members at the BID price. In the event of the Established Buyer exercising his right of one board lot, the member executing the put-through will be allowed the next board lot before application of the 30% rule.
- (c) any INTERMEDIARY price, without interference, up to a maximum of one board lot, after which the member executing the put-through must satisfy buying and/or selling orders from floor members at that INTERMEDIARY price up to 30% of the amount in excess.

(ii) Principal Buyer at:

The OFFER price only, without interference up to a maximum of one board lot, after which up to 30% of the amount in excess must be bought from floor members at the OFFER price.

(iii) Principal Seller at:

The Bid price only with the consent of the Established Buyer up to a maximum of one board lot, after which up to 30% of the amount in excess must be sold to floor members at the BID price. In the event of the Established Buyer exercising his right of one board lot, the member executing the put-through will be allowed a board lot before the application of the 30%

**310 Bargains and Annulment of Bargains**

- A. Every member/dealer, whether acting for its own account or for account of a principal, must when fulfilling all bargains comply with the rules, regulations and usages of the Exchange.
- B. The Exchange shall not give assistance to a member/dealer to annul a bargain, except where there is an allegation of fraud or of willful misrepresentation or where there is a mistake, which in the judgment of the Exchange, would warrant its intervention.

**311 Contract Notes**

- A. Member/Dealers may transact business as principals or as agents, but they must clearly state the capacity in which they are transacting such business.
  - (i) either prior to or at the time of entering into the contract, and;
  - (ii) in the document embodying the contract relative to the transaction.
- B. Every transaction entered into by a member/dealer, whether as principal or agent, shall be evidenced by a contract note:
  - (i) where a member/dealer is acting in the capacity of a principal, every contract note issued therefore shall so state;
  - (ii) where a member/dealer is acting in the capacity of an agent, every contract note issued therefore shall state the price at which the bargain has been done and the commission charged in respect thereof.
- C. Every contract note shall bear the words "member of the Jamaica Stock Exchange".
- D. Member/Dealers who effect any sale or purchase of any listed security shall within two (2) business days after the sale or purchase make and transmit a contract note of the transaction to its principal.



### 312 Clearing of Transactions

All transactions made between member/dealers in listed securities except those specifically designated as "cash" or "delayed delivery" shall be settled within fourteen (14) days following the date of the transaction unless otherwise arranged by the contracting parties.

Cheques for settlement in respect of business transacted at the Exchange shall be certified by the bank on which they are drawn, unless otherwise arranged between the members concerned.

"Cash delivery" shall mean delivery before the close of banking hours on the day on which the transaction takes place.

"Delayed delivery" shall mean delivery on or before the period specifically mentioned in or indicated by the contract.

All contracts in securities falling due while the transfer books of such securities are closed shall be completed on the opening of the books, unless otherwise arranged by the contracting parties.

The SELLER of securities is responsible for the genuineness and complete regularity thereof, and a security which is not valid or is not in proper negotiable form shall be replaced forthwith by one which is valid and is in proper negotiable form.

### 313 Closing out Contracts

If a member/dealer fails within the time provided by the Exchange to carry out an Exchange transaction, the member/dealer entitled to the carrying out thereof may, after giving to the member in default notice thereof in writing specifying the details of the transaction, notify the Secretary of the Exchange in writing to close out the transaction for his account, filing therewith a copy of the notice given to the member/dealer.

Both notices must be given in writing by 3 o'clock in the afternoon of the business day prior to the day when the transaction is to be closed out.

If the member/dealer in default does not wish to dispute the claim, he may, notwithstanding the notification to the Secretary to close out the transaction, himself carry out the transaction provided he notifies the Secretary of his intention to do so before the Secretary has closed out the transaction.

If the member/dealer in default wishes to dispute the claim, he shall before 10 o'clock in the morning on the day the transaction is to be closed out, file a dispute in writing with the Secretary of the Exchange, who shall submit the same to the next meeting of the Directors of the Exchange.

The Directors may adjudicate on the matter and its decision shall be final and binding on all parties.

If the contract is closed out in accordance with the 'buy in' notice or in accordance with the decision of the Directors, the defaulting member/dealer shall be charged with any loss or shall receive any gain arising from such closing out.

Such gain or loss shall be the difference between the total cost, or the net proceeds as the case may be, of the transaction as so closed out and the total cost or net proceeds as may be appropriate, which would have been realised had the transaction been completed pursuant to the original contract.

### **314 Ex-Dividends, Ex-Rights, etc.**

Transactions in shares shall be ex-dividends, ex-rights or ex-subscription privileges, as the case may be, during the two (2) business days immediately preceding the record date or the date of the closing of the transfer books therefore.

POSITION				PUT-THROUGH TRANSACTIONS MAY BE DONE UNDER THE FOLLOWING CONDITION AS:			
A. Non-Established Buyer or Seller		I. AGENT	II. PRINCIPAL BUYER		III. PRINCIPAL SELLER		
(a) at BID price, with consent of Established Buyer;		at OFFER price only, with consent of the Established Seller		at BID price only, with consent of the Established Buyer.			
(b) at OFFER price, with consent of Established Seller							
OR							
(c) at any INTERMEDIARY price, provided the difference between the bid and the ask does not exceed double the normal spread.							
B. Established Buyer		(a) at BID price	at OFFER price only, with consent of the Established Seller		at BID price only		
(b) at OFFER price, with consent of the Established Seller,							
OR							
(c) at any INTERMEDIARY price, provided the difference between the bid and the ask does not exceed the normal spread.							
C. Established Seller		(a) at BID price with consent of the Established Buyer,	at OFFER price only		at BID price only, with consent of the Established Buyer		
(b) at OFFER price;							
c) at any INTERMEDIARY price, provided the difference between the bid and the ask does not exceed the normal spread.							
<p><i>Note: All transactions exceeding a board lot are subjected to interruptions from other floor members for up to 30% of the amount in excess.</i></p>							

## Listed Companies

### *General Requirements for Listing*

#### **401 Listing at the Discretion of the Exchange**

The listing of securities on the Exchange is in the absolute discretion of the Exchange who may delegate such powers to a duly appointed committee.

The Exchange recognises that extremely exceptional cases may occur and therefore reserves the right to consider each request for listing on its merits.

#### **402 Minimum Issued Capital and Number of Share / Stockholders**

No request for listing of a company's securities will normally be considered unless:

- A. The total ISSUED share and loan capital of the company is \$200,000 or more; the share capital portion being not less than \$100,000.
- B. All of the issue of the security which is the subject of the request for listing is to be issued and fully paid, at the date the application is received at the Exchange.
  - (i) Ordinary Shares/Stock: No application for listing of this class of security will be considered unless:
    - (a) The issued nominal value is \$250,000 or more;
    - (b) EITHER there is a minimum of 100 share/stockholders holding in their own right not less than 20% of the issued ordinary capital (such percentage being not less than \$125,000 nominal value) excluding the holding(s) of one or more controlling share/stockholder(s) OR there are arrangements then in place which the Exchange approves in writing as likely to result in such minimum holding (as to number of holders and their total holdings) being achieved by the end of business on the first day the securities are listed.
  - (ii) Irredeemable Preference Shares and/or Preference Shares convertible into Ordinary Shares/Stock:

No application for listing either class of these securities will be considered unless the issued nominal value is \$500,000 or more. Where the application is for a combination of both classes of securities, and provided that no one class is of an issued nominal value of less than \$50,000 the total issued nominal values may be aggregated in meeting the minimum requirement of \$100,000 of issued share capital.

- (iii) Redeemable Preference Shares and/or Debenture Stock.

No application for listing of either class of these securities will be considered unless the issued nominal value is \$100,000 or more. Where the application is for a combination of both classes of securities and provided that no one class is of an issued nominal value of less than \$50,000, the total issued nominal values may be aggregated in meeting the minimum requirement of \$100,000.

- C. Any listed company that fails to maintain the minimum capital requirement and the minimum number of share/stockholders stipulated in Rule 402 (A & B) shall be delisted.

**403 Methods of Issue**

A. Methods of Issue

- (i) "Any company which is incorporated or registered and operating a business in a Caricom country, may apply to be listed on the Jamaica Stock Exchange, by any one of the following methods."
- (ii) "Any company which is listed on a recognised Stock Exchange may apply to be listed on the Jamaica Stock Exchange, by any one of the following methods."
- (iii) " Any incorporated company which is registered in Jamaica may apply to be listed on The Jamaica Stock Exchange, by any one of the following methods."

**PROSPECTUS ISSUE:** an offer to the public by or on behalf of a company at a fixed price.

**OFFER FOR SALE:** an offer to the public, by or on behalf of a third party at a fixed price.

**OFFER BY TENDER:** an offer to the public, by or on behalf of a company or a third party by tender.

**PLACING:** an offer through stockbroker-members of the Exchange to sell the securities of a company to the public.

**INTRODUCTION:** Where none of the company's securities are being offered to the public.

**NOTE:** Companies desirous of having their securities listed by any of the above methods of issue should, initially, make contact with a member/dealer of the Exchange.

The following requirements apply to the following methods of issue:

**A. Prospectus Issue**

**B. Offer for Sale**

**C. Offer by Tender**

Prior to a request for listing by any of the above methods, ten (10) copies of the draft Prospectus, Statement in lieu of Prospectus or other document of offer should be forwarded to reach the Exchange at least fourteen (14) days before the date set for publication.

The draft 'Prospectus', 'Statement in lieu of Prospectus' or other document of offer shall have been prepared for purposes of conforming with the provisions of the Companies Act 2004 relative to the need for a Prospectus or Statement in lieu of Prospectus as the case may be, and should indicate that application for listing will be made to the Exchange.

**Publication:** The approved Prospectus or Statement in lieu of Prospectus or other document of offer must be published in a daily newspaper at least seven (7) days [but preferably fourteen (14) days] before the list is opened for subscription and sufficient copies made available to the public and to the Exchange.

**Details and Basis of Allotment:** Within three (3) days after closing of the list, the company shall deliver to the Exchange a signed statement setting out the details and basis of allotment.

**List of Allottees:** Within ten (10) days after allotment a list of allottees must be forwarded to the Exchange.

**Renunciation Letters/Certificates of Allotment:** Within ten (10) days after the closing of the list, renunciation letters/certificates of allotment accompanied by refund of all monies received in excess of shares allotted, if any, must be forwarded to all allottees.

**Certificates to Allottees:** Within thirty (30) days of date of expiration of renunciation, definitive certificates must be ready for delivery to allottees.

**Application for listing:** Within fifteen (15) days after allotments a request for listing must be made to the Exchange accompanied by:

- (i) two (2) completed copies of the form of Application for Listing (Appendix 2).
- (ii) the initial fee for the listing in force at the date the application for listing is made (Appendix 6).
- (iii) two (2) completed copies of the Listing Agreement (Appendix 3).
- (iv) a copy of the Memorandum and Articles of Association or Articles of Incorporation with a copy for any amendments thereto or, if these documents are in a language other than English, a certified translation thereof.
- (v) a specimen of the share certificate now in use for each class of security to be listed.
- (vi) a certified copy of the resolution of the directors or shareholders authorising the application for listing.
- (vii) a letter from the company's counsel, lawyer or solicitor certifying that the company has been legally and properly organised in accordance with the laws of Jamaica.
- (viii) a letter from the secretary of the company certifying that:
  - (a) the securities to be listed have been duly and properly authorised and issued according to the law;
  - (b) all calls on the securities to be listed are fully paid or that otherwise the securities are fully paid and non-assessable.
- (ix) a current list of shareholders, stockholders and debenture holders of the company showing the individual holdings of each class of share/stock/debentures issued and fully paid.
- (x) a copy of the annual report issued to shareholders during each of the last three (3) years or less than three (3) years where applicable.
- (xi) if applicable, an audited or unaudited copy of financial statements (including balance sheet, profit and loss or income and expenditure accounts in the customary form) dated within ninety (90) days from the date of the application for listing. If unaudited, the financial statements must be certified to be true and correct to the best of their knowledge and belief by two directors and one senior officer of the applicant company.



- (xii) a full description of the operation which is carried on or which is proposed to be carried on by the company.
- (xiii) a copy of every Prospectus or Statement in lieu of Prospectus or other document of offer issued by the company or filed by it with the Registrar of Companies since the 1st day of January 1964, together with a copy of every document required by the Companies Act 2004 to be filed with the Prospectus or Statement in lieu of Prospectus or in respect of which the company must state in the Prospectus where they may be inspected.

Where it is inconvenient or impractical to send any such document then the company must state where such document may be inspected, and that such document is available for inspection by any member of the public at reasonable times during business hours. The Exchange shall decide what amounts to reasonable times.

#### D. **Placing**

Prior to a request for listing by the method of "Placing" ten (10) copies of the draft Prospectus, Statement in lieu of Prospectus or other document of offer should be forwarded to reach the Exchange at least fourteen (14) days before the date set for publication.

The draft 'Prospectus', 'Statement in lieu of Prospectus' or other document of offer shall have been prepared for purposes of conforming with the provisions of the Companies Act 2004 relative to the need for a Prospectus or Statement in lieu of Prospectus as the case may be, and should indicate that the application for listing will be made to the Exchange.

**Publication:** The approved Prospectus or Statement in lieu of Prospectus or other document of offer must be published in a daily newspaper at least seven (7) days [but preferably fourteen (14) days] before the list is opened for subscription and sufficient copies made available to the public and the Exchange.

**List of Allottees:** Within ten (10) days after allotment a list of allottees must be forwarded to the Exchange.

**Renunciation Letters/Certification of Allotment:** Within ten (10) days after the closing of the list, renunciation letters/certificates of allotment accompanied by refund of all monies received in excess of shares/stock allotted, if any, must be forwarded to all allottees.

**Certificates to Allottees:** Within thirty (30) days of date of allotment, definitive certificates must be ready for delivery to allottees.

**Application for Listing:** Within fifteen (15) days after the allotment a request for listing must be made to the Exchange accompanied by:

- (i) two (2) completed copies of the form of Application for Listing (Appendix 2).
- (ii) the initial fee for listing in force at the date the application is made (Appendix 6).
- (iii) two (2) completed copies of the Listing Agreement (Appendix 3).
- (iv) a copy of the Memorandum and Articles of Association or Articles of Incorporation with a copy of any amendments thereto or, if these documents are in a language other than English, a certified translation thereof.
- (v) a specimen of the certificate now in force for each class of securities to be listed.
- (vi) a certified copy of the resolution of the directors or shareholders authorising the application for listing.
- (vii) a letter from the company's counsel, lawyer or solicitor certifying that the company has been legally and properly organised in accordance with the laws of Jamaica.
- (viii) a letter from the secretary of the company certifying that:
  - (a) the securities to be listed have been properly authorised and issued according to the law;
  - (b) all calls on the securities to be listed are fully paid or that otherwise the securities are fully paid and non-assessable.
- (ix) a current list of shareholders, stockholders and debenture holders of the company showing the individual holdings of each class of shares/stock/debentures issued and fully paid.
- (x) a copy of the annual report issued to shareholders during each of the last three (3) years or less than three (3) years where applicable.
- (xi) if applicable, an audited or unaudited copy of financial statements (including balance sheet, profit and loss or income and expenditure accounts in the customary form) dated within ninety (90) days from the date of application for listing. If unaudited, the financial statements must be certified to be true and correct to the best of their knowledge and belief by two (2) directors and one (1) senior officer of the applicant company.

- (xii) a full description of the operation which is carried on or which is proposed to be carried on by the company.
- (xiii) a copy of every Prospectus or Statement in lieu of Prospectus or other document of offer issued by the company or filed by it with the Registrar of Companies since the 1st day of January 1964, together with a copy of every document required by the Companies Act 2004 to be filed with the Prospectus, or Statement in lieu of Prospectus, or in respect of which the company must state in the Prospectus where they may be inspected.

Where it is inconvenient or impractical to send any such document then the company must state where such document may be inspected, and that such document is available for inspection by any member of the public at reasonable times during business hours. The Exchange shall decide what amounts to reasonable times.

In the absence of very exceptional circumstances a listing by the method of "Placing" will not be considered unless a minimum of 20% of the nominal value of the issued equity capital or securities convertible into equity capital and a minimum of 10% of the issued amount of fixed income security is being offered for placing with the public, such offers being not less than \$250,000 and \$125,000 respectively.

In the case of equity capital, the lists for names shall be kept open during market hours for not less than five (5) days following the date of first publication of the Prospectus or other documents of offer.

#### E. **Introduction**

The request for listing by the method of introduction should be forwarded to the Exchange accompanied by:

- (i) ten (10) draft copies of the Memorandum for Listing and Abridged Statement (Appendices 4 & 5).

**Publication:** The approved Abridged Statement must be published in a daily newspaper not more than seven (7) days following approval by the Exchange.

**Listing:** Listing will be effected fourteen (14) days after publication of the Abridged Statement.

- (ii) two (2) completed copies of the form of Application for Listing (Appendix 2).
- (iii) the initial fee for listing in force at the date the application is made.
- (iv) two (2) completed copies of the Listing Agreement (Appendix 3).

- (v) a copy of the Memorandum and Articles of Association or Articles of Incorporation with a copy of any amendments thereto, or if these documents are in a language other than English, a certified translation thereof.
- (vi) a specimen of the certificate now in use for each class of security to be listed.
- (vii) a certified copy of the resolution of the directors or shareholders authorising the application for listing.
- (viii) a letter from the company's counsel, lawyer or solicitor certifying that the company has been legally and properly organized in accordance with the laws of the country.
- (ix) a letter from the secretary of the company certifying that:
  - (a) the securities to be listed have been duly and properly authorised and issued according to law;
  - (b) all calls on the securities to be listed are fully paid or that otherwise the securities are fully paid and non-assessable.
- (x) a current list of shareholders, stockholders and debenture holders of the company showing the individual holdings of each class of shares/stock/debentures issued and fully paid.
- (xi) a copy of the annual report issued to shareholders during each of the last three (3) years or less than three (3) years where applicable.
- (xii) If applicable, an audited or unaudited copy of financial statements (including balance sheet, profit and loss or income and expenditure accounts in the customary form) dated by the Company's Auditors within ninety (90) days prior to the date of application for listing. If unaudited, the financial statements must be certified to be true and correct to the best of their knowledge and belief by two directors and one senior officer of the applicant company.
- (xiii) a full description of the operation which is carried on or which is proposed to be carried on by the company.
- (xiv) a copy of every Prospectus or Statement in lieu of Prospectus or other document of offer issued by the company or filed by it with the Registrar of Companies since the 1st day of January 1964 together with a copy of every document required by the Companies Act 2004 to be filed with the Prospectus or Statement in lieu of Prospectus or in respect of which the Company must state in the Prospectus where they may be inspected.

Where it is inconvenient or impractical to send any such document then the company must state where such document may be inspected, and that such document is available for inspection by any member of the public at reasonable times during business hours. The Exchange shall decide what amounts to reasonable times.

#### 404 Articles of Association/Incorporation

Unless otherwise agreed by the Exchange the Articles of Association/Incorporation or other corresponding document must conform with the following provisions and, where necessary, a certified copy of a resolution of the company's Board of Directors undertaking to comply with the appropriate provisions must be lodged with the Exchange within a stated period being not more than ninety (90) days from the date thereof.

##### A. Transfers and Registration

- (i) Transfers and other documents affecting the title to any of the listed securities of the company shall be registered free of any fee.
- (ii) Fully-paid shares shall be free from any restriction on the right of transfer and shall be free from all lien.
- (iii) Where power is taken to limit the number of shareholders in a joint account, such limit shall not prevent the registration of a maximum of four persons.
- (iv) The closing of the registers shall be discretionary.
- (v) Transfers shall be certified against definitive certificates lodged.

##### B. Definitive Certificates

- (i) All certificates for capital shall be under the Common Seal, which shall be affixed with the authority of the Directors only.
- (ii) The fee for the new certificate issued to replace one that has been worn out, lost or destroyed shall not exceed twenty (20) cents and where the holder has sold part of his holding, he shall be entitled to a certificate for the balance without charge.
- (iii) All certificates for capital shall be complete and ready for delivery within ten (10) days of lodgement of the relevant transfer and certificate(s). In the case of shares nominated to the JCSD, Statement of Accounts for capital shall be complete and ready for delivery within ten (10) days of lodgement of transfer.

**C. Dividends**

- (i) Any amount paid up in advance of calls on any share/stock may carry interest but shall not entitle the holder of the security to participate in respect thereof in a dividend subsequently declared.
- (ii) Where power is taken to forfeit unclaimed dividends, that power shall not be exercised until twelve (12) years or more after the date of declaration of the dividend.

**D. Directors**

- (i) A Director must comply with the provisions of sections 192 and 193 of the Companies Act 2004 as to disclosure of interest and withdraw from any proceedings of the Board which considers whether to approve any contract in which he is interested.
- (ii) Any person appointed by the Directors to fill a casual vacancy on or as an addition to the Board shall hold office only until the next following annual general meeting of the company, and shall then be eligible for re-election.
- (iii) Where not otherwise provided by Law, the company in General Meeting shall have power by Ordinary Resolution to remove any Director (including a Managing Director, but without prejudice to any claim for damages under any contract) before the expiration of his period of office.
- (iv) Notice to the company of the intention to propose a person for election as a Director, and notice to the company by such person of his willingness to be elected shall be given not less than seven (7) days or more than fourteen (14) days before the date of the meeting appointed for such election.

**E. Annual Reports and Accounts**

A printed copy of the Annual Report, containing a segment on Management Discussion and Analysis (please see Appendix 13) and accompanied by the Balance Sheet (including every document required by the law to be annexed thereto) and Profit and Loss Account or Income and Expenditure Account, shall at least twenty-one (21) days previous to the general meeting, be delivered or sent by post to the registered address of every member.

**F. Voting Rights**

- (ii) Adequate voting rights are in appropriate circumstances secured to Preference Shareholders.
- (iii) The quorum for a separate class meeting (other than an adjourned meeting) to consider a variation of the rights of any class of shares shall be the holders of at least one-third of the issued shares of the class.

**G. Notices**

Where power is taken to give notice by advertisement such advertisement shall be inserted in a daily newspaper in Jamaica.

**H. Redeemable Shares**

Where power is reserved to purchase for redemption a redeemable share:

- (i) Purchases not made through the market or by tender shall be limited to a maximum price.
- (ii) If purchases are by tender, tenders shall be available to all shareholders alike.

**I. Proxies**

Where provision is made in the Articles as to the form of proxy this must be so worded as to entitle and enable the member to direct the proxy to vote either for or against each resolution.

A corporation may execute a form of proxy under the hand of a duly authorised officer.

**405 Trust Deeds or other Documents Securing or Constituting Loan Capital**

Unless otherwise agreed by the Exchange there must be a Trustee or Trustees.

One of the Trustees or the sole Trustee must be a trust company or commercial bank or other organisation approved by the Exchange whose business includes acting as Trustee and such company, commercial bank, organisation or trustee must have no interest in or relation to the company which might conflict with the position of Trustee.

In the event of the office of Trustee becoming vacant, a new Trustee appointed under any statutory or other power must, prior to appointment be approved by an Extraordinary Resolution of the holders of the relevant class of Loan Capital. Any existing appointment of Trustee or Trustees relative and in pursuance of any Agreement or Trust Deed in existence at the 30th day of June 1971 providing for such appointment of such Trustee shall not be affected by this clause and shall be deemed to satisfy its requirements provided that the Exchange is notified of such arrangement within thirty (30) days from the 30th day of June 1971.



Trust deeds or other corresponding documents must contain provisions to the following effect:

**A. Redemption**

- (i) Where power is reserved to purchase a security:
  - (a) Purchases not made through the market or by tender shall be limited to a maximum price;
  - (b) If purchases are by tender, tenders shall be available to all stockholders alike.
- (ii) Where the outstanding amount of a security subject to redemption by drawings is not less than \$500,000 the lots into which the issue is to be divided for the purpose of a drawing shall be not more than \$250.00 unless division into larger lots is specifically required by the terms of such security, but in any event shall not be more than \$2,500.00.
- (iii) Where a security is repayable on a particular date the year of redemption shall be indicated on the title of the security; where a security may be repaid within a fixed period that period shall be indicated on the title by the inclusion of the first and last years of the period; and where a security is to be irredeemable that security shall be described as such.

**B. Conversion Rights**

During the existence of conversion rights:

- (i) Unless provision is made for appropriate adjustment of the conversion rights, the company shall be precluded (subject to such specified exceptions referred to in the terms of issue as may be approved by the Exchange) from effecting any reduction of capital involving repayment of capital or reduction of uncalled liability or making any capital distribution.
- (ii) The creation or issue of any new class of equity share capital shall be prohibited or restricted within such specified limits referred to in the terms of issue.
- (iii) No capitalisation of profits or reserves shall be effected except in shares of the appropriate class and in the case of such an issue the

conversion rights shall be appropriately adjusted.

- (iv) If the company shall make or give to its shareholders any offer or right in relation to shares or debentures of the company or any other company then unless provision is made for appropriate adjustments of the conversion rights, the company shall at the same time make or give to the holders of the convertible securities the like offer or right on the basis appropriate having regard to their conversion rights.
- (v) In the event of voluntary liquidation except for the purpose of reconstruction or amalgamation on terms previously approved by the Trustees, or where there are no Trustees, by an extraordinary Resolution of the holders, the holders of the convertible securities shall for a limited period have rights equivalent to conversion.
- (vi) The company shall maintain at all times sufficient unissued capital to cover all outstanding conversion rights.
- (vii) Where provision is made enabling the company at its option to repay or convert the security, if a specified proportion of the security has been converted, such right shall apply to the whole security outstanding and shall only be exercisable if notice of intention of such exercise is given within one (1) month after the expiration of those conversion rights which were at the holder's option.
- (viii) All necessary allotments of shares consequent upon a conversion shall be effected not later than fourteen (14) days after the last date for

**C. Notice to Holders**

- (i) Holders should be given not less than four (4) or more than six (6) weeks' notice in writing prior to the end of each conversion period reminding them of the conversion right then arising or current and stating the relative basis of conversion after taking into account any required adjustments.
- (ii) The designation of the security shall include the word "convertible", until the expiration of conversion rights, whereupon that word shall

**D. Meeting and Voting Rights**

- (i) Not less than twenty-one (21) days' notice shall be given of a meeting for the purpose of passing an Extraordinary Resolution.
- (ii) A meeting of holders of the class of securities must be called on a requisition in writing signed by holders of at least one-tenth of the nominal amount of that class of securities for that time being outstanding.

- (iii) The quorum for a meeting (other than an adjourned meeting) for the purpose of passing an Extraordinary Resolution shall be the holders of a clear majority of the outstanding securities of the class in question.
- (iv) The necessary majority for passing an Extraordinary Resolution shall be not less than three-fourths (3/4) of the persons voting thereat on a show of hands and if a poll is demanded then not less than three-fourths (3/4) of the votes given on such a poll.
- (v) On a poll, each holder of securities shall be entitled to at least one (1) vote in respect of each of these amounts held by him which represents the lowest denomination in which such securities can be transferred.
- (vi) A proxy need not be a holder of the securities.

**E. Transfers and Registration**

- (i) Transfers and other documents relating to or affecting the title to any securities shall be registered without payment of any fee.
- (ii) The closing of the registers shall be discretionary.

**F. Definitive Certificates**

- (i) The fee for a new certificate issued to replace one that has been worn out, lost or destroyed shall not exceed 20¢ and that where a holder has sold part of his holding, he shall be entitled to a certificate for the balance without charge.
- (ii) On any repayment of part of the amount due on the security, unless a new document is issued, a note of such payment shall be enfaced (not endorsed) on the document.
- (i) All certificates for capital shall be complete and ready for delivery *within ten (10) days of lodgement* of transfer and certificate(s). In the case of shares nominated to the JCS D, statements of account for capital shall be complete and ready for delivery within *10 days of lodgement of transfer*.

**G. Securities**

- (i) In the case of securities which are not secured, the same shall be entitled "Unsecured".
- (ii) The designation of securities shall not include the word "Mortgage" unless they are secured to a substantial extent by a specific mortgage or charge.

H. Unclaimed Interest

- (i) Where power is taken to forfeit unclaimed interest, that power shall not be exercised until twelve (12) years or more after the due date of payment of the interest.

**406 LISTING FEES**

Charges for the listing of a company's securities comprise an initial fee, an annual fee and a supplementary fee. These fees are in accordance with the scales set out by the Exchange from time to time (Appendix 6).

**A. Initial Fee**

The Initial Fee, which is based on total *issued* share capital value of each new listing of securities not already listed, must accompany each Application for Listing. The minimum charge for Initial Fee is based on the prevailing fee at the time of listing (See Appendix 6)

**B. Annual Fee**

Calculation of Annual Fees payable is based on the average market value at month-end for the previous twelve-month or shorter period (where applicable), of all classes of a company's securities which are the subject of listing.

The minimum charge for Annual Fee is as outlined in Appendix 6.

The Annual Fee becomes due on January 1 each year following the calendar year of listing and must be forwarded to reach the Exchange within fourteen (14) days of that date.

**C. Supplementary Fee**

The Supplementary Fee is payable for all additional issues, during a calendar year, of securities already listed and must accompany the first Supplementary Application for Listing for that calendar year. Supplementary Fee is payable on the market value of each new issue submitted to the Exchange for listing.

## Financial Statements

### 407 QUARTERLY FINANCIAL STATEMENTS

Every listed company shall submit to the Stock Exchange two (2) hard copies and one (1) *electronic copy* of their Quarterly Financial Statements at intervals not exceeding three (3) months and within forty-five (45) days of the end of the period to which the statements relate. The financial statements shall be prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the Standards Interpretation Committee of the IASB and recommendations by the Institute of Chartered Accountants of Jamaica (ICAJ). Any supplementary information which in the opinion of the Directors is necessary for a reasonable appreciation of the results of the quarter, should be included.

Additionally, shareholdings of Directors and Senior Management and their connected persons and the shareholdings of those persons holding the ten (10) largest blocks of shares must be included in the report.

All Quarterly Financial Statements shall have been approved by the company's Board of Directors and signed by two (2) or more Directors of the company and should state whether or not they are audited. Companies with quarterly financial statements which are forty-five (45) days overdue shall have trading in their shares suspended until the reports are submitted to the Exchange.

A company that is unable to timely submit to the JSE Quarterly Financial Statements within the prescribed intervals must notify the JSE where it can be foreseen that there is the probability of a delay, the circumstances and the probable extent of the delay.

The company should simultaneously place an advertisement in the print media advising shareholders of the delay.

Listed Companies have the option to submit their Quarterly Results as follows:

- (i) Fourth Quarter Financials be submitted 45 days (Unaudited) and 90-day (Audited)

or

- (ii) 60-days Audited Financial Results

Listed companies are required to indicate to the Stock Exchange and the market, which of the two options would be chosen at the beginning of the third quarter of each year. However if there is no change in the option previously chosen, then no communication is required.

#### **408 AUDITED ANNUAL FINANCIAL STATEMENTS**

Immediately after the relevant board meeting has been held and within ninety (90) days of the company's financial year-end, every listed company shall forward to the Stock Exchange two (2) *hard copies* and (1) *electronic copy* of the Audited Annual Financial Statements.

The financial statements shall be prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), interpretations issued by the Standards Interpretation Committee of the IASB and recommendations by the Institute of Chartered Accountants of Jamaica (ICAJ), items (i) (ii) (iii) and (iv) are applicable.

- (i) Any supplementary information which in the opinion of the Directors is necessary for a reasonable appreciation of the results.
- (ii) Shareholdings of Directors and Senior Management and their connected persons and the shareholdings of those persons holding ten (10) largest blocks of shares.
- (iii) All Annual Financial Statements shall have been approved by the company's Board of Directors and signed by two (2) or more directors of the company. Companies with audited annual financial statements which are ninety (90) days overdue, shall have trading in their shares suspended until the reports are submitted to the Exchange.
- (iv) A company that is unable to timely submit to the JSE its Audited Annual Financial Statements, must notify the JSE where it can be foreseen that there is the probability of the delay, the circumstances and the probable extent of the delay. The company should also simultaneously place an advertisement in the print media, advising shareholders of the delay.

#### **409 ANNUAL REPORT**

Within one-hundred-and-twenty (120) days of the company's financial year-end, a printed copy of the company's Annual Report and Financial Statements, which shall include the shareholdings of directors and senior management and their connected persons, shall be forwarded to each of the company's share/stockholders and six (6) printed copies and (one) *electronic copy* forwarded to the Stock Exchange.

### ***Other Requirements***

#### **410 Communication of Announcements**

Prior to or concurrently with any public announcement, every listed company shall forward to the Exchange notification of all dividends, profits, issues, expansion programmes and any other changes including any information necessary to enable share/stockholders to appraise the position of the company and to avoid the establishment of a false market in the company's securities.

It is appreciated that it is impossible to ensure that all shareholders and everyone interested in the securities of a company obtain the information simultaneously but a company can ensure that as large a proportion as possible have the information so that no transaction takes place in which one party or his agent is in possession of information of which another is not. (See Appendix 8)

The company is required to give notice to the Stock Exchange of:

- A. at least a week in advance, the date of the Board meeting at which the declaration or recommendation of a dividend, bonus issue or rights issue will be considered.
- B. immediately after the relevant Board meeting has been held,
  - (i) all dividend, capitalisation or rights issues recommended or declared or any decision to postpone or omit any dividend or interest payment, and;
  - (ii) profit figures and issues, and;
- C. (i) immediately after the relevant Board meeting, at which a decision has been taken, any intention to increase its Authorised Share Capital. In all such cases the Directors must state in the explanatory circular or other document accompanying the notice of meeting whether or not there is any present intention of issuing any part thereof and, if the increase is 25% or more of the existing Authorised Share Capital, must give an undertaking that the increased capital will not be issued as to change the control (or nature) for the business without the prior approval of the shareholders in general meeting.

Information should be communicated to the Stock Exchange directly and not through an agency or third party.

The timing of Board Meetings is of course a matter for the convenience and judgement of individual Boards, but it is recommended that important decisions, dividends, profits and other matters should if possible, be taken and communicated to the Exchange before 3 p.m. on the day of the meeting.

It is of course appreciated that in some cases, particularly when announcements have to be made simultaneously in Jamaica and in centres overseas, the time factor is all-important and special arrangements as to the time and method of release must be made.



## 411 Delisting of Companies

- A. The Exchange may in their discretion delist or suspend trading on the Exchange in the securities of a listed company, for any of the following reasons:
- (i) if the company fails or ceases to comply with any of the requirements of the Listing Agreement (Appendix 3);
  - (ii) if there are any changes to the Articles of Incorporation of the company which make it undesirable that the securities of the company should be listed on the Exchange;
  - (iii) if any fee for listing has not been paid within fourteen (14) days of the due date;
  - (iv) if in the opinion of the Exchange, the company is guilty of conduct calculated to affect substantially in an adverse manner, an orderly market for its securities.
  - (v) If, listing of the Company's securities having been effected on an application in respect of which Exchange has issued an approval of arrangements for achieving minimum non-controlling share holdings pursuant to Rule 402B(b), the minimum requirement as to number of non-controlling holders and their total shareholdings is not achieved by the end of business on the first day the securities are listed.

Delisting of a company or suspension of trading on the Exchange in its securities shall be by decision of the Exchange or in an emergency by the Chairman of the Board or in his absence by the Vice Chairman of the Board, but where such delisting or suspension takes place by action other than by the Exchange such a decision shall be reported to the Exchange at the first available opportunity and the Exchange may ratify or revoke any such decision and if such decision is revoked then listing and trading in the company's securities shall forthwith be restored.

### B. Application for Delisting or Suspension of Trading

A listed company may make application to the Exchange to be delisted or to suspend trading in its securities. Any such application must be in writing, stating in as much detail as possible the reason for the application, and accompanied by a certified copy of the resolution of the Board authorising the application for delisting or suspension.

In situations where the majority shareholder(s) makes an application to delist, he shall be required to make an offer to buy out the minority shareholders unless a majority of the minority shareholders present at a general meeting approve of the application to delist. Additionally, the company must be current in all its financial reporting to the Exchange.

- C. In the event of a delisting or suspension of trading in a company's securities, for whatever reason, no portion of the listing fee is refundable. However, if during the calendar year of delisting or suspension of trading a company is re-listed or suspension is lifted, no further fee is payable for the balance of that calendar year; unless there is an increase in the issued share capital value of the securities which had been previously listed or the type/class of the securities has been altered during the period of delisting or suspension.
- D. Any company with shares which have been suspended from trading on the Exchange for more than 180 days, shall be automatically delisted.

## **412 Rights Issues and Capitalisation Issues**

- A. Offers of securities by way of rights are normally required to be conveyed by a renunciation letter or other negotiable document. In the absence of exceptional circumstances the issue for cash of equity capital, or capital having an element of equity, must be offered in the first place to the equity shareholders unless those holders have agreed in a general meeting to other specific proposals. Such an offer must normally be made by way of rights as opposed to an open offer to shareholders.
- B. Shares not subscribed to by the holders of securities to whom they have been offered by way of rights should, unless arrangements to the contrary have been specifically approved by the shareholders, be dealt with by whichever of the following methods is considered appropriate in the circumstances: sale for the benefit of the shareholder entitled; offer to existing shareholders by provision of application forms for excess shares; sale for the benefit of the company.
- C. Subscription by the Directors for the excess shares, other than in respect of their entitlement as shareholders, will not generally be permitted.
- D. Air mail must always be used for communication of offers to overseas shareholders.
- E. If a shareholder's entitlement on a capitalisation issue includes a fraction of a share, that fraction must be sold for his benefit unless the maximum fractional entitlement is small in which case it may, if the Exchange so agree, be sold for the benefit of the company, provided that the Articles of Association so allow or it is approved by the shareholders in a general meeting.
- F. Companies incorporated in countries where there exists no statutory or other requirement giving pre-emptive rights to shareholders over further issues of equity will not be required to comply with Rule 412A. The Exchange will however require such companies to undertake that issues for cash of equity capital, or securities convertible into equity capital, other than to existing holders pro-rata to their holdings, will not be made on terms likely to detract significantly from the value of the interest of such holders. Companies entering into such an undertaking on pre-emptive rights will be required to include a statement in prospectuses and annual reports and accounts drawing attention to the fact that no pre-emptive rights exist.

**RULE 413 PURCHASE BY COMPANY OF ITS OWN SHARES**

Should a Company purchase or otherwise acquire shares issued by it, then in addition to satisfying the requirements set out in Section (58) of the Companies Act, the Stock Exchange requires that:

- (1) The Company shall at all times maintain and satisfy the requirements as to minimum issued capital and the requirements with respect to the minimum number of shares/stockholders as specified in Rule 402 (A) and 402 (B) respectively in order to remain listed on the Exchange.
- (2) The method or purchase of acquisition of the shares must be Self Tender Offer or Open Market Repurchase (OMR)
- (3) The Company proposing to purchase or otherwise acquire shares issued by it is required to notify the Stock Exchange in writing of the intended purchase or acquisition at least 21 days prior to the purchase and a further notification in writing must be provided by the Company to the Stock Exchange within ten (10) days of the purchase or acquisition having been completed. The aforesaid notifications must state and disclose:
  - (i) The purpose for the purchase or acquisition.
  - (ii) The maximum number of shares intended to be purchased or acquired, and the number of shares actually purchased or acquired.
  - (iii) The effective date of the purchase or acquisition.
  - (iv) The price or other consideration to be provided for the purchase or acquisition.
  - (v) The source of funding of the purchase or acquisition.
  - (vi) The method of effecting the purchase or acquisition by Self Tender or Open Market.
  - (vii) All other information that is relevant to the transaction.
- (4) A segregated account would be opened in the JCSD for all 'Buy Backs'
- (5) Any listed company (except those where a moratorium was previously given) which failed to comply with the minimum float requirement in accordance with Rule 402 (C) would be subject to:
  - (i) Fines of up to \$5 million.
  - (ii) Inability to pay fine within thirty (30) days would result in a three month suspension.

## Appendices

### Appendix 1

#### Take-overs and Mergers

##### *General Principles relating to Take-overs and Mergers*

1. The Exchange requires all listed companies to conform with the detailed regulations set out in the 'Rules Governing Take-Overs and Mergers' and that strict adherence to the general principles will be the guiding spirit.
2. Shareholders shall be given sufficient evidence, facts and opinions upon which an adequate judgment and decision can be reached, and shall have sufficient time to make an assessment and a decision. No relevant information shall be withheld from them.
3. At no time after a *bona fide* offer has been communicated to the Board of an offeree company or after it has reasonably come within the contemplation of the Board of an offeree company that a *bona fide* offer is likely to be forthcoming, shall any action be taken by the Board of the offeree company in relation to the affairs of the company, without the approval in general meeting of the shareholders of the offeree company, which could effectively result in any *bona fide* offer being frustrated or in the shareholders of the offeree company being denied an opportunity to decide on its merits.
4. It must be the object of all parties to take-overs or mergers to use every endeavour to prevent the creation of a false market in the shares of an offeror or offeree company. The Exchange shall request information from brokers or the other parties to a take-over to ensure that these principles are adhered to.
5. A Board which receives an offer or is approached with a view to an offer being made should in the interests of its shareholders seek competent outside advice.
6. Rights of control must be exercised in good faith and the oppression of a minority is wholly unacceptable.
7. All shareholders of the same class of an offeree company shall be treated similarly by an offeror company.
8. During the course of an offer or when an offer is in contemplation, neither the offeror company, the offeree company nor any of their respective advisers shall furnish information to some shareholders which is not made available to all shareholders. This principle shall not apply to the furnishing of information in confidence by any offeree company to a *bona fide* potential offeror company or *vice versa*.

9. Directors of an offeror or offeree company shall always, in advising their shareholders, act only in their capacity as Directors and not have regard to their personal or family shareholdings or their personal relationship with the companies. It is the shareholders' interests taken as a whole which must be considered together with those of employees and creditors.
10. Any document or advertisement addressed to shareholders containing information, opinions or recommendations from the Board of an offeror or offeree company or its respective advisers shall be treated with the same standard of care as if it were a prospectus within the meaning of the Companies Act, 2004. Especial care shall be taken over profit forecasts.
11. Where control of a company is acquired by a person, or persons acting in concert, a general offer to all other shareholders is required; a similar obligation may arise if control is consolidated. Where an acquisition is contemplated as a result of which a person may incur such an obligation, he must, before making the acquisition, ensure that he can and will continue to be able to implement such an offer.
- 12.1 Where any person whether directly or indirectly acquires 20% or more of the equity of any listed company, such person shall within ten days of the acquisition send by registered mail to the Exchange and to the listed company at its registered office or principal place of business, a written statement containing the following information:
  - a) The identity, the occupation, the place of residence and citizenship of the person acquiring such equity in the listed company.
  - b) A declaration as to:
    - (i) the amount of equity being acquired in the listed company, and
    - (ii) the purpose of such acquisition, and
    - (iii) whether further purchases of equity in the listed company are intended, and
    - (iv) whether it is intended to acquire control of the business and/or majority shareholding of such listed company.
- 12.2 A written statement in accordance with Section 12.1 hereof, shall be provided to the listed company and to the Exchange whenever a further 5% or more of the equity of any listed company is directly or indirectly acquired by any person who directly or indirectly owns or controls not less than 20% of the equity of the listed company at the time of such acquisition and such a statement shall be provided upon the making of any acquisition of any further equity in such listed company until such person has directly or indirectly acquired 50% of the equity of such listed company.

**Definitions**

1.

- (a) "Control" means a holding or aggregate holdings of shares carrying 50% or more of the voting rights (as defined below) of a company.
- (b) "A Merger " is an arrangement whereby the assets of two companies become vested in, or under the control of, one company, which may or may not be one of the original two companies, which has as its shareholders all, or substantially all, the shareholders of the two companies.
- (c) "Offer" include, wherever appropriate, take-over and merger transactions however effected, including reverse take-overs, partial offers and offers by a parent company for shares in its subsidiary.
- (d) "Offeree" means a person or company to whom an offer is made.
- (e) "Offeree company" means a company whose shares are the subject of an offer.
- (f) "Offeror" means a person or company, other than an agent, who makes an offer and includes two or more persons or companies:
  - (i) whose offers are made jointly or in concert, or,
  - (ii) who intend to exercise jointly or in concert any voting rights attaching to the shares for which an offer is made.
- (g) "Shares" means the equity shares or equity stock of a company.
- (h) "Take-Over" is defined as a transaction or series of transactions whereby a person (individual, group of individuals or company) acquires control over the assets of a company, either directly by becoming the owner of those assets or indirectly by obtaining control of the management of the company.
- (i) "Take-Over Bid" means an offer to shareholders (directly or through the Board), to purchase such number of equity shares of a company that, together with the offeror's presently-owned shares, will in the aggregate exceed 50% of the outstanding shares with voting rights, of the company.
- (j) "Voting Rights" means all the voting rights attributable to the shares of a company which are currently exercisable at a general meeting.

***Definitions (cont'd)***
**2. Acting in Concert**

For the purposes of these Rules, persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), actively cooperate, through the acquisition of shares by any of them in a company to obtain control (as defined) of that company. Without prejudice to the general application of the definition, the following categories of persons who would be presumed to be acting in concert with other persons in the same category unless the contrary is established:

- (i) A company, its parent, subsidiaries and fellow subsidiaries and their associated companies and companies of which such companies are associated companies, all with each other (for this purpose ownership or control of 20% or more of the equity share capital of a company is regarded as the test of associated company status);
- (ii) A company with any of its directors (together with their close relatives and related trusts);
- (iii) Directors of a company which is subject to an offer or where the directors have reason to believe a bona fide offer for their company, may be imminent;
- (iv) A company with any of its pension funds;
- (v) A fund manager with any investment company, unit trust or other person whose investments such fund manager manages on a discretionary basis, in respect of the relevant investment accounts;
- (vi) A financial or other professional adviser (*including a stockbroker*) with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser.

***Rules Governing Take-Overs and Mergers***

- 1. All offers made to or by a company listed on the Exchange shall comply with rules relating to take-overs and mergers. No action other than that indicated in these rules shall be taken except with the prior permission of the Exchange.
- 2. The offer must be put forward in writing in the first instance to the Board of the offeree company or to its shareholders. The document of offer shall state the date of the bid and the name and address of the offeror. It must give precise particulars of the securities for which the offer is made, the total consideration payable for the purchase, how any securities issued will rank for dividends, capital, redemption and when and how the document of title will be issued and how, when and where such offer may be accepted.
- 3. If the offer or an approach with a view to an offer being made is made by a principal, or by any agent, the identity of the principal must be disclosed at the outset.



4. A Board, so approached, is entitled to be satisfied that the offeror company is, or will be, in a position to implement the offer in full.
5. When any firm intention to make an offer is notified to a Board from a serious source (irrespective of whether the Board views the offer favourably or otherwise), shareholders must be informed without delay by press notice.

**6. The Take-Over Bid Circular**

An offer accompanied by a take-over bid circular containing such information as the Exchange may from time to time require, and which has been approved and authorised for delivery by the directors of the offeror company shall be sent by prepaid post or delivered to the offerees and copied to the Exchange.

**7. Contents of The Take-Over Bid Circular**

The circular must state:

- (a) The number, designation, without duplication, of any securities of the offeree company beneficially owned, directly or indirectly:
  - (i) by the offeror company;
  - (ii) by a subsidiary, parent or other associate company of the offeror company;
  - (iii) by each director and each officer of the offeror company;
  - (iv) by a person or company who beneficially owns directly or indirectly equity shares of the offeror company carrying more than ten per cent (10%) of the voting rights attached to all the equity shares of the offeror company for the time being outstanding or, if none is so owned, a statement to the effect.
- (b) The number and designation of any equity shares of the offeree company traded by the persons or companies referred to above during the six (6) months preceding the date of the offer including the purchase or sale price and the date of each transaction.
- (c) All conditions attached to acceptances and where the obligation of the offeror to take up and pay for shares under an offer is conditional upon a minimum number of shares being deposited pursuant thereto, the particulars of such condition and the last date on which the offer can be made unconditional. After an offer has become or is declared unconditional, the offer must remain open for acceptance for not less than fourteen (14) days, except in the event that the offer becomes or is declared unconditional on an expiry date and the offeror company has given at least ten (10) days' notice in writing to the shareholders of the offeree company that the offer will not be open for acceptance beyond that date.

- (d) The particulars of the method and time of payment of the cash or other consideration to be paid for the shares of the offeree company.
- (e) That any shares deposited pursuant to the offer may be withdrawn by or on behalf of the offeree at any time until the expiration of seven (7) days from the opening date of the offer.
- (f) Where the shares in the offeree company are to be paid for in whole or in part in cash, details of the arrangements that have been made to ensure that the required funds are available to carry out the offer.
- (g) Where reasonably available, a summary showing in detail the volume of trading and price range of the shares of the offeree company in the six (6) month period preceding the opening date of the offer.
- (h) The particulars of any arrangement made or proposed between the offeror and any of the officers or directors of the offeree company including particulars relating to any proposed compensation for loss of office or their retaining or retiring from office if the offer is successful.
- (i) Particulars of any information known to the offeror that indicate any material change in the financial position or prospects of the offeree company since the date of the last published interim or annual financial statement of the offeree company.
- (j) The intentions of the offeror regarding the employees of the offeree and the continuance of the business.
- (k) Particulars of all documents required to be lodged for valid acceptance. If the proposed purchase is not completed all such documents must be returned within fourteen (14) days of the closing date of the offer.
- (l) If the total emoluments receivable by the directors of the offeror company or group will be varied after the acquisition, the offer documents must contain full particulars of the variations; if there will be no variation a statement to that effect should be made.

## **8. Experts' Report on Take-Over Bid Circular**

No report, opinion or statement by an expert or a person whose profession gives authority thereto, shall form a part of, or accompany a take-over bid circular unless the expert or person has agreed in writing to the use of the report, opinion or statement. Such report, opinion or statement must be included in the exact form and context in which it was made by the expert.

**9. Directors' Circular**

When the directors of an offeree company recommend acceptance or rejection of an offer, the directors shall send by prepaid post or have delivered to each shareholder at his last known address as shown in the books of the company and to the Exchange, a Directors' Circular which has been approved by the Exchange containing such information as the Exchange may from time to time require.

The Directors' Circular shall form part of or accompany the communication of the Directors to each shareholder and shall be published in the daily newspaper(s) circulating in Jamaica.

**10. Contents of Directors' Circular**

A Directors' Circular shall contain the following information and such other information as the Exchange may request from time to time:

- (a) The number and designation, without duplication, of any securities of the offeree company beneficially owned (directly or indirectly) by each director and officer of the offeree company and, where known to the directors or officers, by each person or company who beneficially owns (directly or indirectly) equity shares of the offeree company carrying over 10% of the voting rights, and in each case, if none is owned a statement to that effect.
- (b) A statement as to whether the categories of beneficial owners at item (a) above have accepted or intend to accept the offer made in respect of the offer.
- (c) Where an offer is made by a company, the number, without duplication, and designation of any securities of the offeror, beneficially owned by each director or officer of the offeree company and, where known, by each person or company who beneficially owns equity shares of the offeror company carrying more than 10% of the voting shares of the offeror company for the time being outstanding.
- (d) The particulars of any arrangement or agreement made or proposed between the offeror and any of the directors or officers of the offeree company, including any payment or other benefit proposed for compensation for loss of office or particulars relating to their remaining in or retiring from office if the offer is successful.
- (e) A statement as to whether or not any director or officer of the offeree company, and, where known, whether any person or company beneficially owning over 10% of the voting shares of the offeree company for the time being outstanding has any interest in any material contract to which the offeree is a party, and, if so, particulars of such interest.

- (f) Where reasonably ascertainable a summary in detail of the volume of trading and the price range of the shares of the offeree company in the six (6) months period preceding the offer, if in the opinion of the directors of the offeree company such information is not adequately disclosed in the offer circular.
- (g) Particulars of any material change in the financial position and prospects of the offeree company since the date of the last published interim or annual financial statements of the company.
- (h) A statement showing the trading in the shares of both the offeror and offeree company by every director and officer of the company for at least thirty (30) days before the date of the offer.
- (i) The audited financial statements for the previous year.
- (j) A history of the company's profits for the previous five (5) years of its operations.
- (k) The unaudited financial statements for the company's last quarter.
- (l) A Valuation Report of the company's fixed assets prepared by a professional valuator. The valuation must not be more than eighteen (18) months old and the Report shall contain a precise explanation of the basis for the valuation.
- (m) Particulars of any other material facts not disclosed by the above.

**11. Experts' Report on Directors' Circular**

No report, opinion or statement by an expert or person whose profession gives authority thereto, shall form part of or accompany a directors' circular unless the expert or person has agreed in writing to the use of the report, opinion or statement. Such report, opinion or statement must be included in the exact form and context in which it was made by the expert.

**12. Experts' Report to be Reproduced**

The consent of an expert or person required by paragraph (11) above to the inclusion of his report, statement or opinion in a directors' circular or in the material accompanying the directors' circular shall be reproduced in the directors' circular.

**13. Where An Offer is Made for All of the Equity Shares of a Class Owned by the Offerees.**

- (a) **Time periods within which shares may be deposited:** The period of time within which shares may be deposited pursuant to an offer shall not be less than twenty-one (21) days from the date thereof.
- (b) **Time of payment by offeror:** Shares deposited pursuant to an offer shall not be taken up and paid for by the offeror until the expiration of seven (7) days from the opening date of the offer.
- (c) **Time of withdrawal by offeree:** Shares deposited pursuant to an offer may be withdrawn by or on behalf of an offeree at any time until the expiration of seven (7) days from the opening date of the offer.
- (d) **Amendment to an offer:** Where an offer for all the equity shares is amended to one for a lesser number of shares the offer shall be regarded as having been made for a LESSER NUMBER.

14. **Where an offer is made for LESS than all the equity shares of a class owned by offerees.**

- (a) Time period for deposit by offerees: The period of time within which shares may be deposited pursuant to an offer or any extension thereof shall not exceed thirty-five (35) days from the opening date of the offer.
- (b) Time of payment by offeror: Shares deposited pursuant to an offer shall be taken up and paid for, if all the terms and conditions thereof not waived by the offeror have been complied with, within fourteen (14) days after the last day within which the shares may be deposited.
- (c) *Pro rata* take up of shares: Where a greater number of shares is deposited than the offeror is bound or willing to take up and pay for, the shares taken by the offeror shall be taken up as nearly as possible *pro rata*, disregarding fractions, according to the number of shares deposited by each offeree.

15. **Variation of Consideration**

Where offers are varied before their expiration by increasing the consideration offered for the equity shares of an offeree company, the offeror shall pay such increased consideration to each offeree whose shares were taken up and paid for even if taken prior to the variation, and the offeror is forbidden to purchase the shares in the market or from any other source.

16. **Consideration wholly or partly in cash**

Where consideration for an offer is expressed to be effected partly or wholly in cash the offeror shall make arrangement to the satisfaction of the the Exchange ensuring the adequacy and availability of the funds required to effect payment in full as indicated in the offer.

### 17. **Consideration wholly or partly in securities**

Where the consideration for an offer includes in whole or in part securities of a company the take-over bid circular shall contain the following additional information regarding the company whose securities are offered in exchange for the shares of the offeree company:

- (a) such information as is required for inclusion in a Prospectus or Statement in Lieu of Prospectus as prescribed by the Companies Act 2004, or Memorandum for Listing and Abridged Statement as prescribed by the Jamaica Stock Exchange;
- (b) the financial statements of the company;
- (c) the particulars of any information known to the offeror that indicates any material change in the financial position or prospects of the company since the date of the last published interim or annual financial statement of such company.

### 18. **Certified Financial Statements**

Where the financial statements required under these regulations to be produced are not accompanied by the auditor's report they must be accompanied by a report of the chief financial officer of the company who shall certify that the statements reflect fairly the financial position of the company involved over the period in question.

### 19. **Mandatory Offer**

A mandatory offer must be made to other shareholders of the same class when, any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 50% or more of the voting rights of a company or control of the company.

The Exchange reserves the right to waive an obligation under this Rule in special circumstances:

- (i) Enforcement of Security for a Loan

"Where a shareholding in a company is charged as security for a loan and, as a result of enforcement, the lender would otherwise incur an obligation to make a general offer under this Rule, the Exchange may grant a waiver provided that the security was not given at a time when the lender had reason to believe that enforcement was likely.

When following enforcement, a lender wishes to sell all or part of a shareholding, the provisions of this Rule apply to the purchaser. A receiver, liquidator or administrator of a company is not required to make an offer when he takes control of a holding of 50% or more of another company, however, the provisions of the Rule apply to a purchaser from such a person."

(ii) **Rescue Operations**

Occasions may arise when a company is in such a financial position that the only way it can be saved is by an urgent rescue operation which involves the acquisition of existing shares by the rescuer which would otherwise fall within the provisions of this Rule and normally require a general offer. The Exchange may grant a waiver in such circumstances; particular attention will be paid to the view of the directors and advisors of the potential offeree company."

**20. Disciplinary Action**

Where a listed company, whether an offeror or offeree company, fails to comply with the Rules and General Principles relating to Take-overs and Mergers, the Exchange may apply such disciplinary action as may be considered appropriate in the particular circumstances. Such disciplinary action may involve suspension or cancellation of trading on the Exchange in the quoted securities of the company.

The above action will be taken after due enquiry by the Exchange of the circumstances surrounding the breach of the General Principles Relating to Take-overs and Mergers.



## Appendix 2

### Application For Listing

The Jamaica Stock Exchange

P.O. Box 621

Kingston, Jamaica

#### APPLICATION FOR LISTING

1. Full corporate name:

---

2. Law under which incorporated:

---

3. Date incorporated:

---

4. Address of:

(a) Registered Office : \_\_\_\_\_

(b) Administrative Office: \_\_\_\_\_

---

5. Name and Address of Registrar and Transfer Agent:

---

6. Names, occupations and addresses of the principal officers and directors of the company:

---

---

---

7. Capital of the company including funded debt (show in detail each class of security):

(a) Authorised

(b) Issued and Fully Paid

---

8. Number and amount of shares issued for:  
(a) Cash  
(B) Other than cash
- 
9. Stock provisions and voting powers:
- 
10. Are there any lawsuits pending against the company or any of its properties or are there any other circumstances which might adversely affect the company's position or title?
- 
11. Name of any other stock exchange on which the company's securities are listed and date when listed.
- 
12. Have any of the company's securities ever been refused listing on any stock exchange? Give full particulars if applicable.
- 
13. Date of fiscal year end  
Date of last annual report
- 
14. Record of dividends declared (if any) during last five years
- 
15. Full particulars of securities to be listed.
- 
16. No. of Shareholders
-



Director \_\_\_\_\_

Director \_\_\_\_\_

Secretary \_\_\_\_\_

Date \_\_\_\_\_

## ***Appendix 3***

### **Listing Agreement**

The Jamaica Stock Exchange

#### LISTING AGREEMENT

Full Name of Applicant Company \_\_\_\_\_

Date Incorporated \_\_\_\_\_

In consideration of the JAMAICA STOCK EXCHANGE (hereinafter referred to as the 'Exchange') granting the listing of the class(es) of security of the above named company as set out in the company's Application for Listing from time to time, the company agrees to the following conditions:

1. To make application to the Exchange for the listing of additional securities of each class for which listing is granted and which are hereafter issued, sufficiently prior to the issuance thereof to permit action being taken upon such application in due course.
2. To forward to the Exchange a copy of all circulars, notices and reports issued by the company as they are issued to holders of the company's securities.
3. To file promptly with the Exchange a certified copy of any amendment to the Memorandum and Articles of Association or Trust Deeds or other documents securing or constituting loan capital.
4. To notify the Exchange promptly of:
  - (a) dealings in the company's securities by directors and senior management, and their connected persons.
  - (b) any decision reached to change the general character or nature of the business of the company or of the group or any proposed change in voting control or in beneficial ownership of the securities carrying voting control.
  - (c) the issue of any Bonds, Debenture Stock, additional Shares/Stock or other securities.
  - (d) any option, underwriting, sales, or pooling agreement entered into by the company or with the company's knowledge with respect to any issued or unissued shares of the company's capital stock.

- (e) any agreement reached regarding any acquisition or disposition, in one transaction or in a series of similar transactions, of real or personal property not carried out in the ordinary course of the company's business, at a cost or for a price exceeding 10% of the net worth of the company.
- (f) such particulars of any acquisitions or realisations of assets and any other information required to be disclosed to the Exchange under the provisions of the General Principles Relating to Take-Overs and Mergers.
- (g) any proposed increase of the company's Authorised Share Capital, giving the reasons for the proposed increase and stating whether or not there is any present intention of issuing any part thereof.

**NOTE:**

*If the proposed increase is 25% or more of the existing authorised share capital the company must give an undertaking that the increased capital will not be issued so as to change the control or nature of the company's business without the prior approval of its share/stockholders in general meeting.*

5. To notify the Exchange by telegram or telephone and/or letter confirming, immediately after the relevant board meeting has been held and not less than ten (10) business days before the following:
  - (a) the record date and date of payment of any dividend, interest on capital or other cash distribution.
  - (B) the record date and full particulars of any capitalisation issue of the company's securities or any offers or rights to subscribe to additional issues of the company's capital or any other benefit by the company.
  - (c) the closing and re-opening dates of the company's register of transfer in regard to (a) and (b) above or for any reason whatsoever.
  - (d) any corporate or other action which will result in the cancellation, redemption or retirement, in whole or in part, of any of the company's securities listed on the Exchange or any security convertible into securities listed on the Exchange.
6. To furnish the Exchange, inform shareholders and have published in a daily newspaper in Jamaica any prospectus or other document of any offer of the company's securities, not less than seven (7) days before the opening date of such offer.
7. To notify the Exchange at least twenty-one (21) days in advance of the date upon which the company's annual meeting will be held in each calendar year.

8. To publish at least once in each year, and to forward to shareholders at least twenty-one (21) days in advance of the annual meeting, an annual report in the customary form, containing a record of the company's activities during the period covered, a balance sheet and profit and loss (or income and expenditure) statement, and a statement of the shareholdings in the company of directors, senior management and their connected persons, and a segment on Management Discussion and Analysis (see Appendix 13).
9. To maintain in Jamaica, a transfer office or agency and a registry office or agency where all listed securities shall be directly transferable and registerable.
10. To forward to the Exchange annually a list of holders of the company's securities.
11. To furnish to the Exchange, such information concerning the company as may reasonably be called for.
12. To comply with the requirements of the Exchange as set out in rules relating to Listed Companies: Financial Statements and Other Requirements, and in the Exchange's Policy Statement on Timely Disclosure (Appendix 8).
13.
  - (a) To maintain issued nominal value of \$250,000 or more
  - (b) To maintain a minimum of 100 shares/stockholders holding in their own Rights not less than 20% of issued ordinary capital ( such percentage being not less than \$125,000) excluding the holding(s) of one or more controlling Share/stockholder(s)
14.
  - (a) The Board of the Listed Company should establish an Audit Committee comprised of at least three (3) members who should be non-executive directors, the majority of whom should be identified by the Board as Independent.
  - (b) The Company shall immediately notify the JSE of the resignation(s) of a member or members of the Audit Committee and disclose whether the resignation(s) is/are related to any disagreement in respect of accounting principles or practices, financial statement disclosure or any other material issue impacting on the Audit Committee or the member's ability to properly carry out the functions delegated by the Board.
  - (c) Listed Companies will be required to disclose the composition and functions of their Audit Committee in their Annual Reports.
15. To be bound by and observe all rules of the Exchange which apply to listed companies and all amendments and additions which may hereafter be made thereto.

16. The Exchange shall have the right, at any time, to suspend trading in any listed securities of the company or to remove such securities from the trading list, in either case without giving any reason for such action and without any refund of listing fees.
17. The Exchange shall have the right to make public in any form and in its discretion any information filed pursuant to this agreement.

(Name of Company): \_\_\_\_\_

(Director) \_\_\_\_\_

(Director) \_\_\_\_\_

(Secretary) \_\_\_\_\_

(Date) \_\_\_\_\_

**N.B.** Two completed copies should be forwarded to:

The Secretary,  
The Jamaica Stock Exchange,  
40 Harbour Street  
P.O. Box 1084, Kingston  
Jamaica W.I.



## **Appendix 4**

### **Memorandum For Listing**

#### MEMORANDUM FOR LISTING

*In the case of a company no part of whose securities is already quoted on the Jamaica Stock Exchange*

#### CONTENTS

1. Heading:  
"This is not an offer for sale but is prepared for distribution in accordance with the listing requirements of the Jamaica Stock Exchange."
2. Full Name of Company
3. Address of Registered Office and Administrative Office
4. Name and Address of:
  - (a) Registrar and Transfer Agent
  - (b) Auditors
  - (c) Bankers
  - (d) Sponsoring member/dealer of the Jamaica Stock Exchange
5. Name of Secretary
6. History and nature of business including details of interest in subsidiaries.
7. Full names, descriptions, main occupations and addresses of Directors together with their equity holdings in applicant company.
8. Authorised Capital showing classes and par values of shares/stock.
9. Issued Capital showing classes and par values of shares/stock.
10. Debentures or Debenture Stock with a specific charge on the company.
11. Debentures, Debenture Stock and Shares/stock issued other than for cash (to be shown separately).
12. Names of Directors of applicant company holding directorships in companies listed on the Exchange and the names of such companies.

13. Names of Directors of applicant company and their equity holdings in companies in which applicant company holds more than 50% of equity capital.
14. Details of all stock options against the company's shares/stock.
15. Details of valuation and amount of goodwill other than trademarks.
16. Material contracts of applicant company.
17. Profit and Loss Accounts for each of the last three (3) years (if applicable) in the form as prescribed by the Companies Act 2004, showing gross sales for each of the last three (3) years (if applicable).
18. Latest audited or unaudited Balance Sheet (comparative).
19. **NOTE:**
  - (a) Not less than 10 copies to be made available for distribution.
  - (b) The contents of the Memorandum are the minimum requirements of the Exchange but the company may at its discretion include any additional information it considers relevant.
  - (c) The Exchange reserves the right to obtain from the company any relevant information not included in the Memorandum, before listing is effected.

## Appendix 5a

### Abridged Statement

#### ABRIDGED STATEMENT

*To be published in a daily newspaper at least fourteen (14) days before listing of the securities is effected, in the case of a company no part of whose securities is already quoted on the Jamaica Stock Exchange.*

#### Contents of Abridged Statement

1. Heading:
 

"This abridged statement is not an offer for sale and is published in accordance with the listing requirements of the Jamaica Stock Exchange."
2. Full Name of Company
3. Addresses of Registered Office and Administrative Office
4. Name and Address of:
  - Registrar and Transfer Agent
  - Auditors
  - Bankers
  - Sponsoring Member/Dealer of the Exchange
5. Name of secretary
6. Principal business of company
7. Full names, description, main occupations, and addresses of Directors.
8. Authorised Capital showing classes and par values of shares/stock.
9. Issued Capital showing classes and par values of shares/stock.
10. Debentures or Debenture Stock with a specific charge on the company.
11. Debenture, Debenture Stock and shares/stock issued other than for cash (to be shown separately).
12. Names of Directors of applicant company holding directorships in companies listed on the Exchange and the names of such companies.
13. Last audited or unaudited Balance Sheet in the form attached.

**Appendix 5b**

**Abridged Statement Balance Sheet Form**

Form of Balance Sheet referred to in 'Contents of Abridged Statement'

**BALANCE SHEET AS AT \_\_\_\_\_**

		<i>(Date)</i>	
1. Fixed Assets (at cost or valuation):		\$ .....	
Details _____		\$ .....	
Details _____		\$ .....	
Less Total Depreciation		\$ .....	
<b>NET FIXED ASSETS</b>			<b>\$ .....</b>
2. Goodwill			\$ .....
3. Deferred Expenses:			\$ .....
Details _____		\$ .....	
Details _____		\$ .....	
4. Current Assets:			\$ .....
Details _____		\$ .....	
Details _____		\$ .....	
Less Current Liabilities			\$ .....
Details _____		\$ .....	
Details _____		\$ .....	
<b>NET CURRENT ASSETS</b>			<b>\$ .....</b>
			<b>TOTAL</b>
			<b>\$ .....</b>
Less Long Term Loan(s)			
Details _____		\$ .....	
Details _____		\$ .....	
<b>NET ASSETS</b>			<b>\$=====</b>
<b>REPRESENTED BY:</b>			
Issued Capital		\$ .....	
Details _____		\$ .....	
Details _____		\$ .....	
ADD Reserves		\$ .....	
<b>TOTAL ISSUED CAPITAL AND RESERVES</b>			<b>\$=====</b>
<b>BOOK VALUE PER SHARE OR UNIT OF STOCK</b>			<b>\$=====</b>
(including Goodwill)			<b>\$=====</b>
<b>NET TANGIBLE BOOK VALUE PER SHARE OR</b>			
<b>UNIT OF STOCK</b>			<b>\$=====</b>

## Appendix 6

### LISTING FEES AND TRADING CHARGES

#### Listing Fees - Effective January 1, 2009

PAR/MARKET CAPITAL	INITIAL/ANNUAL LISTING FEE (Effective 2009)	SUPPLEMENTARY FEE (Effective 2009)
Under 50m	\$70,421.40	\$14,084.28
Over \$50m - \$100m	\$140,842.80	\$21,126.96
Over \$100m - \$250m	\$176,054.04	\$28,872.72
Over \$250m - \$500m	\$211,264.20	\$35,211.24
Over \$500m - \$1.0b	\$352,107.00	\$42,252.84
Over \$1.0b - \$2.0b	\$492,949.80	\$70,421.40
Over \$2.0b - \$3.0b	\$633,792.60	\$70,421.40
Over \$3.0b - \$4.0b	\$774,635.40	\$70,421.40
Over \$4.0b - \$5.0b	\$915,478.20	\$70,421.40
Over \$5.0b - \$10.0b	\$1,056,321.00	\$70,421.40
Over \$10b	\$1,408,428.00	\$70,421.40

Charges for the listing of a company's securities comprise an initial fee, an annual fee and a supplementary fee. These fees are in accordance with the scales set out by the Exchange from time to time.

- (i) Initial Fee  
The initial fee, which is based on total *issued share capital value* of each new listing of securities not already listed, must accompany each Application for Listing. The minimum charge is \$70,421.4
- (ii) Annual Fee  
Calculation of annual fees is payable based on the *average market value at month-end for the previous twelve-month or shorter period* (where applicable), of all classes of a company's securities which are the subject of listing. The minimum charge for Annual Fee is \$70,421.4

The Annual Fee becomes due on January 1 each year, following the calendar year of listing and must be forwarded to reach the Exchange within fourteen (14) days of that date.

#### Revised December 2008

## Appendix 7

### JAMAICA STOCK EXCHANGE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SENIOR EXECUTIVES OF LISTED COMPANIES

1. It is highly desirable that directors and senior executives of listed companies should hold securities in their own companies. However, directors and executives who wish to buy and sell such securities must first have regards to the statutory provisions of the Securities Act 1993 (Section 51) on insider dealing.
  
2. **The Basic Principles**
  - (i) Directors should not deal in their companies' securities in considerations of a short-term nature.
  
  - (ii) Directors will always be thought to be in possession of more information than can at any particular time be published. Accordingly, they must accept that they cannot at all times feel free to deal in their companies' securities, even when the statutory provisions would not prohibit them from doing so.
  
  - (iii) Notwithstanding this general constraint, there must be periods in the year when directors and executives are in principle (but subject to the statutory provisions) to be regarded as free to deal in their companies' securities. The following model rules have been formulated on the basis that:
    - (a) Dealings should not normally take place for a minimum period prior the announcement of regularly recurring information, particularly profits, dividends and other distributions, whether or not the information is price sensitive.
  
    - (b) Dealings should not take place prior to the announcement of matters of an exceptional nature involving unpublished price-sensitive information in relation to the market price of the securities of the company (or where relevant any other listed company).
  
  - (iv) For the purpose of the model code, the grant to a director of an option to subscribe or purchase his company's securities is to be regarded as a dealing by him, if the price at which such option may be exercised is fixed at the time of such grant. If however, an option is granted to a director on terms whereby the price at which such option may be exercised is to be fixed at the time of exercise, the dealing is to be regarded as taking place at the time of exercise.
  
  - (v) When a director places investment funds under professional management, even where discretion is given, the managers should nonetheless be made subject to the same restrictions and procedures as the director himself in respect of proposed dealings in the company's securities.

**Model Rules**

- 1.1 A director should not deal in any of the securities of the company at any time when he is in possession of unpublished price-sensitive information in relation to those securities.
- 1.2 The same restrictions should apply to dealings by a director in the securities of any other listed company when by virtue of his position as a director of his own company, he is in possession of unpublished price-sensitive information in relation to those securities.

At other times, a director (executive) WHO IS NOT PROHIBITED FROM DOING SO by Section 51 of the Securities Act, can feel free to deal subject to the provisions of the rules which follow:

- 2.1 A director (executive) should not deal in any securities of his own company without first notifying the Chairman (or other directors appointed for the specific purpose) and receiving acknowledgement.
- 2.2 The procedure established within the company should, as a minimum, provide for there to be a written record maintained by the company that the appropriate notification was given and acknowledged and for the director concerned to have written confirmation to that effect.
- 3.1 During the periods of two months immediately preceding the preliminary announcement of the company's annual results and one month in the case of quarterly results together with dividends and distributions to be paid or passed, a director shall not purchase any securities of the company nor should he/she sell any such securities unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met. In any event, he must comply with the procedure in Rule 2 above.
- 4.1. The restrictions on dealings by a director contained in this code should be regarded as equally applicable to any dealings by the director's spouse or by or on behalf of any infant, child or connected persons. It is the duty of the director, to seek to avoid any such dealing at a time when he himself is not free to deal.
- 4.2 Any director of the company who acts as trustee of a trust should ensure that his co-trustees are aware of the identity of any company of which he is a director so as to enable them to anticipate possible difficulties. A director having funds under management should likewise advise the investment manager.
- 4.3 Any director who is a beneficiary, but not a trustee of a trust which deals in securities of the company should endeavour to ensure that the trustees notify him after they have dealt in such securities on behalf of the trust, in order that the trustees are aware of the companies of which he is a director.



5. A list of directors' dealings in the securities of the company since the date of the previous list should be circulated to members of the board with the board papers.
6. The directors of a company should as a board and individually, endeavour to ensure that any employee of the company or director or employee of a subsidiary company, who, because of his office or employment in the company or a subsidiary, is likely to be in possession of unpublished price-sensitive information in relation to the securities of any listed company, deals in those securities in accordance with the model code.

**Source:**

***Adapted from “Admission of Securities to Listing” issued by authority of the Council of the London Stock Exchange.***

## ***Appendix 8***

### **Policy Statement On Timely Disclosure**

Jamaica Stock Exchange

#### POLICY STATEMENT ON TIMELY DISCLOSURE

##### A. Introduction

The Jamaica Stock Exchange's (the Exchange) Policy Statement On Timely Disclosure reflects the fundamental principle that all persons investing in securities listed on the Exchange have equal access to information that may affect their investment decisions. Public confidence in the integrity of the Exchange as a securities market requires timely disclosure of "material information" concerning the business and affairs of companies listed on the Exchange, thereby placing all participants in the market on an equal footing.

The requirements of the Exchange are in addition to any applicable statutory requirements. The Exchange enforces its own requirements. All companies whose securities are listed on the Exchange are obliged to comply with the provisions on timely disclosure as provided herewith.

##### B. Material Information

Material information is any information relating to the business and affairs of the company that results in or would reasonably be expected to result in a significant change in the market price or value of any of the company's listed securities. Material information consists of both material facts and material changes relating to the business and affairs of a listed company. In addition to material information, trading on the Exchange is sometimes affected by the existence of rumours and speculation. Where this is the case, the Exchange may require that an announcement be made by the company whether such rumours and speculation are factual or not.

It is the responsibility of each listed company to determine what information is material in the context of the company's own affairs. The materiality of information varies from one company to another according to the size of its profits, assets and capitalization, the nature of its operations and many other factors. An event that is "significant" or major in the context of a smaller company's business and affairs is often not material to a large company. The company itself is in the best position to apply the definition of material information to its own circumstances. The Exchange recognises that decisions on disclosure require careful objective judgements and encourages listed companies to consult the management of the Exchange when in doubt as to whether disclosure should be made.

C. Immediate Disclosure

A listed company is required to disclose material information concerning its business and affairs forthwith upon the information becoming known to management, or in the case of information previously known forthwith upon it becoming apparent that the information is material. Immediate release of information is necessary to ensure that it is promptly available to investors and to reduce the risk of persons with access to the information from acting upon undisclosed information. Unusual trading marked by significant changes in the price or trading volumes of any of a company's securities prior to the announcement of material information is embarrassing to company management and damaging to the reputation of the securities market since the investing public may assume that certain persons benefited from access to material information which was not generally disclosed.

D. Developments to be Disclosed

Companies are not required to interpret the impact of external political, economic and social developments on their affairs, but if the external development will have or has had a direct effect on their business and affairs that is both material in the sense outlined above and uncharacteristic of the effect generally experienced as a result of such development by other companies engaged in the same business or industry, companies are urged, where practical, to explain the particular impact on them. For example, a change in government policy that affects most companies in a particular industry does not require an announcement, but if it affects only one or a few companies in a material way, an announcement should be made.

The market price of a company's securities may be affected by factors directly relating to the securities themselves as well as by information concerning the company's business and affairs. For example, changes in a company's issued capital, stock splits, redemptions and dividend decisions may all impact upon the market price of a security.

Other actual or proposed developments that are likely to give rise to material information and thus to require prompt disclosure include, but are not limited to, those listed below. Of course, any development must be material according to the definition of material information before disclosure is required. Many developments must be disclosed at the proposed stage or before an event actually occurs, if the proposal gives rise to material information at that stage. Announcements of an intention to proceed with a transaction or activity should be made when a decision has been made to proceed with it by the Board of Directors of the company or by senior management with the expectation of concurrence from the Board of Directors.

1. Changes in share ownership that may affect control of the company
2. Changes in corporate structure, such as reorganisations, amalgamations, etc.
3. Take-over bids
4. Major corporate acquisitions or dispositions

5. Changes in capital structure
6. Borrowing of a significant amount of funds
7. Public or private sale of additional securities
8. Development of new products and developments affecting the company's resources, technology, products, or market
9. Entering into or loss of significant contracts
10. Changes in capital investment plans or corporate objectives
11. Significant changes in management
12. Firm evidence of significant increases or decreases in near-term earning prospects
13. Significant litigation
14. Major labour disputes or disputes with major contractors or suppliers
15. Any other developments relating to the business and affairs of the company that would reasonably be expected to significantly affect the market price or value of any of the company's securities or that would reasonably be expected to have significant influence on a reasonable investor's investment decisions.

Forecasts of earnings and other financial forecasts need not be disclosed, but where a significant increase or decrease in earnings is indicated in the near future, such as the next fiscal quarter, this fact must be disclosed. Forecasts should not be provided on a selective basis to certain investors not involved in the management of the affairs of the company. If disclosed, they should be generally disclosed.

#### E. Rumours

Unusual market activity is often caused by the presence of rumours. The Exchange recognises that it is impractical to expect management to be aware of, and comment on, all rumours, but when market activity indicates that trading is being unduly influenced by rumour the Exchange will request that a clarifying statement be made by the company. Prompt clarification or denial of rumours through a news release is the most effective manner of rectifying such a situation.

F. Content of Announcements

Announcements of material information should be factual and balanced, neither over-emphasizing favourable news nor underemphasizing unfavourable news. Unfavourable news must be disclosed just as promptly and completely as favourable news. It is appreciated that news releases may not be able to contain all the details that would be included in a prospectus or similar document. However, news releases should contain sufficient detail to enable media personnel and investors to appreciate the true substance and importance of the information so that investors may make informed investment decisions. The guiding principle should be to communicate clearly and accurately the nature of information, without including unnecessary details, exaggerated reports or editorial commentary designed to colour the investment community's perception of the announcement one way or another.

G. Confidentiality

*(When information may be kept confidential)*

In restricted circumstances disclosure of material information concerning the business and affairs of a listed company may be delayed and kept confidential temporarily where immediate release of the information would be unduly detrimental to the interest of the company. Examples of instances in which disclosure might be unduly detrimental to the company's interest are as follows:

1. Release of the information would prejudice the ability of the company to pursue specific and limited objectives or to complete a transaction or series of transactions that are underway. For example, premature disclosure of the fact that a company intends to purchase a significant asset may increase the cost of making the acquisition.
2. Disclosure of the information would provide competitors with confidential corporate information that would be of significant benefit to them. Such information may be kept confidential if the company is of the opinion that the detriment to it resulting from disclosure would outweigh the detriment to the market in not having access to the information. A decision to release a new product, or details on the features of a new product, may be withheld for competitive reasons. Such information should not be withheld if it is available to competitors from other sources.
3. Disclosure of information concerning the status of ongoing negotiations would prejudice the successful completion of those negotiations. It is unnecessary to make a series of announcements concerning the status of negotiations with another party concerning a particular transaction. If it seems that the situation is going to stabilize within a short period, public disclosure may be delayed until a definitive announcement can be made. Disclosure should be made once "concrete information" is available, such as a final decision to proceed with the transaction or, at a later point in time, finalisation of the terms of the transaction.

It is the policy of the Exchange that the withholding of material information on the basis that disclosure would be unduly detrimental to the company's interests must be infrequent and can duly be justified where the potential harm to the company or to investors caused by immediate disclosure may reasonably be considered to outweigh the undesirable consequences of delaying disclosure, keeping in mind at all times the considerations that have given rise to the Exchange's immediate disclosure policy. While recognising that there must be trade-off between the legitimate interest of a company in maintaining secrecy and the right of the investing public to disclosure of corporate information the Exchange discourages delaying disclosure for a lengthy period of time since it is unlikely that confidentiality can be maintained beyond the short term.

## Appendix 9

### Corporate Member/Dealer Questionnaire

Jamaica Stock Exchange

#### CORPORATE MEMBER/DEALER QUESTIONNAIRE

##### **How to use this form:**

1. All applicants must submit a completed questionnaire with the company's seal, together with appropriate supporting documentation, to the Stock Exchange.
2. Applications for Corporate Member/Dealer will only be accepted provided all questions are answered (enter details or tick as appropriate).
3. Answers must be printed or typed in block letters.
4. Misleading or attempting to mislead the Council (or committees) on any point will be deemed an act of misconduct and may render the applicant, if elected a Member/Dealer, liable to disciplinary proceedings if subsequently discovered.
5. All signatures must be original.

#### **1. LEGAL STATUS**

Please provide the following information:

- (a) Date, or proposed date, of the commencement of business

---

- (b) Date and place of incorporation

---

PLEASE SUBMIT A COPY OF THE COMPANY'S ARTICLES OF ASSOCIATION OR ARTICLES OF INCORPORATION.

- (c) Name of company

---

- (d) Current or proposed trading names, if different from that given in (c).

---

- (e) If the company has used any other trading or corporate names during the previous ten years, details of names and dates changed should be given

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---

- (f) Addresses and telephone numbers of:

- (i) Registered Office

---

- (ii) Branch Offices

- (iii) Other Group Companies e.g. sister companies

---

- (g) Name of Company Secretary

- (h) Name and address of auditors

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- (I) Name and address of legal advisers

---

---

- (j) Please submit a short rationale describing your present and/or proposed business activities.

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**2. KEY APPOINTMENTS**

(a) Names and dates of appointment of:

Chairman/Chief Executive/Managing Director/Senior Director (as applicable).

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(b) Names and dates of appointments of all directors including non-executive directors (the latter to be identified as such).

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(c) Names of all directors who have resigned from the company during the previous three years, the dates of their resignations and any remaining shareholdings they have.

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- (d) Names of the directors responsible for the following areas of operation:  
(i) administration

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- (ii) compliance

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- (iii) finance

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---

- (iv) dealing

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- (e) The total number of staff working for the company.

---

The following information may be supplied on separate sheets which should be attached to the back of this form.

**3. FINANCIAL INFORMATION**

- (a) Please supply details of the proposed equity and/or loan capital and/or guarantees.
- (b) Please submit a copy of the latest Annual Report and Accounts, if applicable.
- (c) Please submit a business plan, along with opening Balance Sheet, a budgeted Balance Sheet as at the date twelve months after the date of application and a budgeted Profit and Loss Statement for the twelve months following the date of application.

**DECLARATION**

We hereby declare that the above answers are correct to the best of our knowledge and belief. We authorise the Exchange by its staff or agents to conduct such examination of the affairs of the company, and predecessor entity or any prior employer of its principals as the Exchange may determine. The company agrees to abide by and be subject to the Articles of Incorporation and Rules and Regulations of the Exchange as they are now or as they shall be from time to time amended.

SIGNATURE \_\_\_\_\_

SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_

*To be signed by at least two directors of the company who must be prospective Senior, Finance or Administration Directors.*

Please notify the Exchange of any other information which may be considered relevant to the application. Any changes in the information provided in this form which may occur after the date of submission of the application and prior to receiving notification of the Exchange decision should also be submitted.

## **Appendix 10**

### **Approved Representative Questionnaire**

Jamaica Stock Exchange

#### APPROVED REPRESENTATIVE QUESTIONNAIRE

This form should be typed or completed in BLOCK LETTERS to The Jamaica Stock Exchange: The Company's seal must be affixed.

I, (name in full. . . . .) hereby apply for approval as a Representative of . . . . . a (Prospective) Member/Dealer of the Jamaica Stock Exchange.

1. Have you at any time been charged or convicted of any offence by a Civil, Criminal or Military Court? (excluding minor Road Traffic offences). If so, state the Court by which you were convicted, the date of conviction and full particulars of the offence (including any offences taken into consideration) and the penalty imposed.

---

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2. Have you ever given evidence in any trial of proceedings including fraud or similar matters, other than as an expert witness? If so, give particulars:

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---

3. Have you ever been the subject of investigation/disciplinary procedures, censured, disciplined or publicly criticised by any professional body to which you belong or have belonged? If so, give particulars:

---

---

---

4. Have you ever been refused entry to any profession or vocation? If so give particulars:

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---

---

5. Have you ever been dismissed or requested to resign from any office or employment? If so, give particulars:

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---

---

6. Have you ever been censured, disciplined or publicly criticised by, or made the subject of Court Order at the instigation of:

(a) Any regulatory authority?

(b) By officially appointed enquiry?

(c) Any other established body concerned with the regulation of a relevant activity? If so, give particulars:

---

---

---

7. In connection with the formation or management of any corporation have you been adjudged by a court civilly or criminally liable for any fraud, misfeasance or other misconduct towards that corporation, or any member thereof? If so, give particulars:

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---

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8. In connection with the formation or management of any corporation have you been disqualified by a court from being a director or from acting in the management or conduct of the affairs of any corporation? If so, give particulars?

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9. Have you:
- (a) Ever been adjudged bankrupt?
  - (b) Had a receiving order made against you?
  - (c) Had your estate sequestrated?
  - (d) Entered into a Deed of Arrangement, or other composition or arrangement with your creditors? If so, give particulars:

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10. Has a bankruptcy petition ever been served on you? If pending, give details of the circumstances, if not pending, how was the matter resolved?

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11. Are you involved in any current or pending litigation? If so, give particulars:

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---

---

12. Have you, or your employer, previously dealt on a regular basis with any person carrying on a relevant activity (as described in the glossary at the end of this form) who has, to your knowledge at any time, indicated that he is unwilling to effect further transactions with you, or your employer, by reason of any act or omission by you? If so, give particulars:

---

---

---

13. Will you be actively engaged in the business of the firm with which you are now applying and devote the major portion of your time thereto?

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---

---

14. Are you a Director of any Limited Companies or other Corporations engaged in relevant activities, as described in the glossary at the end of this form? If so, state:

(a) Name of Companies/Corporations

---

---

(b) Nature of business

---

---

(c) Date of commencement of Directorship

---

---

(d) Whether or not employed on a service contract (e.g. Managing Directorship) in any case.

---

---

(e) Are these Directorships known to your firm?

---

---

15. Have you been a Director of any Limited Companies or other Corporations engaged in relevant activities other than those stated in the previous questions? If so, state:

(a) Name of Companies/Corporations

---

---

(b) Nature of business

---

---

(c) Date of commencement of Directorship

---

---

(d) Date of cessation of Directorship

---

---

16. Are you or have you ever been engaged

(a) in Partnership?

(b) in business as a Principal on your own account?

If so, give particulars:

---

---

---



17. Are you a beneficial owner of any controlling interest in any unlisted private or public company? If so, give particulars:

---

---

---

18. Have you ever been a director, or concerned in the management or conduct of affairs of any company which has gone into liquidation, whilst you were, or within one year of your being a director, or so concerned? If so, give details of the circumstances including:

(a) Name of company

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(b) Name of liquidator

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(c) Address of the liquidator

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19. Have you ever been concerned with the management or conduct of affairs of any corporation which, by reason of any matter relating to a time when you were so concerned, has been censured, disciplined or publicly criticised by:

(a) Any regulatory authority?

(b) Any officially appointed enquiry?

(c) Any other body concerned with regulation of a relevant activity?

If so give particulars:

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---

---

20. Do you have outstanding any loans or other forms of indebtedness in excess of \$50,000? If so state:

(a) Form

---

---

(b) Amount

---

---

(c) Source

---

---

(d) Maturity Date

---

---

21. Has any person, Firm or Company guaranteed the indebtedness? If so, give particulars  
(see previous question):

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22. Are you at present guaranteeing the debts and obligations of any third parties? If so, give particulars:

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23. Do you have any relationships to anyone connected with the Securities Industry which taking any objective view ought to be disclosed in this application.

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I ..... declare that the answers to the  
(Name of Candidate)  
above questions are true.

Signature ..... Date .....

**N.B.** Each Company representative seeking Exchange approval must submit a detailed resumé along with this questionnaire.

**GLOSSARY**

"Corporation" means:

Any body corporate, incorporated in Jamaica or elsewhere.

"Relevant Activity" means:

- a) Dealing in Securities.
- b) Banking, finance, insurance, money-lending, money management, debt-factoring, hire purchase financing, leasing or other financial activities.
- c) Providing investment or financial advice and management.

## **Appendix 11**

### **Attorney Form Of Appointment**

Jamaica Stock Exchange

#### ATTORNEY FORM OF APPOINTMENT

We,..... hereby appoint M.....  
to be our attorney to trade on our behalf at sessions of the Exchange. This appointment will continue in full force and effect until such time as the appointment has been revoked by either (a) The Exchange or (b) ourselves. We fully understand that we will be fully responsible for all trades, contracts, dealings and other acts made and done by the attorney.

Date.....  
*Director*

Particulars of the above attorney who is over 18 years of age:

Full Name \_\_\_\_\_

Home Address \_\_\_\_\_

Details of experience in brokerage and securities business:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Details of other business connections:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

In consideration of my appointment as an attorney, I agree to abide by the rules and regulations of the Exchange as they pertain to trading in listed securities, as long as this appointment remains in full force and effect.

Date.....  
*Signature of Attorney*

**Appendix 12**

**Member/Dealers' Report And Financial Information**

**THE JAMAICA STOCK EXCHANGE**

NAME OF MEMBER/DEALER: \_\_\_\_\_

REPORT AND FINANCIAL INFORMATION

AT

Date: \_\_\_\_\_

*Note: Dollar values only are required on all statements and schedules.*

---

<b>FOR EXCHANGE AUDITOR'S USE</b>
Date received
Reviewed by
Approved to file

**JAMAICA STOCK EXCHANGE  
MEMBER/DEALER'S STATEMENT OF ASSETS, LIABILITIES AND EQUITY**

**Statement A**

Name of Broker \_\_\_\_\_ Date \_\_\_\_\_

<u>ASSETS</u>	<u>SUPPORTING SCHEDULE</u>	\$	\$
1. Cash & Bank Balances		.....	
2. Securities Owned	(1)		
Listed		.....	
Unlisted		.....	
3. Member/Dealers of Jamaica Stock Exchange	(2)	.....	
4. Member/Dealers of Other Exchanges	(2)	.....	
5. Client's Accounts	(3)	.....	
6. Directors' and Shareholders' Accounts	(4)	.....	
7. Other Active Assets (See Note below)		.....	
8. TOTAL ACTIVE ASSETS		.....	.....
9. Fixed Assets (Depreciated Value)		.....	
10. Other Assets (See Note below)		.....	
20. TOTAL NON-ACTIVE ASSETS			.....
			=====
<b>LIABILITIES AND EQUITY</b>			
21. Loans and Overdrafts	(5)	.....	
22. Securities Sold Short	(1)	.....	
23. Member/Dealers of Jamaica Stock Exchange	(2)	.....	
24. Member/Dealers of Other Exchanges	(2)	.....	
25. Clients Accounts	(3)	.....	
26. Directors' and Shareholders' accounts	(4)	.....	
27. Unclaimed Dividends		.....	
28. Provision for Income Tax		.....	
29. Accounts Payable and Accrued Expenses		.....	
30. Other Liabilities (See Note below)		.....	
31. TOTAL LIABILITIES			.....
32. Capital and Reserves	(7)	.....	
Loans subordinated	(6)	.....	
			.....
			=====

**Note: Provide details on separate schedules if nature of assets or liabilities are significantly different from last return.**

**THE JAMAICA STOCK EXCHANGE  
CALCULATION OF EXCESS OR DEFICIENCY OF NET FREE CAPITAL**

**Statement B**

Name of Member/Dealer _____	Date _____	
	\$	\$
1. Total Active Assets per Statement of Assets & Liabilities (Statement A, item 10)	.....	
2. Add: Non Current Liabilities under mortgages or other enforceable agreements (do not include amounts falling due within one year) (Statement A, item 30)	.....	
3. Deduct: Total Liabilities per Statement of Assets & Liabilities (Statement A, item 40) (Note A)	.....	
4. Net Free Capital before deductions	.....	
 <u>Deduct</u>		
5. Margin Securities owned (Schedule 1)	.....	
6. Margin Overdue accounts with Brokers (Schedule 2)	.....	
7. Margin Overdue Clients Account (Schedule 3)	.....	
8. Margin Overdue Directors' and/or Shareholders' Accounts (Schedule 4)	.....	
9. Net Free Capital after deductions		.....
10. Deduct minimum Capital Requirement The greater of: (a) \$5,000,000 (b) 5% of Total Liabilities (Statement A, item 40) (See note below)		.....
 <b>EXCESS (DEFICIENCY) OF NET FREE CAPITAL</b>		 =====

*Note: Any unrecorded liabilities and/or commitments must be included and specified below.*

**\*See Procedures overleaf**



**Statement B Footnote****THE JAMAICA STOCK EXCHANGE  
PROCEDURE FOR HANDLING DEFICIENCIES IN  
MEMBER/DEALERS' NET FREE CAPITAL**

1. On the first occurrence of a deficiency, the member/dealer must submit to the General Manager of the Exchange, a report showing the reasons for the deficiency and the plans to correct the deficiency within 30 days.
2. Should the next monthly report show continued deficiency, it must be accompanied by proof that adequate capital has been injected into the firm since the date of the report, failing which the firm will be suspended from trading.

**THE JAMAICA STOCK EXCHANGE  
AUDITOR'S QUESTIONNAIRE**

**Statement C**

Name of Member/Dealer \_\_\_\_\_ Date \_\_\_\_\_

Name of Member/Dealer \_\_\_\_\_ Date \_\_\_\_\_

- |   | <b>Yes/No*</b> |
|---|----------------|
| 1. Customers' Accounts Were all customers' accounts having transactions during the six months to the date of this questionnaire circularized as required in the instructions to member/dealers' auditors? | _____          |
| 2. Accounts with Other Member/Dealer  |                |
| (a) Were all accounts with member/dealer confirmed in writing?  | _____          |
| (b) If not, state names and outstanding balances of member/dealers' accounts for which written confirmation has not been obtained. (Provide separate schedule if required)                                | _____          |
| 3. Securities held for Safekeeping<br>Did your examination disclose any failure to properly earmark and segregate customers' fully paid securities?   | _____          |
| 4. Insurance<br>Does the firm carry insurance of the type and in the amounts as set out in the rules of the Exchange?   | _____          |
| 5. Temporary Improvements<br>Has the firm's financial position been temporarily improved by any transactions open to question, particularly the following?  | _____          |
| (a) Transfer to other member, dealers or customers of accounts not fully secured.   | _____          |
| (b) Cash or securities transferred from others to effect temporary improvements of accounts not fully secured.  | _____          |
| (c) Credits to Capital, Revenue or Expense accounts by means of temporary additions of cash or securities.  | _____          |

**\*If negative answers are given for these items please explain.**

**Yes/No\***

6. Books of Accounts
- (a) Are the books and accounts maintained in a satisfactory manner  
And, in our opinion, adequate for the needs of the business? \_\_\_\_\_
- (b) Does the Firm maintain a Stock Position Record? \_\_\_\_\_
- (c) Does the Firm maintain a Securities Register? \_\_\_\_\_

**\*If negative answers are given for these items please explain.**

To the best of our knowledge and belief, the answers to the above questions are correct.

.....  
(Date)

.....  
(Member/Dealer's Auditor)

**THE JAMAICA STOCK EXCHANGE  
MEMBER/DEALER'S QUESTIONNAIRE**

**Statement D**

**Answers**

- 1) Are all commitments or contingent liabilities disclosed in these financial statements? (These would include, but not limited to the following: (a) guarantees, (b) options outstanding, (c) underwriting commitments, (d) accommodation endorsements, (e) matters of litigation issued or pending, (f) income tax arrears of corporation, (g) other contingent liabilities, returned drafts or commitments affecting the financial position of the firm). If not, provide details. \_\_\_\_\_
  
2.
  - a) Do you carry securities for customers on margin or sell securities on an installment payment basis? \_\_\_\_\_
  - b) Are all clients' free securities promptly segregated? \_\_\_\_\_
  
3.
  - (a) Do your books and accounts disclose all rebates, returns, discounts, allowances, split commissions, or any other considerations allowed by or to you? \_\_\_\_\_
  - (b) If not, state full particulars of any item of this nature not shown by your books. \_\_\_\_\_
  
4. Are the books and accounts of the firm kept in accordance with the rules of the Exchange? \_\_\_\_\_
  
5.
  - (a) Do you carry on any business through branch offices? \_\_\_\_\_
  - (b) If so, are the operations of all branches reflected in the attached statements? \_\_\_\_\_
  - (c) Are there operations of any subsidiary company reflected in the attached statements? \_\_\_\_\_
  
6. Has any disbursement been made or transactions entered into subsequent to the statement date which may create a deficiency in the firm's capital position? If so, give details. \_\_\_\_\_
  
7. Do you or any partner, or shareholder, individually or collectively, have any security accounts or commitments carried outside the firm which are not reflected in the books? If so, state debit and credit balances and value of securities long or short. \_\_\_\_\_
  
8. Is any part of the capital of the firm represented directly or indirectly by personal loans to you or any partner or shareholder? If so, state amount and details. \_\_\_\_\_

**THE JAMAICA STOCK EXCHANGE  
MEMBER/DEALER'S QUESTIONNAIRE**

**Statement D (Cont'd)**

We have examined the statement of assets and liabilities, and certify that it shows the true and correct financial position of the firm as at \_\_\_\_\_ and is in agreement with the books and records. We also certify that the above answers are correct.

Signed on behalf of \_\_\_\_\_  
*(Firm's name)*

by .....

.....  
(Date)

.....

*Note: This certificate must be signed by two Directors*

**THE JAMAICA STOCK EXCHANGE  
REPORT BY MEMBER/DEALER'S AUDITOR****Statement E**

To The Exchange Auditor,  
The Jamaica Stock Exchange

We have examined the Statements of Assets, Liabilities and Equity (Statement A) of \_\_\_\_\_ as at \_\_\_\_\_, and the calculations of excess or deficiency of net free capital (Statement B), supplementary schedules 1 to 7, and the answers to questions 1 to 6 inclusive of the Member's Questionnaire (Statement D). Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying Statement of Assets, Liabilities and Equity present fairly the financial position of the member/dealer as at \_\_\_\_\_. The accompanying Calculation of Excess or Deficiency of Net Free Capital and supplementary Schedules 1 to 7 have, in our opinion, been prepared in accordance with the regulations of The Jamaica Stock Exchange and the instructions to member/dealers and auditors. To the best of our knowledge questions 1 to 6 of the member's questionnaire have been answered correctly.

.....  
(Date)

.....  
(Member/Dealer's Auditor)

*Note: Reports for surprise audits may be qualified if the member's accounts were not circularized.*

**SUMMARY OF SECURITIES OWNED AND  
SECURITIES SOLD SHORT, AT MARKET VALUE  
(Supporting Schedules to be attached)**

**Schedule 1**

Name of Member/Dealer \_\_\_\_\_ Date \_\_\_\_\_

	<u>Market Value of Securities</u>		<u>Margin Requirement</u>	
	Owned	Sold Short	Rate %	\$
Government of Jamaica Bonds and Debentures	.....	.....	NIL	.....
Other Government or Government Guaranteed Bonds Short Term (Under 3 years)	.....	.....	NIL	.....
Long Term	.....	.....	NIL	.....
Corporate Bonds and Debentures	.....	.....	10	.....
Listed Securities (Jamaican or Recognised Stock Exchange)	.....	.....	30	.....
Unlisted Securities	.....	.....	50	.....
Totals per Statement of Assets, Liabilities and Equity	.....	.....		
	A2	A22		
Total margin requirement	—	—		=====
Balance per General Ledger Control Account	.....	.....		
Difference (carry to schedule 7)	=====	=====		

**NOTES:**

1. *Minimum margin rates permitted are set out in the instructions.*
2. *Market price means bid price as of the audit date or last day's trading date prior thereto.*
3. *Market values are to be used in the above schedule. Any difference between market value and book value may be shown as an adjustment to capital and resources; Schedule 7.*

**THE JAMAICA STOCK EXCHANGE  
SCHEDULE OF ACCOUNTS WITH OTHER MEMBER/DEALER  
(Note [a] below)**

**Schedule 2**

Name of Member/Dealer's \_\_\_\_\_ Date \_\_\_\_\_

		<u>Margin Required</u>		
A. MEMBER/DEALERS OF THE JAMAICA STOCK EXCHANGE	DR. \$	CR. \$	Rate %	\$
Current balances (including any free credit items)	.....	.....	.....	NIL
Overdue Security Transactions				
List totals for each Member/Dealer				
Debit \$		Credit \$		
.....		.....		
.....		.....		
.....		.....		
.....		.....		
.....		.....		
.....		.....	5	.....
Unsecured debit balances				
List totals for each Member/Dealer				
Debit \$		Credit \$		
.....		.....		
.....		.....		
.....		.....		
.....		.....		
.....		.....		
.....		.....		
		TOTAL	=====	=====
			A3	A23
Total Margin required – Member/Dealers' Accounts				=====
				B6

*Notes: Where there are accounts with members of Other Recognised Stock Exchanges, details similar to that for members of the Jamaica Stock Exchange should be separately provided.*



**THE JAMAICA STOCK EXCHANGE  
SCHEDULE OF CLIENTS ACCOUNTS**

**Schedule 3**

Name of Member/Dealer \_\_\_\_\_ Date \_\_\_\_\_

	DR	CR	<u>Margin Requires</u>	
	\$	\$	Rate %	\$
Clients Current open cash accounts .....			NIL	NIL
Clients free credit balances .....			NIL	NIL
Clients overdue open cash accounts				
Up to 90 days .....			20	.....
Over 90 days .....			40	.....
Unsecured debit balances .....			.....	.....
<b>TOTAL</b>	=====	=====		=====
	<b>A5</b>	<b>A25</b>		<b>B7</b>

**THE JAMAICA STOCK EXCHANGE  
SCHEDULE OF DIRECTORS' AND/OR SHAREHOLDERS' ACCOUNTS**

**Schedule 4**

	DR	CR	<u>Margin Requires</u>	
	\$	\$	Rate %	\$
Current Open Accounts	.....	.....	NIL	NIL
Free Credit balances	.....	.....	NIL	NIL
Overdue open cash accounts				
Up to 90 days	.....	.....	20	.....
Over 90 days	.....	.....	40	.....
Unsecured debit balances				
Up to 90 days	.....	.....	.....	.....
Over 90 days	.....	.....	.....	.....
<b>TOTAL</b>	=====	=====		=====
	<b>A6</b>	<b>A26</b>		<b>B8</b>

THE JAMAICA STOCK EXCHANGE  
 ANALYSIS OF LOANS AND OVERDRAFTS  
 (Other than Subordinated Loans)

**Schedule 5**

Name of Member/Dealer \_\_\_\_\_ Date \_\_\_\_\_

	Bank Overdrafts	Demand Loans	Other loans secured
<b>SECURED BY</b>			
Client's margined securities .....	.....	.....	.....
Firm's securities .....	.....	.....	.....
Directors' and shareholders' securities .....	.....	.....	.....
Other .....	.....	.....	.....
<b>UNSECURED</b>			
	\$ _____	_____	_____
	\$ _____	_____	_____
<b>TOTAL LOANS AND OVERDRAFT</b>	\$ _____		
	A21		

---

**SUBORDINATED LOANS**

**Schedule 6**

<u>Date</u>	<u>Lender</u>	<u>Amount</u>
.....	.....	.....
.....	.....	.....
.....	.....	.....

*Note: All Subordinated Loans are to be substantiated by duly executed SUBORDINATED LOAN AGREEMENT*

**THE JAMAICA STOCK EXCHANGE  
ANALYSIS OF CAPITAL AND RESERVES  
Schedule 7**

Name of Member/Dealer \_\_\_\_\_ Date \_\_\_\_\_

Share Capital	Particulars	Number of Shares		Issued \$
		Authorised	Issued	
Ordinary		.....	.....	.....
Preference		.....	.....	.....
		=====	=====	=====
Note details of changes during the period.				
<u>Capital Reserves</u>				
(Provide details of any changes during the period) .....				
<u>Retained earnings beginning of the current return period</u>		.....		
Income for period:				
	Stock-broking activities	.....		
	Other income	.....		
Expenses				
	Stock Exchange charges	.....		
	Interest	.....		
	Bad and doubtful debts	.....		
	Others	.....		
Net profit before tax .....				
Income Tax (estimated) .....				
Net Profit after Tax		.....		
Other Additions Specify .....		.....		
Other Deductions Specify .....		.....		
<b>End of current return period</b>				
Difference between book and market value of securities				
	Owned .....	.....		
	Sold Short .....	.....		
<b>TOTAL</b>				<b>\$</b>

## Appendix 13

### TEMPLATE FOR THE UNDERSTANDING & PREPARATION BY LISTED COMPANIES OF:

#### MANAGEMENT DISCUSSION & ANALYSIS (MD&A) FOR ANNUAL REPORTS

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##### 1. BACKGROUND

The Jamaica Stock Exchange requires that all listed companies include a Management Discussion and Analysis Report as part of their annual report and Prospectus or other Offer document to the market.

##### Purpose

The purpose of an MD&A is to provide an objective and easily readable analysis of the company's operation within a given period and management's assessment of the company based on past activities, future plans and other internal & external factors that impact on its operations. While there is no limit to the breath of matters an MD&A should consider and report on, it would be expected that the MD&A include commentary on the following areas of the Company's business:

- (i) Liquidity & Capital Resources
- (ii) Effect of any Transaction involving Related Parties
- (iii) Results of Operations
- (iv) Risk Management
- (v) Present & Future Prospects of the Company

Management's identification and evaluation of what information including the potential effects of known trends, commitments, events and uncertainties are important to providing investors and other stakeholders with an understanding of the company's current and prospective financial and operating results.

##### Understanding the Process

Companies should have a written corporate disclosure policy that includes a description of the role of MD&A reporting within the company's overall framework of continuous disclosure policies and practices.

##### Role of MD&A in Continuous Reporting

The company should use integrate and present information significant to investors within the Annual Report to include information that may have been previously communicated through other channels. This is also a means for the company to update as necessary, previous disclosures about strategy, key performance drivers, capabilities, risks and results. In this way, all significant information may be disclosed and kept current through the MD&A.

##### Overseeing the Integrity of the Disclosure

Concerns for the integrity of corporate disclosures applies as much to MD&A as to other disclosures, including the financial statements.

### **Responsibilities of Management and the Board of Directors**

Management should provide a statement about its responsibility for the information disclosed in the MD&A, including its responsibility for the existence of appropriate information systems, procedures and controls, to ensure that the information used internally by Management and disclosed externally is complete and reliable. This can be implemented by adding reference to the MD&A in a company's existing statement about Management's responsibility for information disclosed.

Companies should also provide a statement about the oversight role of the Audit Committee and as appropriate, the Board of Directors with respect to the MD&A.

## **2. THE GENERAL DISCLOSURE PRINCIPLES**

The Six (6) Principles below will assist to guide and focus Management in the preparation of the MD&A.

**(A) *Principle 1 – Through the Eyes of Management:***

A company should disclose information in its MD&A that enables readers to view the company through the eyes of Management. Hence this principle requires disclosure of appropriate elements of the information used by Management for internal purposes. This should include the information that is relied on by Management.

**(B) *Principle 2 – Integration with Financial Statements***

MD&A's should complement as well as supplement financial statements. The MD&A document together with the financial statements should comprise a stand-alone communication package. The MD&A should explain the conditions and events that shaped the information contained in the financial statements and help in understanding how past conditions and events may give rise to future financial consequences. MD&A should provide insight, not make statements that are obvious from reading the financial statements including the notes thereto. It should provide useful financial information on the business not reported in the financial statements but which is relevant to the evaluation of past results and assessment of future prospects. The MD&A will impart knowledge as well as communicate information and data.

**(C) *Principle 3 – Completeness & Materiality***

The MD&A should be complete, fair & balanced and provide information that is material to the decision-making needs of the users. The MD&A must avoid promotional language and exaggeration and must be free from deliberate systematic bias. Completeness calls for Management to identify, address and communicate the quantitative and qualitative information necessary for users to understand and evaluate the nature of the company, its business dynamics and its risk prospects.

Information is considered material if it would be considered important by an investor, acting reasonably, in making a decision to invest or continue to invest

in the company. Materiality applies not only to financial results but also to all information, qualitative and or quantitative, disclosed in the MD&A. The information must be accurate at the date of the release.

**(D) Principle 4 – Forward Looking Orientation**

A forward looking orientation is fundamental to useful MD&A Reporting. This calls for the MD&A to explain past events, decisions, circumstances and performance in the context of whether they are reasonably likely to be indicative of and have material impact on future prospects. This section also calls for an MD&A to describe not only anticipated future events, decisions, circumstances, opportunities and risks that Management considers likely to materially impact future prospects but also matters such as management's vision, strategy and key performance drivers. All forward looking statements must be identified as a forward looking statement and must be accompanied by meaningful cautionary statements identifying important factors that could cause the actual results to differ materially from those in the forward looking statements.

**(E) Principle 5 – Strategic Perspective**

Management should focus on its strategy for generating value for investors over time. This area would involve integrating financial and non-financial information in a way that communicates the business model and strategy generating value for investors.

**(F) Principle 6 – Usefulness**

The MD&A should be written in plain language, with candour and without exaggeration and embody the qualities of understandability, relevance, comparability and consistency over reporting periods. Companies could consider using graphics and tables with explanatory narrative where these would enhance understanding by readers.

Sufficient information should be presented in the MD&A to make it a stand-alone document and to facilitate readers access to and understanding of needed information.

The MD&A must have a Table of Contents.

**3. THE MD&A DISCLOSURE FRAMEWORK (TEMPLATE)**

The MD&A should communicate information that helps users understand past performance and future prospects. Five key elements of the Disclosure Framework that are designed to achieve this are:

- The company's vision, core business and strategy
- Key Performance Drivers
- Capability to deliver results
- Results
- Risk

Information should be presented as an integrated continuum with emphasis given to linking relevant past performance with future prospects. Even in the analysis of past performance, emphasis should still be on a forward looking view. The provision of a prospective business analysis with the historical analysis provides a continuum and the MD&A explains the 'why' behind the two performances.

**THE FIVE ELEMENTS:**

**(1) VISION, MISSION, CORE BUSINESS & STRATEGY**

**Describe here:**

What does the business do  
 What are its Core business  
 What is the long term vision  
 What are the strategies for growth and shareholder value creation  
 Assessment of various factors, trends, opportunities and threats on the external environment and within the organization that shaped management decision and strategy  
 What is its revenue model

**(2) KEY PERFORMANCE DRIVERS**

**Describe here:**

What performance drivers are critical in creating value for company's investors  
 How must the company excel to fulfill its vision and strategy and achieve desired results  
 What performance measures are used to track the drivers  
 What key performance indicators are most useful to provide early signals regarding the drivers

**(3) CAPABILITY TO DELIVER RESULTS**

**Describe here:**

What resources (financial and non-financial) are required to execute the strategy & achieve the desired results  
 What resources does the company currently have; are they sufficient  
 Will the company be able to obtain the resources for future needs  
 Does the company have the required systems & processes to execute, manage risk and provide reliable disclosure to the capital market



**(4) RESULTS**

**Describe here:**

How has the company performed recently and the underlying reasons for that performance  
 How do actual results compare to previously disclosed goals on targets  
 What trends does the company perceive going forward and why  
 What are the future prospects for the company's performance  
 What are the assumptions used  
 How items are treated in the accounting policies and estimates, which are particularly important to understanding the reported results and explaining their impact. *(Here the existing financial reports, that are integral to the Annual Report, are supplemented by providing additional information)*

**(5) RISKS**

**Describe here:**

Disclose principal risks and describe related risk management systems  
 Principal risks and uncertainties facing the company and its core business segments  
 The strategies and process employed for managing risk  
 Potential specific impact of these risks and results and capabilities including capital reserves and liquidity  
 Continuing & consistency from one period to another regarding risk disclosure and how the risks impacts on the results

**4. OTHER CONSIDERATIONS**

Disclosure of significant goals, even if these are not specified in existing regulatory requirements but which are considered important to help readers see through the eyes of management, should be disclosed.

If a company chooses to provide the marketplace with further information or guidance about goals and objectives through a medium other than MD&A it should also be disclosed in the MD&A.

**Source:**

*(1) The Canadian Institute of Chartered Accountants. Managements Discussion and Analysis Guidance & Preparation Disclosure*

*(2) Financial Service Commission – Securities Release- MD&A (SR-GUID-05/12004)*

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