

GOVERNMENT NOTICE NO. 8

SECURITIES ACT

(No. 20 of 2010)

SECURITIES (OPERATIONS OF BROKERS AND DEALERS) DIRECTIVE, 2011

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IN EXERCISE of the powers conferred by section 67 of the Securities Act, 2010, the Registrar has issued the following Directive

PART I PRELIMINARY

1. This Directive may be cited as the Securities (Operations of Brokers and Dealers) Directive, 2011. Short title
2. This Directive shall apply to all Brokers and Dealers licensed under the Financial Services Act. Application
Act No. 26 of
2010
3. (1) In this Directive, unless the context otherwise requires— Interpretation
 - “Act” means the Securities Act, 2010;
 - “Broker” means any person who engages in the business of buying and selling securities for others but does not include an employee acting within the scope of his duties;
 - “Dealer” means any person who engages in the business of buying and selling securities for his own account and is in the business of buying and selling securities for others but does not include an employee acting within the scope of his duties;
 - “Registrar” means the Registrar of Financial Institutions appointed under the Financial Services Act; Act No. 26 of
2010

“Securities Representative” means any person who is employed as such by a Broker or Dealer and who, depending on his employment –

- (a) engages in the solicitation, purchase or sale of securities;
- (b) provides advice or recommendations with respect to transactions in securities; or
- (c) otherwise deals with members of the public with respect to the purchase or sale of securities; and

“Shareholders Funds” means total assets minus total liabilities of a corporate body.

(2) Unless otherwise specified in this Directive, any other terms used in this Directive shall have the meaning assigned to them in the Act, if a meaning is so assigned.

PART II – OBJECTIVES AND RATIONALE

- Objectives 4. The objectives of this Directive include the following
- (a) to ensure that Brokers and Dealers comply with the provisions of the Act;
 - (b) to ensure that Brokers and Dealers have adequate capital;
 - (c) to ensure the maintenance of professional and market conduct standards by Brokers and Dealers;
 - (d) to ensure that Brokers and Dealers provide mechanisms for the safety of client moneys and assets; and
 - (e) to ensure that all customers are treated equally and that interests of Brokers and Dealers and the interests of their employees are at all times, subordinate to the interests of their clients.
- Rationale 5. This Directive is issued to provide a regulatory framework for the supervision of Brokers and Dealers with the aim of protecting the interests of investors and maintaining market confidence and integrity.

PART III – LICENSING

- Application for licence 6. (1) No Broker or Dealer shall buy or sell or solicit transactions in any securities without being licensed by the Registrar to do so and, this requirement shall not apply to a Broker or a Dealer whose business is limited to dealing in securities issued by the Government of Malawi or the Reserve Bank of Malawi and is licensed to do such business
- Cap. 46:03 (2) An application for a Broker or a Dealer licence shall be submitted only by a company incorporated under the Companies Act of Malawi.
- Act No. 26 of 2010 (3) An application by a Broker or a Dealer for the grant or renewal of a licence shall be recommended by a stock exchange licensed under the Financial Services Act.
- (4) A Broker or a Dealer licence shall expire on 31 December of each calendar year.
- (5) An application for the grant of a licence shall be made in the Application Form set out in the First Schedule hereto.

(6) An application for the renewal of a licence shall be made in the Application Form set out in the Second Schedule hereto.

(7) An application for a licence shall be accompanied by a non-refundable licence application fee of one hundred and fifty thousand Kwacha (K150,000) and an application for renewal of licence shall be accompanied by a non-refundable licence renewal fee of fifty thousand Kwacha (K50,000).

7. A licence may be granted subject to written conditions as the Registrar may, in furtherance of the purposes of the Act, determine at the time of licensing, and the Registrar may, at any time, by notice served on the licensed Broker or Dealer, vary the conditions or impose further conditions. Conditional licence

8. (1) The registrar may suspend or revoke the licence of a Broker or a Dealer if Revocation of licence

(a) the Broker or Dealer is in breach of this Directive or the Act, or section 27 of the Financial Services Act; or

(b) the Broker or Dealer meets the conditions for suspension or revocation of licence under section 22 of the Act. Act No. 26 of 2010

(2) The Registrar shall revoke the licence of a Broker or a Dealer if the Broker or Dealer is wound-up under section 12 of the Financial Services Act. Act No. 26 of 2010

PART IV – BUSINESS CONDUCT

9. (1) Every licensed Broker or Dealer shall, at all times, adhere to just and equitable principles of trade and high standards of fair dealing and ethical conduct. Code of conduct

(2) When recommending to a customer the purchase or sale of any security, a licensed Broker or Dealer shall have a reasonable basis for believing that the recommendation is suitable for the customer having regard to his investment objectives, financial position and his other securities holdings.

(3) Every licensed Broker or Dealer shall establish and adhere to written procedures designed to ensure that customer transactions are effected in fair sequence and are equitably allocated without giving preference to itself or any customer over another customer.

(4) All orders placed by the customer shall bear the date and time stamp indicating the date and time of receipt of the orders and shall have a reference number.

(5) All customers shall be provided with a reference number at the time of placing an order.

(6) Orders by Dealers to trade in their principal capacity shall always get least priority at the same price.

(7) The maximum validity period for any customer order shall be ten working days.

(8) Every licensed Broker or Dealer shall prohibit its employees from fraudulent or manipulative activity in particular, the buying or selling of securities for themselves by using customer accounts and shall have in place procedures to properly supervise the activities of their employees to ensure compliance with this Directive.

(9) Every licensed Broker or Dealer shall keep records of all written complaints of customers and the action taken to resolve the complaints.

(10) Every licensed Broker or Dealer shall avoid any conflict of interest but where the potential for conflicts arises, it shall ensure fair treatment of all its customers by proper disclosure, internal rules of confidentiality or by declining to act where the conflict cannot be avoided.

(11) A licensed Broker or Dealer shall not place its interest above those of its customers.

Changes in
shareholding
and
management

10. (1) A licensed Broker or Dealer shall seek the approval of the Registrar and the licensed stock exchange of which it is a member before making any changes in its shareholdings.

(2) A licensed Broker or Dealer shall seek the approval of the Registrar and the licensed stock exchange of which it is a member before making any changes in senior management Directors.

Know your
client

11. Every licensed Broker or Dealer shall maintain a separate file for each customer containing, among other matters, information in the Third Schedule set out hereto.

General
requirements

12. (1) Every licensed Broker or Dealer shall dispatch, not later than the next business day, by ordinary post or delivery, a contract note in respect of the purchase or sale of securities executed for the customer, and shall keep a record of proof of posting or delivery.

(2) All payments to customers shall be made by a duly crossed cheque drawn on the bank accounts of a licensed Broker or Dealer and any request to cancel the crossing request shall be made in writing by the customer and authorized by the Principal Officer.

(3) A licensed Broker or Dealer shall not exercise any discretionary authority unless the customer has given written authority to exercise such discretion and the acceptance of such authority by the licensed Broker or Dealer shall be evidenced by a document in writing by the Principal Officer.

(4) No licensed Broker or Dealer shall directly or indirectly extend credit facilities to customers for the purchase of securities unless such lending is fully secured by securities issued by the Government of Malawi or the Reserve Bank of Malawi or securities listed on a licensed stock exchange with a market value of at least one hundred per cent (100%) of the amount of the lending.

(5) No licensed Broker or Dealer shall share or offer to share in the profits or losses of any customer in any securities transaction.

(6) A licensed Broker or Dealer shall acknowledge in writing the deposit by a customer of share certificates or securities issued by the Government or the Reserve Bank of Malawi.

(7) No licensed Broker or Dealer shall deal in securities not listed on a stock exchange of which he is a member except in the case of securities issued by the Government of Malawi and the Reserve Bank of Malawi.

(8) Every licensed Broker or Dealer shall employ on a full time basis, at least two persons to deal with clients and such persons shall possess one of the relevant numbers of years of experience as set out in the Table in the Fourth Schedule hereto.

PART V CAPITAL, LIQUIDITY AND REPORTING REQUIREMENTS

13. (1) A licensed Broker or Dealer shall, at all times, maintain a share capital plus a share premium of not less than the Malawi Kwacha equivalent of one hundred thousand United States Dollars (US\$100,000). Minimum capital requirements

(2) A licensed Broker or Dealer shall have a minimum net capital of Malawi Kwacha equivalent of one hundred thousand United States Dollars (US\$100,000).

(3) In this paragraph, "net capital" means the funds of shareholders licensed Broker or Dealer adjusted as follows:

(a) deducting the value of all unsecured loans;

(b) deducting the value of all loans and amounts due from each director and members of immediate family, group and associated companies of the licensed Broker or Dealer and employees of the licensed Broker or Dealer;

(c) deducting the excess of the contract value over the market value of all customer contracts which remain unsettled after settlement date or securities held by the Dealer in his own portfolio and in the case of unsettled trades, the deduction shall only be dispensed with if the value of securities belonging to the customer and pledged to the licensed Broker or Dealer is in excess of the value of the unsettled contract;

(d) deducting all other assets doubtful of collection less any provision already made in the accounts for doubtful debts;

(e) deducting all deferred expenses and intangible assets;

(f) deducting all contingent liabilities; and

(g) such other deductions as may be determined by the Registrar depending on the circumstances of each case.

(3) Every licensed Broker or Dealer shall review the net capital position at least on a monthly basis and in the event of a shortfall, regularize the capital position as soon as possible and in any event within thirty calendar days of the net capital falling below the required minimum net capital.

(4) The Registrar may prescribe different share capital plus reserve requirements and net capital requirements for licensed Brokers and Dealers.

14.—(1) Every licensed Broker or Dealer shall maintain a minimum liquidity requirement in the form of a cash deposit or bank guarantee, of Malawi Kwacha equivalent of twelve thousand five hundred United States Dollars (US\$12,500) and any increases as determined by the Registrar from time to time. Liquidity requirements

(2) The Registrar may increase the minimum liquidity requirement progressively in blocks of Malawi Kwacha equivalent of two thousand five hundred United States Dollars (US\$2,500) and shall be computed as five per cent (5%) of the average daily purchases in the preceding calendar quarter multiplied by the number of days in the settlement cycle.

(3) Any increase in the liquidity requirement, as computed by the Registrar, shall be introduced within fourteen calendar days from the date the Registrar advises the licensed Broker or Dealer of this increase.

(4) Reduction in the level of liquidity requirement and the consequent reduction to the cash deposit or cash deposit and bank guarantee of a licensed Broker or Dealer, where applicable, may be considered by the Registrar at the quarterly review on the dates stated in subparagraph (5) and refunds of the cash deposit shall be made within fourteen calendar days, where applicable.

(5) The Registrar shall review the liquidity requirement quarterly on 1st January, 1st April, 1st July and 1st October each year.

(6) Every licensed Broker or Dealer shall forward to the stock exchange of which it is a member, a cash deposit or a bank guarantee which may be used by the Registrar or by the stock exchange with the prior permission of the Registrar to defray . . .

(a) the dues payable by the licensed Broker or Dealer to the Registrar or a licensed stock exchange;

(b) any dues payable by the licensed Broker or Dealer to any customer of the licensed Broker or Dealer; and

(c) any dues payable by the licensed Broker or Dealer to any other licensed Broker or Dealer in the course of the business of such licensed Broker or Dealers with the licensed stock exchange as a licensed Broker or Dealer.

(7) The cash deposit referred to in paragraph (6) shall be invested by the stock exchange in securities issued by the Government or the Reserve Bank of Malawi and the interest shall be paid to the licensed Broker or Dealer periodically and the stock exchange may levy an administrative charge.

(8) In the event that the Registrar or licensed stock exchange uses all or part of the cash deposit or bank guarantee for the purposes described in subparagraph 7, the licensed Broker or Dealer shall replace the amount utilized by the Registrar or licensed stock exchange immediately.

(9) The deposit may be fully in the form of a cash deposit, fully in a form of a bank guarantee, or partly in the form of a cash deposit and partly in the form of a bank guarantee.

(10) As the liquidity requirement of a licensed Broker or Dealer increases in accordance with this Directive, a cash deposit or a bank guarantee shall be forwarded to the licensed stock exchange within fourteen calendar days from the date the Registrar advises the licensed Broker or Dealer to increase the liquidity requirement.

15. (1) If any licensed Broker or Dealer fails or neglects to maintain the net Capital and liquidity requirements or to forward to the licensed stock exchange the cash deposit or bank guarantee as specified in paragraph 13, the Registrar may forthwith prohibit the licensed Broker or Dealer from carrying out any trading activities on the licensed stock exchange.

Trading
prohibition

(2) The Registrar may remove the prohibition to carry out trading activities as soon as the licensed Broker or Dealer complies with the capital and liquidity adequacy requirements.

16. (1) Every licensed Broker or Dealer shall forward to the Registrar Financial and licensed stock exchange Financial Statements in the format set out in the Fifth Schedule hereto, within ten calendar days of the end of each calendar month.

Reporting
requirements

(2) Every licensed Broker or Dealer shall file with the Registrar and the licensed stock exchange the audited financial statements comprising the balance sheet, profit and loss statement and statement of cash flows within three months of the financial year end.

(3) A penalty of two thousand Kwacha (K2,000) shall be imposed for each day for delay in submission of any report, required under this Directive, to the Registrar.

PART VI SEPARATE CUSTOMER BANK ACCOUNTS

17. (1) All amounts that are received from any customer or another licensed Broker or Dealer for the purchase of securities by the customer or other licensed Broker or Dealer shall be paid into a bank account operated solely for the collection and payment of monies belonging to customers.

Separate
customer
bank accounts

(2) All amounts that are payable to a customer or another licensed Broker or Dealer for the sale of securities belonging to the customer or other licensed Broker or Dealer shall be paid utilizing the proceeds in the account in subparagraph (1).

(3) Commissions earned by the licensed Broker or Dealer shall be withdrawn from the account and transferred to any other bank account operated by the licensed Broker or Dealer.

(4) The balance in the account of the customer shall not be offered as a lien to a bank or to any other person.

(5) Overdraft facilities may be arranged by the Broker for the customer bank account to make payments to sellers and interest debited to the customer account shall be reimbursed from the bank account of the licensed Broker or Dealer.

PART VII EMPLOYEE TRADES

18. (1) Employees of a licensed Broker or Dealer shall trade through their own company.

Trade
through own
company

(2) For purpose of this paragraph, "Employees" include Directors and employees of a Broker or Dealer, their spouses and their children under eighteen years, nominees of persons and companies in which the persons may have a controlling interest.

(3) A controlling interest prevails where staff members own at least fifty-one per cent (51%) of the equity of the company or can control the composition of the Board of Directors of the company.

Prior authorization

19. Business shall be transacted on account of an Employee of a licensed Broker or Dealer only with the prior written authorization from the Principal Officer.

Restricted securities

20. (1) The Principal Officer of the licensed Broker or Dealer shall maintain a restricted securities list.

(2) For purpose of this paragraph, "restricted securities" mean securities in which a licensed Broker or Dealer possess material non-public information.

(2) Employees of a Broker or Dealer shall not trade in restricted securities.

(3) Securities, where the research division issues a significant recommendation or report relating to such securities during a period of seven business days before or two business days after dissemination of the report or recommendations, shall be included as a minimum on the list of restricted securities.

(4) Securities may be added or deleted from the list as the Broker or Dealer finds appropriate.

Priority to customer

21. Trades of customers shall always be given priority over those of employees at the same price and Employee orders shall be executed only if there are no customer orders for the security at the same price.

Written procedures

22. Every licensed Broker or Dealer shall have their own written procedures for execution of employee trades.

PART VIII TRADING ON OWN ACCOUNT

Portfolio limits

23. (1) A licensed Dealer trading on his own account may only trade in securities listed on the licensed stock exchange except in the case of securities issued by the Government of Malawi and the Reserve Bank of Malawi.

(2) A licensed Dealer is specifically precluded from dealing in any unlisted securities:

Provided that the licensed Dealer shall be permitted to participate in an Initial Public Offer for which the licensed stock exchange has agreed to grant a listing subject to formalities being met.

(3) A licensed Dealer shall not

(a) acquire more than five per cent (5%) of the issued quantity of a single security for its own account at any one time except in the case of securities issued by the Government of Malawi or the Reserve Bank of Malawi where no such restriction shall apply;

(b) acquire shares of its own company or in any parent, subsidiary, affiliate or associate company of the Broker or Dealer; or

(c) purchase securities in its own account to the extent that more than five per cent (5%) of the net capital of the Broker or Dealer is invested in the securities of any single issuer except in the case of securities issued by the Government or the Reserve Bank of Malawi where no such restriction shall apply.

24. (1) A licensed Dealer shall not act in his principal activity in any transaction unless he informs the customer of this fact prior to the trade execution and the client has a right to reject the trade. Disclosure to customers

(2) In the event that a licensed Dealer transacts without informing a customer and the customer rejects the trade, the Dealer shall have the responsibility to settle the trade.

(3) A contract note shall state that licensed Dealer has acted in his principal capacity in all cases where the licensed Dealer acts as a principal in a transaction.

PART IX PENALTIES AND ADMINISTRATIVE SANCTIONS

25. (1) Any licensed Broker or Dealer who fails to meet the requirements of this Directive shall be liable to a penalty of one million Kwacha (K1,000,000). Penalties

(2) The Registrar reserves the right to waive or apply the penalties either in full or in part as it may consider appropriate.

(3) The Broker or Dealer shall be notified in writing of the penalty and instructed to make good of the charge within fifteen working days from the date of notification.

(4) The monetary penalties shall be reviewed by the Registrar from time to time

26. (1) In addition to penalties prescribed in paragraph 25, the Registrar may take any or all of the following actions against a Broker or Dealer, its Board of Directors or Executive Officer Administrative sanctions

(a) imposition of administrative penalties stipulated under section 75 of the Financial Services Act;

(b) imposition of any remedies under the Act;

(c) prohibition from declaring or paying dividends;

(d) prohibition from establishing new branches;

(e) prohibition from declaring or paying bonuses, salary incentives or other discretionary compensation to directors or executive officers;

(f) prohibition from lending or engaging in new activities or from expanding existing activities; or

(g) prohibition from acquiring additional fixed assets.

Act No. 26 of
2010

27. All Brokers or Dealers who do not meet the minimum standards of this Directive as at the date this Directive comes into operation shall be given a grace period of six months to correct all deficiencies in their operations and ensure they meet the minimum standards. Transitional arrangements

FIRST SCHEDULE

(para. 6)

APPLICATION FORM FOR BROKER OR DEALER LICENCE

All questions shall be answered in full.

All enquiries concerning the preparation and filing of this application should be made to The Director, Micro-Finance and Capital Markets Supervision, Reserve Bank of Malawi. Upon completion, the application and all other attachments shall be submitted to The Director, Micro-Finance and Capital Markets Supervision, Reserve Bank of Malawi, P.O. Box 565, Blantyre, Malawi.

Application is hereby made for the grant of a licence as a Broker or a Dealer under the Financial Services Act, 2010, and the following statements are made in respect thereof

1. Name of Company:
2. Date of Incorporation:
3. Registered Office:
4. Mailing Address:
5. E-mail Address:
6. Internet website Address:
7. Physical Address (location of business):
8. Telephone Numbers:
9. Facsimile numbers:
10. Details of share capital—
 - (a) Issued Capital:
 - (b) Paid-up Capital:
 - (c) Shareholders' Funds:
11. Name and Address of Auditor:
12. Details of Directors (Please provide names, addresses, educational and professional qualifications, employment history and other business interests and company directorships. Details of any experience in the stock broking industry must be included):
13. Details of Principal Officer (Please provide names, addresses, educational and professional qualifications, employment history and any business interests and company directorships. Details of any experience in the stock broking industry must be included):
14. Details of staff who deal with customers (Please provide names, addresses, educational and professional qualifications, employment history and details of previous experience in the stock broking industry must be included):
15. Names and addresses of all shareholders who own five per cent (5%) or more of the equity capital:
16. Give details of the company bankers and details of bank accounts and details of customer bank accounts.

- 17. Please include the following information
 - (a) business plan for three years including projected profit and loss account and balance sheets for each of the three years. The assumptions on which the projected financial statements have been prepared shall be disclosed;
 - (b) an organization chart showing the designations and levels of authority of staff;
 - (c) a tree diagram showing the group structure if the company belongs to a group of companies.

- 18. Has the applicant or any Director or Principal Officer of the applicant
 - (a) been convicted of any offence, or are there any proceedings now pending which may lead to a conviction for any offence involving fraud or dishonesty?

 (if so, please provide details)
 - (b) notable judgment involving findings of fraud or other dishonesty, or violence, misrepresentation, breach of contract, breach of fiduciary duty or professional negligence given against it, in any civil proceedings, or are there any proceedings now pending that may lead to such a judgment or finding?

 (if so, please provide details)
 - (c) contravened any written law designed for protecting members of the public against financial loss due to dishonesty, incompetence or malpractice by persons concerned in the provision of financial services or the management of companies or against financial loss due to the conduct of discharged or undischarged bankrupts?

 (if so, please provide details)
 - (d) had a receiver or manager been appointed in respect of any of the assets of the applicant?

 (if so, please provide details)
 - (e) had a petition presented in a court for its winding-up?

 (if so, please provide details)
 - (f) been subjected to any form of disciplinary proceedings or action by any professional or regulatory body?

 (if so, please provide details)

Please attach the following documents

- (a) copy of Certificate of Incorporation;
- (b) copy of the Memorandum and Articles of Association;
- (c) copy of the latest audited financial statements (if available);
- (d) copy of the latest audited financial statements of the promoter :

- (e) letter of recommendation by a stock exchange licensed under the Financial Services Act; and
- (f) cheque for one hundred and fifty thousand Kwacha (K150,000) being the fee payable for the grant of a licence.

We the undersigned do hereby certify that .

- (a) all the information given in response to and in support of the questions in this application is true and correct to the best of our knowledge and belief;
- (b) this application is made in good faith with the purpose and intent that affairs of the dealing company will at all times be honestly conducted with good and sound business principles and in full compliance with all applicable laws and directives; and
- (c) to the best of our knowledge and belief, there are no other facts or information relevant to this application of which the Registrar should be made aware and we hereby pledge to promptly inform the Registrar of any material change to this application which may arise while it is being considered.

Dated this day of, 2011.

Name:

Signature:

Director

Name:

Signature:

Director

Name:

Signature:

Principal Officer

SECOND SCHEDULE

(para. 6)

APPLICATION FORM FOR RENEWAL OF BROKER OR DEALER LICENCE

All questions shall be answered in full.

All enquiries concerning the preparation, filing and status of this application shall be made to The Director, Micro-Finance and Capital Markets Supervision, Reserve Bank of Malawi. Upon completion the original and two duplicate copies of the application and all other attachments shall be submitted to The Director, Micro-Finance and Capital Markets Supervision, Reserve Bank of Malawi, P.O. Box 565, Blantyre, Malawi.

Application is hereby made to renew the licence as a Broker under the Financial Services Act, 2010, and the following statements are made in respect thereof ---

1. Name of company:
2. Number of last year's licence:
3. Registered office:
4. Mailing address:
5. E-mail address:

-
6. Internet website Address:
 7. Physical Address (location of business):
 8. Telephone Numbers:
 9. Facsimile Numbers:
 10. Details of Share Capital
 - (a) Issued Capital:
 - (b) Paid-up Capital:
 - (c) Shareholders' Funds:
 11. Name and Address of Auditor:
 12. Details of Directors (Please provide names, addresses, educational and professional qualifications, employment history and other business interests and company directorships. Details of any experience in the stock broking industry must be included):
 13. Details of Principal Officer (Please provide names, addresses, educational and professional qualifications, employment history and any business interests and company directorships. Details of any experience in the stock broking industry must be included):
 14. Details of staff who deal with clients (Please provide names, addresses, educational and professional qualifications, employment history including previous experience in the stock broking industry):
 15. Names and addresses of all shareholders who own five per cent (5%) or more of the equity capital:
 16. Give details of the bankers of the company and details of bank accounts and details of the customer bank accounts.
 17. Please include the following information
 - (a) an organization chart showing the designations and levels of authority of staff;
 - (b) a tree diagram showing the group structure if the company belongs to a group of companies.
 18. Has the applicant ...
 - (a) been convicted of any offence, or are there any proceedings now pending which may lead to a conviction for any offence involving fraud or dishonesty?
.....
(if so, please provide details)
 - (b) had judgment involving findings of fraud or other dishonesty, or violence, misrepresentation, breach of contract, breach of fiduciary duty or professional negligence given against it, in any civil proceedings, or are there any proceedings now pending that may lead to such a judgment or finding?
.....
(if so, please provide details)

(c) contravened any written law designed for protecting members of the public against financial loss due to dishonesty, incompetence or malpractice by persons concerned in the provision of financial services or the management of companies or against financial loss due to the conduct of discharged or undischarged bankrupts?

.....
(if so, please provide details)

(d) had a receiver or manager been appointed in respect of any of the assets of the applicant?

.....
(if so, please provide details)

(e) had a petition presented in a court for its winding-up?

.....
(if so, please provide details)

(f) been subjected to any form of disciplinary proceedings or action by any professional or regulatory body?

.....
(if so, please provide details)

(g) Please attach the following documents---

- (i) copy of the latest audited financial statements; and
- (ii) cheque for fifty thousand Kwacha (MK50,000) being the fee payable for the renewal of a licence

We the undersigned do hereby certify that

(a) all the information given in response to and in support of the questions in this application form is true and correct to the best of our knowledge and belief.

(b) this application is made in good faith with the purpose and intent that affairs of the stock broking company will at all times be honestly conducted with good and sound business principles and in full compliance with all applicable laws and directives; and

(c) to the best of our knowledge and belief, there are no other facts or information relevant to this application of which the Registrar should be made aware and we hereby pledge to promptly inform the Registrar of any material change to this application which may arise while it is being considered.

Dated this day of, 2011.

Name:

Signature:

Director

Name:

Signature:

Director

Name:

Signature:

Principal Officer

THIRD SCHEDULE

CLIENT ACCOUNT INFORMATION

Every licensed Broker or Dealer shall include the following information in a customer file...

(a) Individuals ...

- (i) name and residential address (documentary proof such as utility bills must be submitted in support of residential address);
- (ii) telephone numbers and e-mail addresses;
- (iii) occupation (name and address of employer if any);
- (iv) tax identification information if available; and
- (v) passport or driving license number.

(b) Corporate entities ...

- (i) name and registered address;
- (ii) telephone numbers;
- (iii) names and designations of persons authorized to transact business;
- (iv) registration number (documentary proof such as the Certificate of Incorporation must be submitted); and
- (v) tax identification number.

FOURTH SCHEDULE

QUALIFICATION AND EXPERIENCE FOR PERSONS WHO DEAL WITH CLIENTS

PART I--LOCAL QUALIFICATIONS

<i>Qualifications</i>	<i>Experience</i>
Public Accountants Examination Council Diploma ..	Four years
A business degree from a recognized University ..	Two years

PART II--FOREIGN QUALIFICATIONS

<i>Qualifications</i>	<i>Experience</i>
Investment Advice qualification offered by the South African Institute of Financial Markets	Two years
A business degree from a recognized University	Two years
Registered persons examinations of the South African Institute of Financial Markets	Four years
Chartered Financial Analyst	One year

FIFTH SCHEDULE
FINANCIAL STATEMENTS FORMAT

Name of Licensed Broker or Dealer:

Balance Sheet as at:

	MK'000	NOTE
Share Capital		1
Reserves		2
Represented By:		
Fixed Assets		3
Investments		4
Current Assets		5
Current Liabilities		6
Long-Term Liabilities		7

Date: Signature:

Principal Officer

NOTE 1: Share Capital:	MK'000
Authorized:	
Shares at MK..... Each	
Issued and Fully Paid-up	
Shares at MK..... Each	

NOTE 2: Reserves:	MK'000
Capital Reserves	
Profit and Loss Account	

NOTE 3: Fixed Assets:	<i>Cost MK '000</i>	<i>Accumulated Depreciation MK '000</i>	<i>Written Down Value MK '000</i>
Office Equipment ..			
Furniture and Fittings ..			
Fixtures			
Motor Vehicles			
Profit and Loss Account ..			

NOTE 4: Investments:	<i>MK '000</i>

NOTE 5: Current Assets:	<i>MK '000</i>
Trade Debtors	
Other Debtors	
Prepaid Expenses	
Deposits	

NOTE 5 (A): Loans:	<i>Amount MK '000</i>	<i>Security Type</i>	<i>Value of Security</i>
Related Parties			
Others			

Note 6: Current Liabilities:	MK'000
Trade Creditors	
Other Creditors	
Accrued Expenses	
Deposits	

Note 7: Long-Term Debt:	MK'000

Name of Licensed Broker or Dealer:

Profit and Loss Account for the Month of:

	MK'000	MK'000	NOTE
Turnover			1
<i>Less:</i>			
Value Added Tax			
Direct Expenses			2
NET INCOME			
<i>Less:</i>			
Administrative Expenses			4
Promotional Expenses			5
Travelling and Entertainment			6
Other Expenses			7
OPERATING PROFIT			
<i>Add: Other Income</i>			8
NET PROFIT BEFORE TAXATION			
<i>Less: Taxation</i>			
PROFIT OR LOSS AFTER TAXATION			
<i>Less: Dividends</i>			
RETAINED PROFIT FOR THE MONTH			

Statement of Accumulated Profit/(Loss)	MK'000
Profit or Loss Brought Forward	
Profit for the Month	
PROFIT OR LOSS CARRIED FORWARD	

Date: Signature:
Principal Officer

NOTE 1: Turnover:	MK'000	MK'000
Brokerage		
Sale of Shares		
Purchases		
Other Receipts (Specify)		

NOTE 2: Direct Expenses:	MK'000

NOTE 3: Administrative Expenses:	MK'000

NOTE 4: Promotional Expenses:	MK'000

NOTE 5: Finance Charges:	MK'000

NOTE 6: Travelling and Entertainment:	MK'000

NOTE 7: Other Expenses:	MK'000

NOTE 8: Other Income:	<i>Income MK'000</i>	<i>Amount Invested MK'000</i>	<i>Tenure</i>
Interest Received on Investments			
Other Income			

Name of Licensed Broker or Dealer:

Cash Flow Statement for the Month of:

	<i>Current Month</i> MK'000	<i>Year To Date</i> MK'000
Inflow		
Received from customers		
Received from other broker/dealers		
Bank borrowings		
Interest received on:		
Fixed Deposit		
Savings Deposit		
Call Deposits		
Other (Specify)		
TOTAL INFLOW		
Outflow		
Payments to Customers		
Payments to other broker or dealers		
Administrative expenses		
Promotional expenses		
Finance expenses paid:		
Loan principal repayments		
Interest on loans		
Bank charges		
Other (specify)		
Travelling and entertainment expenses		
Other expenses (specify)		
TOTAL OUTFLOW		
NET INCREASE OR DECREASE IN CASH AND CASH EQUIVALENTS		
BALANCE B/FWD—CASH AND CASH EQUIVALENTS		
BALANCE C/FWD—CASH AND CASH EQUIVALENTS		

NOTE: Cash and Cash Equivalents Represent:
 Cash in Hand;
 Current A/C Balances; and
 Short-Term Deposits

Date:

Signature:

Principal Officer

Name of Licensed Broker or Dealer:

Statement of Net Capital as at:

	MK'000
Shareholders' Funds as per Balance Sheet	
Deduct:	
Unsecured Loans	
Amount Due from Connected Person	
Where market value is lower: Difference between Cost and Market Value of securities in trades unsettled after settlement date	
Where market value is lower: Difference between Cost and Market Value of securities held by Broker or dealers	
Current assets which are doubtful of recovery less any provisions made	
All deferred expenses or intangible assets included in shareholder funds	
All contingent Liabilities	
NET CAPITAL	

Date: Signature:

Principal Officer

NOTE: Connected persons are defined as directors and members of immediate family, group and associated companies of the licensed Broker or Dealer and employees of the licensed Broker or Dealer.

Made this 2nd day of February, 2011.

(FILE NO. ST/2/120)

DR. PERKS LIGOYA
Registrar

GOVERNMENT NOTICE NO. 9

OCCUPATIONAL SAFETY, HEALTH AND WELFARE ACT

(CAP. 55:07)

OCCUPATIONAL SAFETY, HEALTH AND WELFARE (REGISTRATION, RENEWAL, TRANSFER AND EXAMINATION FEES) REGULATIONS, 2011

IN EXERCISE of the powers conferred by sections 12 and 50 of the Occupational Safety, Health and Welfare Act, I, YUNUS MUSSA, Minister of Labour, make the following Regulations—

Citation 1. These Regulations may be cited as the Occupational Safety, Health and Welfare (Registration, Renewal, Transfer and Examination Fees) Regulations, 2011.