

# THE CAPITAL MARKETS DEVELOPMENT AUTHORITY (SECURITIES EXCHANGES AND LICENSING) REGULATIONS 1997

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### **THE CAPITAL MARKETS DEVELOPMENT AUTHORITY ACT, 1996**

**IN EXERCISE** of the powers conferred upon it by section 71 of the Capital Markets Development Authority Act 1996, and acting with the approval of the Minister of Finance and Economic Development, the Capital Markets Development Authority has made the following Regulations:-

## **REGULATIONS**

### **PART 1 - PRELIMINARY**

#### *Short title and commencement*

1. - (1) These Regulations may be cited as the Capital Markets Development Authority (Securities Exchanges and Licensing) Regulations, 1997.
- (2) These Regulations shall come into force when they are approved by the Minister.

#### *Interpretation*

2. - (1) In these Regulations, unless the context otherwise requires -

**"the Act"** means the Capital Markets Development Authority Act, 1996;

**"the Authority"** means the Capital Markets Development Authority established by the Act;

**"governing body"**, in relation to a company, means its board of directors or any committee or other body which has responsibility for any of the following matters:

- (a) the admission, disciplinary control or expulsion of members;
- (b) the making of rules, codes of conduct and guidelines for that exchange,

(c) the enforcement of listing requirements and procedures,

and, in relation to an association, means the body of persons exercising similar powers and functions, by whatever name called, and where there is more than one such body for a company or association, includes each of them;

“**representative**”, in relation to a broker or dealer means a person, by whatever name described, in the direct employment of or acting for, or by arrangement with the broker or dealer who performs for the broker or dealer any of the functions of a broker or dealer (other than work ordinarily performed by accountants, clerks or cashiers) whether his remuneration is by way of salary, wages, commission or otherwise; and includes any director or officer of a body corporate who performs for the body corporate any of those functions;

“**rules**”, in relation to a securities exchange, means any rule made by that exchange, by whatever name called, and includes any by-law or regulation so made.

(2) Where any term or expression used in these Regulations is not defined in these Regulations but is defined in the Act, that term or expression shall, unless the context otherwise requires, have, in these Regulations, the meaning given to it by the Act.

## **PART II - REQUIREMENTS FOR APPROVAL OF SECURITIES EXCHANGE**

### *Approval of securities exchange*

3. - (1) The Authority may grant approval to operate as a securities exchange under section 34 of the Act for a period of one year.

(2) The Authority shall not grant an approval to a new securities exchange under paragraph (1) unless it has first consulted the Minister.

(3) An application for the grant or renewal of approval to operate as a securities exchange shall be submitted to the Authority in triplicate in Form 1 set out in the First Schedule.

(4) An application under paragraph (3) shall be accompanied by the fee specified in the Second Schedule and by any additional documents which the Authority requires or the applicant wishes to submit in support of the application.

(5) An approval to operate as a securities exchange shall be in Form 2 set out in the First Schedule.

(6) Unless exempted from any of the following provisions by the Authority, in order to receive approval to operate as a securities exchange -

(a) the applicant's memorandum and articles of association or other constituting document shall be in a form satisfactory to the Authority and shall -

(i) not permit the distribution of profits to members, without the prior approval of the Authority; and

(ii) restrict the membership of the securities exchange to brokers, dealers and financial or other institutions, who are engaged in the securities business solely as a broker or dealer or both, as may be approved by the Authority;

Provided that a person who is a member of a securities exchange on the date of commencement of this regulation and who, on that date, is not so engaged in the securities business shall be exempt from the requirement of this sub-paragraph for a period of twelve months and at any time thereafter the Authority may require the member to divest itself of its membership within such further time and in such manner as the Authority may specify;

(b) the applicant shall be engaged solely in the business of operating a securities exchange;

- (c) the governing body of the applicant shall consist of brokers, dealers and persons providing fair representation for listed companies, investors and the general public who are acceptable to the Authority;
- (d) the applicant shall have a chief executive and an administration of sufficient capacity to administer the securities exchange including any contractual arrangements with specialised organisations for the settlement, deposit or efficient clearing of business;
- (e) the applicant's physical location and mode of operation shall contribute to a more orderly and efficient market for securities in Fiji;
- (f) the applicant's rules and guidelines shall make provisions satisfactory to the Authority on matters to be prescribed in the form of rules by the Authority;
- (g) the applicant shall have a physical trading facility at which all bids to purchase and offers to sell can be exposed to each other and at which members of the public are granted an opportunity to witness trading;
- (h) the applicant shall have a system to accommodate the trading of securities of companies that do not meet the standards for listing required in the initial system, when such a system is warranted on the basis of need and economic feasibility; and
- (i) the applicant shall have a system approved by the Authority for granting compensation to investors who suffer pecuniary loss resulting from the failure of a broker or dealer to meet his contractual obligations.

(7) The Authority may grant an exemption from any requirement of paragraph (6) on a case by case basis for such period as it thinks fit and may, from time to time, extend the period of exemption.

(8) If a securities exchange does not at the expiry of the period of its exemption comply with a requirement of paragraph (6) from which it has been exempted by the Authority, the Authority may revoke its approval.

### **PART III - PROVISIONS RELATING TO SECURITIES EXCHANGES**

#### ***Obligation of exchange to report changes***

4. If a securities exchange proposes to alter any particulars already furnished to the Authority or intends to undergo a change from its state specified in its application for approval, it shall inform the Authority in writing and shall not effect any such alteration or change without the prior approval of the Authority.

#### ***Trading, settlement and delivery***

5. A securities exchange shall regulate its members and ensure the day to day management of trading, settlement, delivery and other activities in accordance with the memorandum and articles and rules of the securities exchange which have been approved by the Authority.

#### ***Authority may give directions and amend exchange rules***

6.- (1) The Authority may, where it appears to be in the public interest, issue directions to a securities exchange-

- (a) with respect to trading on or through the facilities of that securities exchange or with respect to any security listed on that securities exchange; or
- (b) with respect to the manner in which a securities exchange carries on its business, including the manner of reporting off-market purchases; or
- (c) with respect to any other matters which the Authority considers necessary for the effective administration of the Act;

and the securities exchange shall comply with any such direction.

(2) The Authority may, after consultation with the securities exchange, amend the rules of a securities exchange by written directions specifying the amendments and the dates those amendments shall have

force and effect but the Authority may dispense with such consultation if it considers it necessary for the protection of investors.

#### ***Accounting records***

7. Every securities exchange shall maintain and preserve such books of account and documents, or acceptable alternative records in their place as may, from time to time, be determined by the Authority for a period of seven years.

#### ***Annual reports***

8. A securities exchange shall, within 3 months following the closure of its financial year, or such extended period as the Authority, may from time to time, allow, furnish the Authority with a report of its activities during the preceding financial year in such form as may be required by the Authority.

#### ***Furnishing of documents and periodic reports to the Authority***

9. - (1) Every securities exchange shall furnish the Authority with all documents that it issues to its members in connection with its annual general meeting and within one month after the date of such meeting, furnish the Authority with a copy of its audited balance sheet and profit and loss account for its preceding financial year.

(2) A securities exchange shall furnish the Authority with periodic reports or returns relating to such items as may, from time to time, be required by the Authority.

#### ***Publication of securities exchange transactions***

10. A securities exchange shall make public its transactions in such manner as may be required by the Authority.

#### ***Obligation to take disciplinary action***

11. - (1) If a securities exchange receives a complaint from a listed company, the shareholders of a listed company, a customer of a broker or dealer, or a broker or dealer regarding the professional conduct or activities of a broker or dealer who is a member of the securities exchange or against a listed company, it shall notify the Authority within seven days of the receipt of the complaint.

(2) The exchange shall as soon as practicable cause an inquiry to be carried out in accordance with its rules and shall forward the report of the inquiry to the Authority within seven days of the completion of the report.

(3) If a securities exchange takes disciplinary action against a member or a listed company, it shall within seven days report to the Authority in writing giving particulars, including the name of person disciplined, the reason for and the nature of the action taken.

(4) The Authority may review any disciplinary action taken by a securities exchange and, on its own motion, or in response to the appeal of an aggrieved person, may affirm or set aside a securities exchange decision.

(5) If a securities exchange fails to take disciplinary action against a member or a listed company in circumstances in which, in the opinion of the Authority, disciplinary action is warranted, the Authority may direct the exchange to take specified disciplinary action against the person.

(6) A securities exchange shall report in writing to the Authority on the compliance with any penalties ordered by the exchange or directed by the Authority within fourteen days of the order or direction.

(7) The Authority shall not act under paragraph (4) or paragraph (5) without first giving the member or the company and the securities exchange an opportunity to be heard.

(8) In this regulation, "disciplinary action" includes a reprimand, fine, expulsion, suspension, or any other action provided for in the rules issued by the securities exchange.

#### ***Authority may appoint to governing body***

12. The Authority may from time to time where it appears to be in the public interest appoint one or more persons, who are knowledgeable about the securities industry and who are not associated with a broker or dealer, to be on the governing body of a securities exchange to represent the public interest and the person or persons so appointed -

- (a) shall have the same rights, powers, duties and obligations, liberties and privileges as any other member of the governing body of the securities exchange; and
- (b) shall hold office for a period specified by the Authority which may at any time revoke such an appointment.

***Compliance with rules and regulations, and regulation of listing***

13. A securities exchange shall comply with all regulations and rules formulated by the Authority including those formulated to regulate the listing of securities.

***Powers of securities exchange chief executive***

14. The chief executive of a securities exchange shall have the power to enforce the rules of the securities exchange and to administer penalties including suspension from trading.

**PART IV - MEMBERSHIP OF A SECURITIES EXCHANGE**

***Equality of members of a securities exchange***

15. - (1) A member of a securities exchange shall hold only one share in such securities exchange.

(2) All members of a securities exchange shall rank *pari passu inter se* with respect to all rights, benefits, privileges, duties and membership of such securities exchange.

(3) Where a securities exchange has, prior to the commencement of this regulation, registered more than one share in the name of any member, the Authority may give directions on the disposal of such shares and the member concerned shall dispose of such shares in such manner as may be directed by the Authority.

***Compliance by securities exchange with directions***

16. A securities exchange and a member of a securities exchange shall comply with directions issued under regulation 15 notwithstanding any provision to the contrary contained in or implied by its rules, or memorandum or articles of association.

**PART V - PROVISIONS RELATING TO LICENSING OF BROKERS, DEALERS, INVESTMENT ADVISERS, UNIT TRUSTS, MUTUAL FUNDS AND THEIR REPRESENTATIVES**

***Form of application for a licence***

17. - (1) An application for a licence to engage in business as a broker, dealer, investment adviser, unit trust, mutual fund or a representative of any of them shall be submitted to the Authority in triplicate in Form 3 (brokers or dealers), 4 (investment advisers), 5 (representatives) 6 (unit trusts and mutual funds) and an application for a renewal of licence shall be submitted in Form 7, set out in the First Schedule three months prior to the required date of the licence and shall be accompanied by the fee set out in the Second Schedule and the documents and information specified in Forms 8, 9 and 10 of the First Schedule and any other documents the applicant wishes to submit in support of the application.

(2) A licence issued under this regulation shall be in Form 11 set out in the First Schedule, and its validity shall be subject to continued observance of the relevant provisions of the Act, these Regulations and any other regulations or rules made under the Act and such conditions as may be stipulated therein.

(3) The grant of a licence to operate as a broker or dealer shall be further subject to the provision to the securities exchange of which the broker or dealer is a member or has applied for membership, of a guarantee from a bank in a form acceptable to the Authority for \$20,000 or such higher amount as the Authority may in its absolute discretion determine and, in the case of an application for the renewal of a licence, a further ten per cent of average monthly volume of executed trading orders for the preceding six months.

***Disclosure of beneficial interest to the Authority***

18. An applicant for a licence or renewal of a licence to operate as a broker or dealer which has a share capital shall, unless exempted by the Authority, submit to the Authority a statutory declaration disclosing the names and addresses of persons entitled to the beneficial interest in all its shares.

***Qualifications for grant of licence for broker, dealer or investment adviser  
or their representative***

19. -(1) A company or individual shall not be granted a broker's or dealer's licence unless it or he is a member of an approved securities exchange.

(2) An individual shall not be granted a broker's or dealer's licence unless the individual -

- (a) has a networth of at least \$30,000 or such higher amount as the Authority may in its absolute discretion determine; and
- (b) has premises suitably located and equipped to provide satisfactory service to clients in the field of activity to which the licence relates or evidence acceptable to the Authority that such premises will be available; and
- (c) has adequate facilities to comply with the trading, clearing, delivery and settlement requirements of the securities exchange of which the applicant is a member; and
- (d) either -
  - (i) holds a degree in economics, accounting or business related subjects or has successfully completed a program of study in securities approved by the Authority and has worked for at least two years in the securities industry; or
  - (ii) has been a broker or dealer, or, as the case may be, an investment adviser for a continuous period of at least five years immediately preceding the date of commencement of these Regulations.

(3) An individual shall not be granted an investment adviser's licence unless he complies with subparagraphs (a), (b) and (d) of paragraph (2).

(4) A company shall not be granted a licence to operate as a broker or dealer unless the company -

- (a) has a paid up capital of at least \$30,000 or such higher amount as the Authority may in its absolute discretion determine;
- (b) has staff (inclusive of a qualified chief executive) and a director who are capable of providing professional services to clients in the field of activity to which the licence relates or the applicant provides evidence acceptable to the Authority that such staff will be available;
- (c) has premises suitably located and equipped to provide satisfactory service to clients in the field of activity to which the licence relates or evidence acceptable to the Authority that such premises will be available;
- (d) has adequate facilities to comply with the trading, clearing, delivery and settlement requirements of the securities exchange of which the applicant is a member; and
- (e) has as shareholders and members of its board of directors such persons as the Authority considers fit and proper.

(5) A company shall not be granted an investment adviser's licence unless it complies with subparagraphs (a), (b), (c) and (e) of paragraph (4).

(6) An individual shall not be granted a licence to operate as a representative of broker or dealer or an investment adviser unless he -

- (a) holds a diploma or certificate or higher qualification in economics, accounting or business related subjects from a tertiary institution approved by the Authority or has successfully completed a program of study in securities approved by the Authority; or
- (b) has been dealing in securities, or has been engaged in giving advice on securities for a continuous period of at least two years immediately preceding the date of commencement of these Regulations.

***Qualifications for grant of unit trust or mutual fund licence***

20.- (1) A unit trust shall not be granted a unit trust licence unless it is established under and in accordance with the Unit Trusts Act (Cap. 228)

(2) The Authority shall not grant a licence to a unit trust or mutual fund unless it has first consulted the Minister.

***Cessation of licensed business and changes in particulars to be notified***

21. Any person who is licensed under this Part who ceases to carry on the business or activity for which he is licensed or who proposes to change any of the following particulars -

- (a) the name of the holder of the licence;
- (b) the address of the principal place at which the licensed business or activity is carried on;
- (c) the name or style under which the business or activity is carried on if different from the name of the holder of licence,

shall notify the Authority in Form 12 set out in the First Schedule within 14 days of the occurrence of the event concerned.

***Licensees to comply with codes, rules and regulations***

22. Every person who is licensed under this Part shall abide by such code of conduct and comply with such rules or regulations as may be prescribed by the Authority or a securities exchange.

**PART VI - REGULATIONS RELATING TO BROKERS AND DEALERS AND THEIR REPRESENTATIVES**

***Restriction on other business***

23. Every broker or dealer shall not carry on any business other than that for which he is licensed nor any activities which are not normally ancillary to that business.

***Accounting records to be maintained and preserved***

24. Every broker or dealer shall maintain and preserve for a period of seven years in his office such records, documents and books of account as may be required by the Authority, and if so required, produce the same for inspection by the securities exchange of which the broker or dealer is a member or the Authority.

***Submission of audited annual accounts***

25. Every broker or dealer shall submit to the Authority and to the securities exchange of which the broker or dealer is a member audited annual accounts within three months following the closure of his financial year in Form 13 set out in the First Schedule and such other form of financial statement as the Authority may, from time to time, specify.

***Liquidity ratios***

26. - (1) Every broker or dealer shall at all times maintain such liquidity ratios and net capital as may, from time to time, be specified by the Authority.

(2) The Authority may revoke the licence of a broker or dealer who fails to comply with paragraph (1).

***Recognition of exempt dealer***

27. - (1) A person who qualifies as an exempt dealer under section 45 of the Act may apply to the Authority for recognition as an exempt dealer.

(2) The Authority may grant such applicant recognition as an exempt dealer for a period of one year on such terms and conditions as the Authority shall deem fit.

***Contractual obligations of broker or dealer representatives***

28. - (1) No broker's or dealer's representative shall represent more than one broker.

(2) A broker's or dealer's representative shall by contract be the agent of the customer and shall transmit the customer's orders only to the broker or dealer for whom he is a representative.

**PART VII - REGULATIONS RELATING TO INVESTMENT ADVISERS AND THEIR REPRESENTATIVES**

***Investment adviser's conduct***

29 No investment adviser or investment adviser's representative shall engage in any conduct prohibited by the Authority.

***Books and records to be maintained and preserved***

30. - (1) Every investment adviser shall maintain, keep current, preserve, and if required produce for inspection by the Authority such books, records and ledgers or other accepted accounting documents as may, from time to time, be determined by the Authority for a period of seven years.

(2) Any investment adviser who takes or has custody of any securities or funds of a client shall be required to keep and maintain such other records as may, from time to time, be required by the Authority.

***Supervision of investment adviser's representative***

31. Every investment adviser shall exercise diligent supervision over the advisory activities of all its representatives.

**PART VIII - THE INVESTMENT COMPENSATION FUND**

***Contribution by licensees***

32. Every person licensed under the Act shall contribute to the Investor Compensation Fund such amount and at such times as shall be determined by the Authority.

***Appointment of committee***

33.- (1) The Authority may appoint an Investor Compensation Committee to make recommendations with regard to assessing and awarding compensation out of the Investor Compensation Fund.

(2) The Investor Compensation Committee shall be composed of not less than three and not more than five members and the Authority shall appoint one member to be its chairman.

***Maximum compensation***

34. The Authority shall set the maximum compensation payable out of the Investor Compensation Fund to investors who suffer pecuniary loss resulting from the failure of a licensed broker or dealer to meet contractual obligations.

**PART IX - TRANSACTIONS OF LISTED SECURITIES OUTSIDE A  
SECURITIES EXCHANGE**

### ***Prohibition of transactions outside the securities exchange***

35. No person shall transfer or cause to be transferred the ownership of a listed security outside the securities exchange on which it is listed except as authorised by the Authority in rules or on a case by case basis.

#### ***Exemption of private transactions***

36.-(1) Where it is intended to effect a private transaction of a listed security, a broker or dealer shall, on behalf of the shareholders, make a written application with the required information and supporting documents to the securities exchange at which the security is listed seeking approval for such transaction.

(2) An applicant aggrieved by a decision taken by the securities exchange may appeal to the Authority.

#### ***Nominal charge on private transactions***

37. No brokerage fee shall be payable for a private transaction of a listed security but a nominal charge may be levied as may be determined by the securities exchange on which the security transferred through the private transaction is listed.

## **PART X - PUBLIC COMMUNICATIONS**

#### ***Public communication***

38. All advertisements, sales literature and other communication with the public by persons licensed under the Act and financial journalists shall be subject to the rules and guidelines issued by the Authority.

#### ***Disclosure of material information***

39. Every company whose securities are traded on or subject to the rules of a securities exchange in Fiji shall disclose promptly to the securities exchange and to the public any material information that may affect the price of their securities or influence investment decisions.

#### ***Qualifications of professionals and experts***

40. The Authority shall have the right to disqualify from giving professional opinion on matters related to listed companies or otherwise penalise any professional who in the opinion of the Authority has given a professional opinion that is false or misleading or has omitted to give an opinion where such omission is likely to be misleading in the circumstances in which the professional opinion is given or omitted as the case may be.

#### ***Meaning of "professional"***

41. In regulation 40 reference to a "professional" shall include but not to be limited to persons giving opinion in respect of listed companies or in relation to a primary issue of securities and shall include -

- (a) any person responsible for the incorporation of a listed company;
- (b) lawyers;
- (c) accountants, financial analysts or investment advisers;
- (d) underwriters;
- (e) valuers;
- (f) engineers, actuaries, economists, management consultants; and
- (g) other experts whose written opinion with respect to the assets, products or business affairs of the issuer appear in the prospectus or is produced to the Authority.

**PART XI - MISCELLANEOUS PROVISIONS**

*Offences*

42.- (1) Any person who by an act or omission knowingly contravenes any of the provisions of these Regulations shall be guilty of an offence.

(2) A person who is guilty of an offence against these Regulations shall be liable upon conviction to a fine not exceeding five thousand dollars.

(3) If an act of omission, which contravenes these Regulations, is also an offence prescribed by the Act, nothing in this regulation shall prevent a person who is guilty of the act or omission from being prosecuted, convicted and penalised for the offence prescribed in the Act.

**MADE this 21st day of May, 1997**

**LIONEL YEE**  
**Chairman**  
**Capital Markets Development Authority**

**APPROVED this 21st day of May, 1997**

**BERENADO VUNIBOBO**  
**Minister of Finance and Economic Development**

# SCHEDULES

## FIRST SCHEDULE

Form 1

(Reg.3(3))

### THE CAPITAL MARKETS DEVELOPMENT AUTHORITY ACT, 1996

#### APPLICATION FOR APPROVAL OR RENEWAL OF APPROVAL TO OPERATE AS A SECURITIES EXCHANGE

1. **Name of Company or Association:**

.....

**Address:**

.....

**Registered Office:**

.....

**Date of Incorporation or Formation:**

.....

**Number of Company or, if an Association, other Relevant Number:**

.....

Number of members who will carry on business of dealing in securities independently and in competition with each other:

.....

**WE** hereby apply for approval/renewal of approval\* to operate as securities exchange and submit the following information for your consideration:

(a) Location of principal office

.....

(b) Details of capital structure:

(i) Nominal capital \$

.....

(ii) Paid up capital \$

.....

(c) Names and addresses of directors or similar officers:

1.

.....

2.

.....

3.

.....

4.

.....

FOR OFFICIAL USE ONLY
Application received on...../...../.....
Remarks:

- 5. ....
- 6. ....
- 7. ....

(d) Name and address of the Chief Executive Officer:

.....  
 .....

2. We enclose two copies each of the following documentation required to accompany the application:

For official use only  
 Status:  
 Received/Not received

- (a) The Memorandum and Articles of Association or other, constituting documents and the rules (including by-laws and regulations) of the securities exchange \_\_\_\_\_
- (b) The listing requirements for the securities exchange \_\_\_\_\_
- (c) The list of names and addresses of the members and owners of the securities exchange \_\_\_\_\_
- (d) The list of companies listed with the securities exchange \_\_\_\_\_
- (e) The audited annual accounts for the last three years of operation, or the period since inception, if shorter, of the securities exchange. If the company has taken over existing operations of a securities exchange, please provide those relevant accounts \_\_\_\_\_

3. We also enclose the application fee of \$ \_\_\_\_\_

4. **DECLARATION**

(a) We are aware that section 63 of the Act provides as follows:

“Every person who -

- (a) contravenes any provision of this Act or any requirement imposed under the provision of this Act or any rule or regulation made thereunder;
- (b) furnishes for the purpose of this Act any information or any returns the contents of which is, to his knowledge, untrue or incorrect or misleading because of material omissions; or
- (c) wilfully obstructs any member of the Authority or an officer or servant of the Authority in the performance of his duties under the provisions of this Act;

shall commit an offence and, on conviction, be liable to pay a fine which shall not exceed \$10,000 and or imprisonment for a term not exceeding 7 years or both”.

- (b) We declare that all information given in this application and in the attached annexures (if any) is complete, true and correct.

**Dated this** \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_\_

**Signed:**

.....) Director/\*

.....)Director/\*

.....)Secretary/\*

---

\* Delete or amend as necessary.

**THE CAPITAL MARKETS DEVELOPMENT AUTHORITY ACT, 1996**

**CAPITAL MARKETS DEVELOPMENT AUTHORITY  
APPROVAL TO OPERATE AS A SECURITIES EXCHANGE**

**APPROVAL** is hereby granted for a period of one year beginning ..... and ending .....(both dates inclusive)

**Name of Company or Association:** .....

**Address:**.....

**Date of Incorporation or Formation:** .....

**Number of Company or, if an Association, Other Relevant Number:**  
.....

To carry on the activities of a securities exchange subject to the provisions of the Capital Markets Development Authority Act, 1996 and the Rules and Regulations made thereunder and to the following conditions:

.....  
.....  
.....

**Dated this** \_\_\_\_\_ **day of** \_\_\_\_\_ **19** \_\_\_\_\_

**Licence Number** .....

**Signed** .....

.....

**Chairman**

**Capital Markets Development Authority**

**Signed** .....

.....

**Chief Executive Officer**

**Capital Markets Development Authority**

**THE CAPITAL MARKETS DEVELOPMENT AUTHORITY ACT, 1996**

**APPLICATION FOR A LICENCE TO CONDUCT THE BUSINESS  
OF A BROKER OR DEALER<sup>+</sup>**

**Name of Company:**

..... Limited

**Address:**

.....

**Registered Office:**

.....

**Date of Incorporation:**

.....

**Registration Number of Company:**

.....

**OR**

**Name of Individual Applicant:**

.....

**Address:**

.....

**Date of Birth:**

.....

**Occupation:**

.....

We/I<sup>+</sup> hereby apply for a licence to carry on business as a .....

under the style<sup>+</sup> .....

*(state appropriate business and the style under which the business is to be carried out if  
different from the name given above)*

(a) State in detail the manner in which the applicant proposes to conduct the business for which the applicant requires a broker or dealer's licence, including the types of securities in which the applicant will be dealing and the procedure for the settlement of securities transactions.....

.....

(b) Securities Exchange of which Applicant is a Member .....

.....

(c) Location and address of principal office

.....

.....

**FOR OFFICIAL USE ONLY**

Application received on...../...../.....

Remarks:

(d) Details of capital structure<sup>+</sup> :

(i) Nominal capital \$

.....

(ii) Number of shares

.....

(iii) Paid up capital \$

.....

(iv) Details of Assets and Liabilities (in case of individuals) \$

.....

(e) Shareholders<sup>+</sup> :

Address

Number of Shares

1. ....

2. ....

3. ....

4. ....

5. ....

6. ....

(f) Directors<sup>+</sup> :

Address

Number of Shares

1. ....

2. ....

3. ....

4. ....

5. ....

6. ....

7. ....

(g) Has at least one director or, if an individual applicant, have you satisfied the minimum entry requirements and passed such examinations as prescribed by the Authority? If so please specify:

(i) Name: .....

(ii) Qualifications: .....

(h) Is any director of the applicant or, if an individual, is the individual a director of any other company or corporation or a partner in any other firm? If so, please give details of the company, corporation or firm, its incorporation or formation, nature of business, date and nature of appointment of the director or individual: .....

.....

.....

(i) Address of branch offices:

.....

.....

(j) Name and address of Chief Executive Officer:

.....

(k) Qualifications of Chief Executive Officer:

.....  
.....

(l) Application fee \$

.....

**DECLARATION**

(a) We are/Iam<sup>+</sup> aware that section 63 of the Act provides as follows:

“Every person who -

- (a) contravenes any provision of this Act or any requirement imposed under the provision of this Act or any rule or regulation made thereunder;
- (b) furnishes for the purpose of this Act any information or any returns the contents of which is, to his knowledge, untrue or incorrect or misleading because of material omissions; or
- (c) wilfully obstructs any member of the Authority or an officer or servant of the Authority in the performance of his duties under the provisions of this Act;

shall commit an offence and, on conviction, be liable to pay a fine which shall not exceed \$10,000 and or imprisonment for a term not exceeding 7 years or both”.

(b) We/I<sup>+</sup> declare that all information given in this application and in the attached annexures (if any) is true and correct.

**Dated this** \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_\_

**Signed:**

.....)Director/<sup>+</sup>

.....) Director/<sup>+</sup>

.....)Secretary/<sup>+</sup>

*OR*

...../<sup>+</sup>

(Individual Applicant)

---

\* This form should be submitted in triplicate together with Forms 8, 9 and 10 and any other documents the applicant wishes to submit in support of the application.

+ Delete what is not applicable.

**THE CAPITAL MARKETS DEVELOPMENT AUTHORITY ACT, 1996**

**APPLICATION FOR A LICENCE TO CONDUCT THE BUSINESS OF AN INVESTMENT ADVISER**

**Name of Company:**

..... Limited

**Address:**

**Registered Office:**

**Date of Incorporation:**

**Registration Number of Company:**

**OR**

**Name of Individual Applicant :**

**Address:**

**Date of Birth:**

**Occupation:**

We/I<sup>+</sup> hereby apply for a licence to carry on business as a

.....  
under the style<sup>+</sup>

*(state appropriate business and the style under which the business is to be carried out if different from the name given above)*

(a) State in detail the manner in which the applicant proposes to conduct the business for which the applicant requires an investment adviser's licence, highlight potential areas of conflicts of interest and explain how such conflicts will be resolved or mitigated .....

(b) Location and address of principal office:

(c) Details of capital structure<sup>+</sup> :

(i) Nominal capital \$

(ii) Number of shares:

(iii) Paid up capital \$

(iv) Details of Assets and Liabilities (in case of individuals) \$

**FOR OFFICIAL USE ONLY**

Application received on...../...../.....

Remarks:

(d) Names and addresses of Shareholders<sup>+</sup> :

- 1. ....
- 2. ....
- 3. ....
- 4. ....
- 5. ....
- 6. ....
- 7. ....

(e) Names and addresses of Directors:<sup>+</sup>

- 1. ....
- 2. ....
- 3. ....
- 4. ....
- 5. ....
- 6. ....
- 7. ....

(f) Is any director of the applicant or, if an individual applicant, is the individual a director of any other company or corporation or a partner in any other firm? If so, please give details of the company, corporation or firm, its incorporation or formation, nature of business, date and nature of appointment of the director or individual:

.....

(g) Address of branch offices:

.....

(h) Name and address of Chief Executive Officer:

.....

(i) Qualifications of Chief Executive Officer:

.....

(j) Name and address of Custodian:

.....

(k) Application fee \$

.....

**DECLARATION**

(a) We are/I am<sup>+</sup> aware that section 63 of the Act provides as follows:

“Every person who -

- (a) contravenes any provision of this Act or any requirement imposed under the provision of this Act or any rule or regulation made thereunder;

- (b) furnishes for the purpose of this Act any information or any returns the contents of which is, to his knowledge, untrue or incorrect or misleading because of material omissions; or
- (c) wilfully obstructs any member of the Authority or an officer or servant of the Authority in the performance of his duties under the provisions of this Act;

shall commit an offence and, on conviction, be liable to pay a fine which shall not exceed \$10,000 and or imprisonment for a term not exceeding 7 years or both”.

- (b) We/I<sup>+</sup> declare that all information given in this application and in the attached annexures (if any) is true and correct.

**Dated this** \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_\_

**Signed:**

.....)Director/<sup>+</sup>

.....)Director/<sup>+</sup>

.....)Secretary/<sup>+</sup>

*OR*

.....  
(Individual Applicant)

---

\* This form should be submitted in triplicate together with Forms 8, 9 and 10.  
 + Delete or amend what is not applicable.

**THE CAPITAL MARKETS DEVELOPMENT AUTHORITY ACT, 1996**

**APPLICATION FOR A LICENCE TO CONDUCT THE BUSINESS OF A REPRESENTATIVE OF BROKER OR DEALER OR INVESTMENT ADVISER**

**Name of Company:** ..... Limited

**Address:** .....

**Registered Office:** .....

**Date of Incorporation:** .....

**Registration Number of Company:** .....

**OR**

**Name of Individual Applicant:** .....

**Address:** .....

**Date of Birth:** .....

**Occupation:** .....

We/I<sup>+</sup> hereby apply for a licence to carry on business as a

.....

.....

.....

*(state appropriate business)*

for .....

*(state name of broker, dealer or investment adviser for whom the applicant intends to be a representative)*

(a) Location and address of principal office of applicant: .....

.....

(b) Details of capital structure<sup>+</sup> :

(i) Nominal capital \$

.....

(ii) Paid up capital \$

.....

(iii) Other (in case of individuals) \$

.....

**FOR OFFICIAL USE ONLY**

Application received on...../...../.....

Remarks:

(c) Names and addresses of shareholders (if applicable)<sup>+</sup> :

- 1. ....
- 2. ....
- 3. ....
- 4. ....
- 5. ....

(d) Names and addresses of Directors (if applicable)<sup>+</sup> :

- 1. ....
- 2. ....
- 3. ....
- 4. ....
- 5. ....
- 6. ....
- 7. ....

(e) Address of branch offices (if applicable)<sup>+</sup> :

.....  
.....

(f) Name and address of Chief Executive Officer (if applicable)<sup>+</sup> :

.....  
.....

(g) Has at least one director or, if an individual applicant, have you satisfied the minimum entry requirements and passed such examinations as prescribed by the Authority? If so please specify:

- (i) Name: .....
- (ii) Qualifications: .....

(h) If an individual applicant have you any experience in the securities industry? If so, please specify :

.....

(i) Do you represent any other broker or dealer or investment adviser? If so, please specify:

.....

(j) Application fee \$

.....

**DECLARATION**

(a) We are/I am<sup>+</sup> are aware that section 63 of the Act provides as follows:

“Every person who -

- (a) contravenes any provision of this Act or any requirement imposed under the provision of this Act or any rule or regulation made thereunder;

- (b) furnishes for the purpose of this Act any information or any returns the contents of which is, to his knowledge, untrue or incorrect or misleading because of material omissions; or
- (c) wilfully obstructs any member of the Authority or an officer or servant of the Authority in the performance of his duties under the provisions of this Act;

shall commit an offence and, on conviction, be liable to pay a fine which shall not exceed \$10,000 and or imprisonment for a term not exceeding 7 years or both”.

- (b) We/I<sup>+</sup> declare that all information given in this application and in the attached annexures (if any) is true and correct.

**Dated this** \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_\_

**Signed:**

.....)Director/<sup>+</sup>

.....)Director/<sup>+</sup>

.....)Secretary/<sup>+</sup>

OR

...../<sup>+</sup>

*(Individual Applicant)*

\* This form should be submitted in triplicate together with Forms 8, 9 and 10.

+ Delete or amend what is not applicable.

\_\_\_\_\_

THE CAPITAL MARKETS DEVELOPMENT AUTHORITY ACT, 1996
APPLICATION FOR A LICENCE TO CONDUCT THE BUSINESS OF A
UNIT TRUST OR MUTUAL FUND

Name of Unit Trust or Mutual Fund: .....

Address: .....

Registered Office: .....

Date of Registration: .....

Registration Number of Company: .....

We/I hereby apply for a licence to carry on business as a .....

.....

.....

(state appropriate business)

(a) Location and address of principal office of applicant.....

.....

(b) Details of trust fund:

(i) Limit, if any of fund \$.....

(ii) Paid up capital of fund \$.....

(iii) Certificates of units, amount and demonination to be issued \$.....

(c) Names and addresses of investment advisers:

1. ....

2. ....

3. ....

(d) Names, addresses and business of trustees:

1. ....

2. ....

3. ....

4. ....

5. ....

6. ....

7. ....

FOR OFFICIAL USE ONLY

Application received on...../...../.....

Remarks:

- (e) Address of branch offices: .....
- (f) Name and address of Chief Executive: .....
- (g) Name and address of Custodian: .....
- (h) Name and address of Fund Manager and qualification in case of an individual: .....
- (i) In case of a company, name and address of Fund Manager's Chief Executive: .....
- (j) Qualifications of Fund Manager's Chief Executive: .....
- (k) Application fee \$: .....

**DECLARATION**

(a) We/I am<sup>+</sup> aware that section 63 of the Act provides as follows:

“Every person who -

- (a) contravenes any provision of this Act or any requirement imposed under the provision of this Act or any rule or regulation made thereunder;
- (b) furnishes for the purpose of this Act any information or any returns the contents of which is, to his knowledge, untrue or incorrect or misleading because of material omissions; or
- (c) wilfully obstructs any member of the Authority or an officer or servant of the Authority in the performance of his duties under the provisions of this Act;

shall commit an offence and, on conviction, be liable to pay a fine which shall not exceed \$10,000 and or imprisonment for a term not exceeding 7 years or both”.

(b) We/I<sup>+</sup> declare that all information given in this application and in the attached annexures (if any) is true and correct.

**Dated this** \_\_\_\_\_ **day of** \_\_\_\_\_ **19** \_\_\_\_\_

**Signed:**

.....)Director

.....)Director/<sup>+</sup>

.....)Secretary/<sup>+</sup>

\* This form should be submitted in triplicate together with Forms 8, 9 and 10. Attach Trust Deed and or Memorandum and Articles of Association.

+ Delete or amend what is not applicable.

**THE CAPITAL MARKETS DEVELOPMENT AUTHORITY ACT, 1996**  
**APPLICATION FOR RENEWAL OF A LICENCE TO CONDUCT**  
**THE BUSINESS OF A BROKER, DEALER, INVESTMENT**  
**ADVISER OR REPRESENTATIVE**

**I LICENCE APPLIED FOR**

1. Application is hereby made for the renewal of:

- Broker's Licence       Dealer's Licence       Investment Adviser's Licence  
 Representative's Licence

**II PARTICULARS OF APPLICANT**

1. Name: .....
2. Licence No: .....
3. Expiry date of licence: .....

**III OTHER PARTICULARS**

		Answer	
		Yes	No
1.	Since the last application:		
(a)	Has there been a change in the major shareholders of the applicant or its parent company or corporation?	<input type="checkbox"/>	<input type="checkbox"/>
(b)	Has there been a change in the applicant's directors, chief executive officer, secretary or external auditor?	<input type="checkbox"/>	<input type="checkbox"/>
(c)	Has the applicant been convicted of any offence other than a traffic offence in Fiji or elsewhere or are there any proceedings now pending which may lead to such a conviction?	<input type="checkbox"/>	<input type="checkbox"/>

FOR OFFICIAL USE ONLY	
Application received on...../...../.....	
Remarks:	

(d) Has any of the applicant's directors or, if an individual applicant, has the applicant been a director of any company or corporation other than those referred to in the last application?

(e) Has the applicant undertaken to conduct any material new business activity, and if so, state the nature of the activity

2. Please state whether there is any other event which is likely to have a significant effect on the applicant's business during the currency of the licence if granted.

(Please attach annexures giving all relevant particulars if any of the answers to Questions 1 - 2 is "Yes".)

**IV. DECLARATION**

1. We are/I am<sup>+</sup> aware that section 63 of the Act provides as follows:

"Every person who -

- (a) contravenes any provision of this Act or any requirement imposed under the provision of this Act or any rule or regulation made thereunder;
- (b) furnishes for the purpose of this Act any information or any returns the contents of which is, to his knowledge, untrue or incorrect or misleading because of material omissions; or
- (c) wilfully obstructs any member of the Authority or an officer or servant of the Authority in the performance of his duties under the provisions of this Act;

shall commit an offence and, on conviction, be liable to pay a fine which shall not exceed \$10,000 and or imprisonment for a term not exceeding 7 years or both".

2. We/I<sup>+</sup> declare that all information given in this application and in the attached annexures (if any) is true and correct.

**Dated this** \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_\_

**Signed:**

.....)Director/

.....)Director/<sup>+</sup>

.....)Secretary/<sup>+</sup>

*OR*

.....  
(Individual Applicant)

+ Delete what is not applicable.

THE CAPITAL MARKETS DEVELOPMENT AUTHORITY ACT, 1996

STATEMENT ON DOCUMENTS TO ACCOMPANY APPLICATION FORM

- 1. Name of Company:
Address:
Registered Office:
Date of Incorporation:

OR

- Name of Individual Applicant:
Address:
Date of Birth:
Occupation:

I/WE enclose the following required documentation (where relevant) in support of our/my application for licence to conduct the business of broker/dealer/investment/adviser/unit trust/mutual fund\*

for official use only

- (a) In the case of applications by companies, two copies of:
(i) The memorandum and articles of association.
(ii) A statement listing the names of holding companies, subsidiary companies, associated companies or partnerships, in which the applicant has any interest.
(iii) A statement of the unaudited accounts for the period of accounting year ending not earlier than six months prior to the date of application and audited annual accounts for the preceding two years.
(iv) Evidence of security or equivalent bank guarantee lodged or to be lodged with a securities exchange in the case of broker or dealer licence;
(v) Statutory declaration required under Regulation 18 in the case of broker or dealer licence;
(vi) Statement of academic qualifications and employment history of all senior officers, directors and shareholders in the case of broker or dealer licence;
(vii) Originals or certified copies of relevant academic certificates
(b) In the case of applications by individuals, two copies of:
(i) a certified bank statement of applicant's relevant business account as at the end of the month immediately preceding, and as at 31st December of the two years immediately preceding date of application.
(ii) Evidence of security or equivalent bank guarantee lodged or to be lodged with a securities exchange in the case of broker or dealer licence;
(iii) A statement of the unaudited accounts for the period of the accounting year ending not earlier than six months prior to the date of application and audited annual accounts for the preceding two years for the relevant business.
(iv) Curriculum vitae including details of academic qualifications, employment history and names and addresses of two business referees.
(vi) Originals or certified copies of relevant academic certificates
(c) We/I+ enclose an application fee of \$ \_\_\_\_\_.

2. **DECLARATION**

(a) We are/I am<sup>+</sup> aware that section 63 of the Act provides as follows:

“Every person who -

- (a) contravenes any provision of this Act or any requirement imposed under the provision of this Act or any rule or regulation made thereunder;
- (b) furnishes for the purpose of this Act any information or any returns the contents of which is, to his knowledge, untrue or incorrect or misleading because of material omissions; or
- (c) wilfully obstructs any member of the Authority or an officer or servant of the Authority in the performance of his duties under the provisions of this Act;

shall commit an offence and, on conviction, be liable to pay a fine which shall not exceed \$10,000 and or imprisonment for a term not exceeding 7 years or both”.

(b) We/I<sup>+</sup> declare that all information given in this application and in the attached annexures (if any) is true and correct.

**Dated this** \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_\_

**Signed:**

.....) Director/

.....) Director/<sup>+</sup>

.....) Secretary/<sup>+</sup>

*OR*

.....  
*(Individual Applicant)*

---

<sup>+</sup> Delete what is not applicable.

**THE CAPITAL MARKETS DEVELOPMENT AUTHORITY ACT, 1996**

**INFORMATION TO ACCOMPANY APPLICATION FORM**

**Name of Company or Individual:** .....

**Address:** .....

**Registered Office:** .....

**Date of Incorporation:** .....

**Number of Company:** .....

In this form the term “control affiliate” means-

an individual or partnership or company that directly or indirectly controls, is under common control with, or is controlled by the applicant. Excluded are any employees who perform clerical, administrative, support or similar functions or who, regardless of title, perform no executive duties or have no senior policy making authority.

1. Has any court-

(a) ever declared the applicant, a control affiliate or a director to be bankrupt?

YES..... NO.....

(b) ever found that the applicant, a control affiliate or a director was involved in a violation of the Capital Markets Development Authority Act or Regulations and Rules thereunder, or equivalent foreign law?

YES..... NO.....

2. Has any regulatory authority or securities exchange expelled the applicant, a control affiliate or a director from membership of a securities exchange or the activity being applied for in this application?

YES..... NO.....

3. Has the applicant, a control affiliate or any of their directors ever been denied a licence as a broker or dealer?

YES ..... NO.....

4. Has the applicant or a control affiliate ever had a licence as a broker or dealer revoked by the appropriate authority?

YES ..... NO.....

5. Has any of the directors of the applicant or a control affiliate ever been a director of a company whose licence as a broker or dealer has been revoked by the appropriate authority?

YES ..... NO.....

6. Is the applicant, a control affiliate or a director now the subject of any proceeding that could result in a “yes” answer to parts 1-5 above?

YES..... NO.....

For each question answered "YES", please give the following details of any court or regulatory action-  
the company and individuals named:  
the title and date of the action:  
the court or body taking the action:  
a description of the action:

8. Types of securities business engaged in (or to be engaged in, if not yet active) by applicant.

	Engaged	To be engaged
Broker .....		
(Representative) .....		
Dealer .....		
(Representative) .....		
Investment Advisor .....		
(Representative) .....		
Mutual Fund .....		
(Representative) .....		
Unit Trust .....		
(Representative) .....		
Other (give details).....		

8. Does the applicant engage in any non-securities business?  
(if "yes" described each other business briefly.)  
YES..... NO.....

9. We/I+ have read the Capital Markets Development Authority Act, 1996 and the Regulations and Rules made thereunder and apply for a licence to conduct the business of broker/dealer/investment adviser/mutual fund/unit trust/other (state if representative of any of the foregoing)<sup>+</sup>  
.....  
.....

We/I+ attach hereto the application form, statement on documents, and fees required to fulfil the terms and conditions as stated in the Act, Regulations and Rules.

10. **DECLARATION**

(a) We are/I am<sup>+</sup> aware that section 63 of the Act provides as follows:

“Every person who -

- (a) contravenes any provision of this Act or any requirement imposed under the provision of this Act or any rule or regulation made thereunder;
- (b) furnishes for the purpose of this Act any information or any returns the contents of which is, to his knowledge, untrue or incorrect or misleading because of material omissions; or
- (c) wilfully obstructs any member of the Authority or an officer or servant of the Authority in the performance of his duties under the provisions of this Act;

shall commit an offence and, on conviction, be liable to pay a fine which shall not exceed \$10,000 and or imprisonment for a term not exceeding 7 years or both”.

(b) We/I<sup>+</sup> declare that all information given in this application and in the attached annexures (if any) is true and correct.

**Dated this** \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_\_

**Signed:**

.....) Director/<sup>+</sup>

.....) Director/<sup>+</sup>

.....) Secretary<sup>+</sup>

*OR*

.....

(Individual Applicant)<sup>+</sup>

---

+ Delete what is not applicable.

\_\_\_\_\_

THE CAPITAL MARKETS DEVELOPMENT AUTHORITY ACT, 1996

LICENCE FEE PAYMENT VOUCHER/RECEIPT

Name of Applicant: .....

Address: .....

Registered Office: .....

Postal Address: .....

\*Date of Incorporation/Date of Birth: .....

\*WE/I, enclose

(a) the sum of \$ ..... being the application fee for the grant of a licence.

OR

(b) the sum of \$ ..... being the annual renewal fee for licence

No.: .....

to carry on the business of .....

for a period of twelve months beginning ....., 19..... and ending ....., 19.....\*\*

Date .....

.....

Applicant

FOR OFFICIAL USE

Received from ..... the fee of \$ .....in

respect of (licence application/renewal of licence No. ....)

months beginning ....., 19..... ending ....., 19.....\*\*

Date .....

.....

for Chief Executive Officer, Capital Markets Development Authority

\* Delete whichever inapplicable.

\*\* Both dates inclusive.

**THE CAPITAL MARKETS DEVELOPMENT AUTHORITY ACT, 1996**

**LICENCE TO CONDUCT THE BUSINESS OF**

.....  
THIS LICENCE is granted to .....

(name)

of.....

(address)

and authorises the said person to conduct or carry on the business of

.....

(type of business)

in the Republic of Fiji for a period of one year beginning ..... and  
ending ..... (both dates inclusive)

This licence is issued subject to the maintenance of the requirements for approval and the provisions of the Capital Markets Development Authority Act, 1996 and the Regulations and Rules made thereunder and to such conditions as may be stipulated by the Authority and by the securities exchange of which the applicant is a member.

**Dated this** \_\_\_\_\_ day of \_\_\_\_\_ 19 \_\_\_\_\_

**Licence Number** .....

.....  
**Chairman**  
**Capital Markets Development Authority**

.....  
**Chief Executive Officer**  
**Capital Markets Development Authority**

**THE CAPITAL MARKETS DEVELOPMENT AUTHORITY ACT, 1996**

**NOTICE OF CESSATION OF BUSINESS OR CHANGE  
IN REGISTERED PARTICULARS**

- 1. Name of Licensee:.....
- 2. Type of Licence: .....
- 3. Licence Number: .....

**IN** accordance with section 43 of the Capital Markets Development Authority Act, 1996, I<sup>+</sup> hereby give notice to the Capital Markets Development Authority that:.....

.....  
.....

*(specify relevant event or change, together with full particulars)*

with effect from .....

We/I<sup>+</sup> attach the following documents in support of this notice:.....

.....

**DECLARATION**

(a) We are/I am<sup>+</sup> aware that section 63 of the Act provides as follows:

“Every person who -

- (a) contravenes any provision of this Act or any requirement imposed under the provision of this Act or any rule or regulation made thereunder;
- (b) furnishes for the purpose of this Act any information or any returns the contents of which is, to his knowledge, untrue or incorrect or misleading because of material omissions; or
- (c) wilfully obstructs any member of the Authority or an officer or servant of the Authority in the performance of his duties under the provisions of this Act;

shall commit an offence and, on conviction, be liable to pay a fine which shall not exceed \$10,000 and or imprisonment for a term not exceeding 7 years or both”.

(b) We/I<sup>+</sup> declare that all information given in this application and in the attached annexures (if any) is true and correct.

**Dated this** \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_\_

**Signed:**

.....) Director/<sup>+</sup>

.....) Director/<sup>+</sup>

.....) Secretary<sup>+</sup>

*OR*

.....

(Individual)<sup>+</sup>

---

+ Delete what is not applicable.

**THE CAPITAL MARKETS DEVELOPMENT AUTHORITY ACT, 1996**

**STATEMENT RELATING TO ACCOUNTS OF A BROKER OR DEALER**

**Name of Company:** .....

**Address:** .....

**Registered Office:**  
.....

**Date of Incorporation:**  
.....

**Number of Company:**  
.....

**OR**

**Name of Individual Applicant:**  
.....

**Address:** .....

**Date of Birth:**  
.....

**Occupation:**  
.....

1. The attached balance sheet, profit and loss account and notes are a true copy of the audited accounts of ..... for the year ended ....., 19..... and the attached auditor's report is a true copy of the auditor's report thereon.
2. The attached accounts referred to above have been drawn up in accordance with generally accepted accounting principles.
3. The following, supplemental information is submitted in support of the attached balance sheet and profit and loss account.
4. Profit and loss account:

	Last Year 19..... \$	This Year 19..... \$
Revenue:		
Brokerage	.....	.....
Profits/(losses) from trading in securities	.....	.....
Underwriting commission	.....	.....
Interest	.....	.....
Other revenue (specify if significant)	.....	.....
Total Revenue	.....	.....

<b>FOR OFFICIAL USE ONLY</b>
Application received on...../...../.....
Remarks:

## Less Expenses:

Amount provided for doubtful debts	.....	.....
Diminution in the value securities	.....	.....
Interest expenses	.....	.....
Directors' remuneration	.....	.....
Salaries and other employment costs (including directors' remuneration)	.....	.....
Other expenses	.....	.....

Total expenses	.....	.....
Net profit before tax and extraordinary items	.....	.....
Less taxation		
Net profit after tax but before extraordinary items	.....	.....

Extraordinary items	.....	.....
Net profit after tax and extraordinary items for the year	.....	.....

## 5. Contingent liabilities and commitments

(a) Contingent liabilities	.....	.....
Underwriting	.....	.....
Subunderwriting	.....	.....
Amounts less covered by subunderwriting with other persons	.....	.....
Other (specify if significant)	.....	.....

**TOTAL**

=====

(b) Capital commitments (specify significant)	.....	.....
--	-------	-------

**TOTAL**

=====

## 6. Information relating to net capital as defined in the Capital Markets Development Authority Act, 1996 and the Regulations and Rules made thereunder.

## 7. Information relating to aggregate indebtedness, as defined in the Capital Markets Development Authority Act, 1996 and the Regulations and Rules made thereunder.

Attach statements of assets and liabilities, net capital and aggregate indebtedness as at the balance sheet date.

(a) Clients' accounts:		
(i) Cash accounts-		
(a) purchase contracts	.....	.....
(b) sale contracts	.....	.....
(ii) Margin accounts-		
accounts above margin	.....	.....
accounts below margin	.....	.....

- (iii) interest receivable due
  - 14 days, or less .....
  - more than 14 days .....
  - .....
- (b) Broker or dealer's own inventory in securities quoted on securities exchanges .....
- (c) Broker or dealer's own inventory in securities not quoted on a securities exchange .....
- (d) Details of unsecured loans or advances granted to any director of the applicant exceeding one thousand dollars (if there is none, state "NIL", otherwise give full details) .....
- (e) Details of deficits incurred by a single client exceeding 30 per cent of the broker's or dealer's net capital (if there is none state "NIL"; otherwise give full details). .....
- (f) Detail of exposure to a single security exceeding 300 per cent of the broker's or dealer's net capital (if there is none, state "NIL", otherwise give full details). .....
- (g) Details of broker or dealer's investment in securities exceeding 150 per cent of its net capital (if there is none state "NIL" otherwise give full details). .....

**STATEMENT**

I/We\*certify that the above information is to the best of my/our\*knowledge and belief true and correct.

**Dated this** \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_\_

Signature of Director: .....

Name: .....

Signature of Director: .....

Name: .....

Signature of Secretary: .....

Name: .....

*OR*

(Individual Applicant)

**AUDITOR'S REPORT**

I/We\* report that in my/our\* opinion the above statement relating to the accounts of ..... (name of broker/dealer) has been properly drawn up to as to provide the information required by the Capital Markets Development Authority Act, 1996 and the Regulations and Rules made thereunder.

In my/our\* opinion, the attached broker's/dealer's accounts referred to above present/do not present\* a true and fair view of the broker's/dealer's\* position as at ....., 19..... and of the profit/loss\* of the company/individual\* for the year.

**Dated this** \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_\_

Signature(s) of Auditor(s) .....  
Name: .....

Note - If the auditor is not satisfied as to any matters his reasons should be stated.

**AUDITOR'S REPORT - FOR A BROKER OR DEALER**

Name of Company: .....

Name of Auditor: .....

FINANCIAL YEAR ENDED ....., 19.....

1. I/We\* have inspected the broker's/dealer's licence and noted any conditions or restrictions thereon.
2. I/We\* conducted a check or test examination of-
  - (a) the internal control procedures for recording transactions relating to securities;
  - (b) the internal control procedures relating to securities held for sale and for safe custody;
  - (c) the balancing of scrip accounts;
  - (d) operation and control of trust account procedures;
  - (e) securities on hand and outstanding transactions holding scrip;
  - (f) clients ledger-including the reconciliation of the trust account, the market value of security held for unpaid accounts and the incidence of doubtful debts;
  - (g) operation and control of margin account procedures;
  - (h) computation of net capital and aggregate indebtedness;
  - (i) such other ledgers or records as I/we\* considered it necessary to examine.
3. After conducting, in accordance with paragraph 2 above, a check or test examination and after making sufficient enquiries, I am/we are\* of the opinion that-
  - (a) the accounting and other records kept by the broker/dealer\* comply/do not comply\* with the Capital Markets Development Authority Act, 1996 and the Rules and Regulations made thereunder and the rules of the relevant securities exchange;
  - (b) the internal control procedures of the broker/dealer\* are/are not\* adequate having regard to the nature and size of the business;
  - (c) clients' securities have/ have not\* been pledged or hypothecated by the broker/dealer\* otherwise than in accordance with the Capital Markets Development Authority Act, 1996 and with the Regulations and Rules made thereunder;

\* Delete or amend whichever is inapplicable.

**FIRST SCHEDULE - (Cont'd.)**

- (d) securities for sale or for safe custody (or any other purpose) or purchased for clients and fully paid for by them have/have not\* been held unencumbered by the broker/dealer\*;
  - (e) the trust account has/has not\* been maintained at all times during the year and the accounting thereof is adequate/inadequate\*;
  - (f) the broker/dealer\* has/has not\* properly held or disposed of all securities received by it;
  - (g) the internal control procedures designed to ensure compliance with all the conditions or restriction applicable to the broker's/dealer's\* licence are adequate/inadequate\*;
  - (h) no matter/other matter\* has arisen during the year which would have required me/us\* to report to the Authority pursuant to the Act;
  - (i) all conditions or restrictions of a financial nature applicable to the broker's/dealer's\* licence have/have not\* been complied with;
  - (j) margin requirements have/have not\* been maintained at all times during the year; and
  - (k) all financial requirements prescribed by regulations under the Act have/have not\* been complied.
4. The checks and test examination referred to in this report, the audit of the accompanying balance sheet of the broker/dealer\* as at ....., 19..... the profit and loss account for the year ended on that date and notes have/have not\* been carried out in accordance with generally accepted auditing standards and included/did not include\* such tests of the accounting records and such other auditing procedures as I/we\* considered necessary.
5. The client placed restriction/no restriction\* on the scope of the audit and all the information and explanations required were/were not. received.

**Dated this** \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_\_

Signature(s) of Auditor(s): .....

Note: If any part of this report is qualified, attach a separate detailed report.

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\* Delete or amend whichever is inapplicable.

## SECOND SCHEDULE

### Fees

For the purposes of the Capital Markets Development Authority Act, the fees set out below shall be payable in respect of the following matters:-

	\$
(1) Application for Securities Exchange approval or renewal of approval under section 34 of the Act;	5,000
(2) Application for a licence under section 39 of the Act for:	
(a) Broker or Dealer	
(i) Body Corporate	1,500
(ii) Individual	750
(b) Investment Adviser	
(i) Body Corporate	1,000
(ii) Individual	250
(c) Unit Trust or Mutual Fund	1,500
(d) Representative of any licence holder:	
(i) Body Corporate	750
(ii) Individual	75
(3) Application for renewal of licence under section 39 of the Act for:	
(a) Broker or Dealer	
(i) Body Corporate	500
(ii) Individual	250
(b) Investment Adviser	
(i) Body Corporate	350
(ii) Individual	75
(c) Unit Trust or Mutual Fund	500
(d) Representative of any licence holder:	
(i) Body Corporate	250
(ii) Individual	25

**THE CAPITAL MARKETS DEVELOPMENT AUTHORITY ACT, 1996**

**THE CAPITAL MARKETS DEVELOPMENT  
AUTHORITY RULES 1997**

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# THE CAPITAL MARKETS DEVELOPMENT AUTHORITY ACT, 1996

IN EXERCISE of the powers conferred upon it by sections 14, 15, 35 and 46 of the Capital Markets Development Authority Act, 1996 the Capital Markets Development Authority has made the following Rules:-

## RULES

### PART I - PRELIMINARY

#### *Short title, etc.*

- 1.- (1) These Rules may be cited as the Capital Markets Development Authority Rules, 1997.
- (2) These Rules shall come into force when they are made.
- (3) Where any term or expression used in these Rules is not defined in these Rules but is defined in the Act or in Regulations made under the Act, that term or expression shall, as the context requires, have, in these Rules, the meaning given to it by the Act or the Regulations.

### PART II - RULES RELATING TO SECURITIES EXCHANGES

#### *Conditions for approval*

2. Unless exempted by the Authority from any of the following provisions by the Authority on a case by case basis, a person applying for approval to operate as a securities exchange shall have rules to the satisfaction of the Authority providing -
  - (a) for the admission or non-admission of members, including the required standards of competence and professionalism;
  - (b) for the expulsion from membership of persons who are not of good character and high business integrity or have been convicted of financial fraud or who have been declared bankrupt;
  - (c) for the expulsion, suspension or disciplining of members for a contravention of, or failure to comply with rules of the securities exchange or the provisions of the Act or rules or regulations made thereunder;
  - (d) with respect to the conditions under which securities may be listed for trading in the market;
  - (e) with respect to the conditions under which an application for the delisting of securities from the securities exchange may be allowed;
  - (f) with respect to the conditions under which the listing of a particular security may be revoked;
  - (g) with respect to the conditions governing dealing in securities by its members so as to ensure protection of the rights of investors;
  - (h) with respect to timely and accurate disclosure of all material information necessary for investors to make informed investment decisions;
  - (i) with respect to the protection of investors in securities, from misleading information, fraud, deceit and other adverse practices in the issuing and trading of securities and from the abuse of privileged information not yet made available to the general public;
  - (j) with respect to prohibition of securities market manipulation in any form;
  - (k) for investigations into trading in securities and financial transactions of brokers and dealers and for conducting surprise checks on such members;
  - (l) for the prohibition of members from divesting their membership when the exchange wants to investigate their operations;

- (m) for the suspension of trading of any given security for the protection of investors or for the conduct of orderly and fair trading;
- (n) with respect to the conduct of securities trading by brokers and dealers and the manner in which information relating to transactions is to be maintained and reported to other members and customers;
- (o) for ensuring that customers' funds and securities are segregated from other business accounts of members;
- (p) for ensuring fair representation of persons in the selection of its governing body and administration of its affairs to include representatives of listed companies, investors and the general public not associated with any broker or dealer;
- (q) for ensuring fair representation of members on committees of the exchange;
- (r) for arbitration of disputes and provision for appeal to the Authority for aggrieved members, investors and listed companies;
- (s) for efficient settlement of securities transactions;
- (t) for proper safe keeping of securities in its custody;
- (u) for the carrying out of the business of the securities exchange with due regard to interests of the investing public;
- (v) for the admission and conduct of employees and representatives of member brokers and dealers;
- (w) with respect to the responsibility of brokers and dealers for the actions of their employees or representatives in their dealings with the public; and
- (x) with respect to the maintenance of required financial ratios for margin accounts and net capital position such as may be specified by the Authority.

***Books and records***

3. Every securities exchange shall maintain and preserve the following books of account and documents, or acceptable alternative accounting records in their place, for a period of seven years-

- (a) minutes of the meetings of -
  - (i) its members;
  - (ii) its governing body; and
  - (iii) any standing committee or committees of its governing or general body of members;
- (b) register of members showing their full names and addresses, and -
  - (i) in case of a company, the full names and addresses of all the directors; and
  - (ii) in case of a partnership, the full names and addresses of the partners;
- (c) register of authorised clerks and authorised assistants;
- (d) record of security deposits;
- (e) margin deposit books;
- (f) ledgers;
- (g) journals;
- (h) cash book; and
- (i) bank statements and bank reconciliation accounts.

### ***Annual Reports***

4. Every securities exchange shall, within three months following the closure of its financial year, or such extended time as the Authority may from time to time allow, furnish the Authority with a report of its activities during the preceding financial year which shall contain information on the following matters-

- (a) changes in its rules, if any;
- (b) changes in the membership of its board of directors and its governing body (if different);
- (c) any new committees set up and changes in the membership of existing ones;
- (d) admissions, re-admissions, deaths or resignations of its members;
- (e) disciplinary action against members;
- (f) arbitration of disputes;
- (g) defaults;
- (h) action taken to combat any emergency in trading;
- (i) securities listed and delisted; and
- (j) other matters that the Authority may request.

### ***Publication of accounts of listed companies***

5. - (1) A securities exchange shall, make available to the Authority and to the investors at the end of each year, details of the published accounts of companies that are listed on such securities exchange, and the details of securities transacted and the prices (ie. high, low and mid-market), at which such securities have been transacted during the year.

(2) Communication to investors shall be by way of publication in a daily newspaper published and circulated in Fiji.

### ***Periodic reports***

6. - (1) A securities exchange shall furnish the Authority with quarterly returns relating to-

- (a) the official prices for the securities enlisted thereon;
- (b) the number of shares delivered to the clearing facility;
- (c) the number of securities listed and delisted during the preceding calendar quarters;
- (d) a signed statement itemising all outstanding positions beyond settlement date for each member; and
- (e) any other matter that may be specified by the Authority.

(2) A securities exchange shall furnish the Authority at least quarterly, with a report of all securities transfers for each day, including each private transaction which has been effected through its members, along with their values, and in the case of private transactions, the names of the transferor and the transferee.

(3) A securities exchange shall furnish the Authority with a quarterly report on the financial standing of each member broker and dealer within four weeks of the close of each quarter and the report shall include the position of margin accounts and net capital provisions as prescribed by the Authority, with respect to each member.

### ***Other reports by securities exchanges***

7. A securities exchange shall immediately report verbally and in writing to the Authority, whenever-

- (a) there is a delay in opening the exchange;

- (b) trading is to be suspended in any security;
- (c) there is unusual activity in the market;
- (d) the exchange receives any non-public information that it believes could have a material effect on the market in general or on any specific security or securities; or
- (e) the Authority requests market related information.

### ***Publicity on transactions of securities***

8.- (1) A securities exchange shall issue to the Authority and the public media a daily list of transactions of securities made through its trading facilities, stating the security, the price and number of units transacted.

(2) A securities exchange shall issue to the Authority and the public media, at least once a month and in a form acceptable to the Authority, a report on the securities transacted and price movements for each security including low, high and average prices and the magnitudes of transactions in the security.

## **PART III - EXCHANGE RULES**

### ***Securities exchange rules and guidelines to be approved***

9. - (1) Every securities exchange shall administer rules and guidelines for the listing and maintenance of listing of securities and the rules and guidelines shall be approved by the Authority prior to their publication.

(2) The Authority may, in consultation with a securities exchange, require the securities exchange to adopt any rule or guideline which it deems necessary.

(3) The rules and guidelines made by every securities exchange shall, unless exempted by the Authority on a case by case basis, include provisions -

- (a) enabling the listing of securities by the securities exchange following application by an issuer to the securities exchange, through procedure acceptable to the Authority;
- (b) enabling the delisting or suspension of securities by the securities exchange through procedure acceptable to the Authority;
- (c) for ensuring that listed companies have a public shareholding sufficient to make the companies responsive to public investors, in keeping with the development of the stock market;
- (d) for ensuring that listed companies have as broad a base of public shareholders as possible in keeping with company capital size and the development of the stock market;
- (e) for encouraging the listing of companies such that investors will have a range of investments conforming to the major business activities in the economy;
- (f) for encouraging the listing of companies with large capital issues so as to improve the availability of shares;
- (g) for encouraging the listing of companies with audited accounts showing a history of profits so as to improve the quality of the market;
- (h) requiring the disclosure of all material information, including payments on substantial management contracts and substantial business contracts, to enable fair appraisal of an issue by investors;
- (i) requiring prompt disclosure in a manner fair to all investors of material information of a price sensitive nature;
- (j) facilitating the development of a second tier market with lower costs and less stringent requirements;
- (k) for ensuring that all common equity issues are of fully paid-up shares of equal class carrying full voting rights; and

- (l) for ensuring that all debenture issues are fully secured by charges on assets equal to at least one hundred per cent of the amount of issue and ranking pari passu in all respects with any other debentures.

#### **PART IV - KEEPING OF BOOKS AND RECORDS BY BROKERS AND DEALERS**

##### ***Books of accounts***

10. Every broker and dealer shall maintain and preserve for a period of seven years the following books of accounts and documents or other accepted accounting documents and if so required, produce the same for inspection by a securities exchange of which he is a member or by the Authority-

- (a) journals (or other records of original entry) containing an itemised daily record of all purchases and sales of securities, all receipts and deliveries of securities (including certificate numbers), all receipts and disbursement of cash and all debits and credits; and the records shall show the account for which each such transaction was effected, the name and amount of securities, the unit and aggregate purchase or sale price (if any), the trade date, and the name or other designation of the person from whom purchased or received or to whom sold or delivered;
- (b) ledgers, (or other records) reflecting all assets and liabilities, income, expense and capital accounts;
- (c) all cheque books, bank statement, cancelled cheques and bank reconciliation accounts;
- (d) ledger accounts (or other records) itemising separately each account of a customer, all purchases, sales, receipts and deliveries of securities and all other debits and credits;
- (e) a memorandum of each brokerage order received for the purchase or sale of securities; and the memorandum shall show orders in chronological sequence, the time of receipt, the terms and conditions of the order or instructions and of any modification or cancellation thereof, the account for which entered, the time of entry into the market for execution, the price at which executed and, to the extent feasible, the time of execution or cancellation;
- (f) copies of confirmations of all purchases and sales of copies of notices of all other debits and credits for securities and other items for the account of customer; and
- (g) contract books, showing details of all contracts entered into by him with members of a securities exchange or duplicates of memorandum of confirmation issued to such other members; and
- (h) personnel records of all employees; and
- (i) all correspondence.

##### ***Records to be maintained***

11. - (1) Every broker and dealer shall maintain and preserve for each person who becomes a customer after the commencement of these Rules, a record for a period of seven years which shall state-

- (a) the customer's name, date of birth or registration address, nationality or citizenship, signature of the customer, the representative regularly handling the account and a designated supervisor;
- (b) if the broker or dealer, or any of its representatives has made any recommendations to the customer to purchase, sell or exchange any security, the record of such customer shall also state the customer's occupation, marital status where applicable, investment objectives; other information concerning the customer's financial situation and needs which the broker or dealer or the representative considered in making the recommendation, and the signature of the broker or dealer or representative who made the recommendation to the customer.

(2) If, after the effective date of these Rules, a broker or dealer or any representative of such broker or dealer, has made any recommendation, to a person who became a customer prior to the effective date of these Rules, the broker or dealer shall make and keep current a record for such customer which shall contain the information required by paragraph (1).

(3) Any item of information required by paragraph (1) shall not be entered in the customer's records if, after reasonable inquiry, the customer declines to furnish such items of information and a statement to that effect is placed in the records; provided, however, that the customer's records shall state the customer's name, and address.

- (4) Every broker or dealer shall maintain and preserve for a period of seven years-
- (a) a record or records with respect to each discretionary account which shall include-
    - (i) the customer's written authorisation to exercise discretionary power or authority in his account;
    - (ii) the reason given by the customer for granting discretionary power or authority in his account; and
    - (iii) the written approval of a designated supervisor of each transaction in such account indicating the exact time and date of such approval;
  - (b) a separate file for all complaints by customers and persons acting on behalf of customers; and the complaints shall be filed alphabetically by customer's name and shall include copies of all material relating to the complaint, and record of what action, if any, has been taken by the broker or dealer; and copies of such material and record of action taken shall be kept in the office through which the customer's account is handled; and
  - (c) such other records as the Authority shall direct.

#### ***Submission of audited annual reports***

12. Every broker or dealer shall submit to the Authority and to the securities exchange of which the broker or dealer is a member audited annual accounts within three months following the closure of the broker's or dealer's financial year provided that the Authority may require such other form of financial statement as the Authority may specify.

#### ***Deposit of customers' funds***

13. Every broker or dealer shall-
- (a) deposit customers' funds in one or more bank accounts which accounts shall contain only those funds;
  - (b) maintain such accounts in the customer's name or in the name of the agent or trustee of such customer; and
  - (c) maintain a separate record for each account showing the name and address of the bank where the account is maintained, the dates, amounts of deposits and withdrawals and also the exact amount of each customer's beneficial interest in the account.

### **PART V - FINANCIAL LIMITS FOR BROKERS AND DEALERS**

#### ***Financial limits for brokers and dealers***

14. - (1) The licence of a broker or dealer shall be revoked if the broker's or dealer's-
- (a) aggregate indebtedness exceeds one thousand and two hundred percent of the broker's or dealer's net capital; or
  - (b) net capital falls below ten percent of the paid up capital for two consecutive months.
- (2) No broker or dealer shall-
- (a) grant unsecured advances or loans to any of its directors or associates in excess of one thousand dollars or to employees in excess of one year's emoluments; nor
  - (b) allow deficits in the account of a single client to exceed thirty percent of its monthly net capital; nor
  - (c) allow its exposure to a single listed security to exceed three hundred percent of the broker's or dealer's monthly net capital; nor

- (d) allow the book value of the listed securities it carries on its own account to exceed one hundred and fifty percent of its monthly net capital.

#### *Margin trading*

- 15. In relation to margin accounts, no broker or dealer or a representative of either shall-
  - (a) execute any transaction in a margin account-
    - (i) except in the case of securities approved for margin trading by the securities exchange of which the broker or dealer is a member with the concurrence of the Authority; or
    - (ii) without securing a properly executed written margin agreement with a customer prior to such transaction;
  - (b) permit the sum of the margin and market value of securities bought or carried in a client's margin account to fall below one hundred and thirty percent or other percentage prescribed by the Authority in lieu thereof of the debit balance in that account; nor
  - (c) fail to keep separately a client's margin account from his other accounts.

#### *Interpretation*

- 16. In this Part, the following terms shall have the following meaning-
  - (a) "aggregate indebtedness", which shall be calculated monthly, means the total liabilities of the broker or dealer less-
    - (i) deferred taxes;
    - (ii) amounts due to a director or an associate;
    - (iii) non-current liabilities fully secured by non-current assets excluded from net capital; and
    - (iv) subordinated loans accepted for this purpose by the Authority;
  - (b) the "debit balance" shall be the cash amount owed by a client in the client's margin account without deducting any cash deposited by the client as margin; and
  - (c) "margin" shall mean the aggregate amount of cash and market value of securities deposited by a client into the client's margin account but shall not include securities which are bought or carried in the margin account;
  - (d) "net capital", which shall also be calculated monthly, means the shareholders funds or the proprietor's capital investment for carrying out the business of a broker or dealer, and subordinated loans accepted for this purpose by the Authority less-
    - (i) non-current assets and pre-paid expenses;
    - (ii) unsecured loans and advances included under current assets;
    - (iii) amounts due from a director or associate included under current assets;
    - (iv) excess of the book value of securities carried in the broker's or dealer's own account over market value; and
    - (v) deficits in clients accounts, less any provisions for bad or doubtful debts already made, this amount being computed in detail satisfactory to the Authority.

## **PART VI - BROKER AND DEALER CONDUCT**

### ***Requirements for broker or dealer independence, etc.***

17.- (1) All licensed brokers and dealers shall operate independently of one another.

(2) No broker or dealer shall have any formal or informal agreement with a member of the same securities exchange relating to the broker or dealer's trading activity, personnel, commissions or any joint activity.

(3) Each broker shall execute clients orders in the chronological sequence of orders received and which have been so recorded in accordance with Rule 10(e) and shall give priority to orders of clients over orders of any shareholder or employee of the broker, whether acting directly or indirectly.

(4) Each broker shall maintain a daily record of orders received from clients showing the name of each client, the specific order and time the order was given, and execute the same in order of receipt.

(5) A broker shall exercise due diligence and care at all times so as not to misinform or misdirect customers.

(6) A broker accepting an order from a client shall inform the client of all constituent parts of an order.

(7) For the purposes of this rule, an order shall constitute instructions by a client to a broker as to the security name, quantity, price or price limits and duration of validity.

### ***Prohibited dealings***

18. - (1) Every broker or dealer shall not -

- (a) create a false market in any listed security;
- (b) establish a corner or trade where a corner has developed in a listed security;
- (c) be party to any manipulative scheme or device with respect to any listed security;
- (d) trade excessively in the account of a client providing discretionary authority to the broker or dealer or recommend excessive trading to a client reposing trust and confidence in the broker or dealer;
- (e) make recommendations to clients which are unsuitable taking into account the clients' financial circumstances, investment objectives, other investments and stated desires;
- (f) charge excessive fees for services other than those determined by the Authority or prevailing practices in the industry; or
- (g) transact in any borrowing or lending with their clients without collateral and prior written agreement.

(2) For the purposes of this Rule, a "corner" shall be deemed to arise when a single interest or group has acquired such control of any listed security that the same cannot be obtained except at prices or on terms dictated by such single interest or group.

## **PART VII - INVESTMENT ADVISERS**

### ***Rules relating to investment advisers***

19. - (1) No investment adviser or investment adviser's representative shall -

- (a) recommend to a client to whom investment supervisory, management or consulting services are provided, the purchase, sale or exchange of any security without reasonable grounds to believe that the recommendation is suitable for the client on the basis of information furnished by the client after reasonable inquiry concerning the client's investment objectives, financial situation and needs, and any other information known or acquired by the investment adviser after reasonable examination of the client's financial records;

- (b) place an order to purchase or sell a security for the account of a client without written authority to do so;
- (c) place an order to purchase or sell a security for the account of a client upon instruction of a third party without first having obtained a written third party authorisation from the client;
- (d) exercise any discretionary power in placing an order for the purchase or sale of securities for a client without obtaining written discretionary authority from the client within ten business days after the date of the first transaction placed pursuant to oral discretionary authority, unless the discretionary power relates solely to the price at which, or the time when an order involving a definite amount of a specified security shall be executed, or both;
- (e) induce trading in a client's account that is excessive in size or frequency in view of the financial resources, investment objectives and character of the account;
- (f) borrow money or securities from a client unless the client is a broker or dealer, an affiliate of the investment adviser, or a financial institution engaged in the business of loaning funds or securities;
- (g) loan money to a client unless the investment adviser is a financial institution engaged in the business of loaning funds or the client is an affiliate of the investment adviser;
- (h) misrepresent to any advisory client, or prospective advisory client, his qualifications or misrepresent the nature of the advisory services being offered or fees to be charged for such service, or omit to state a material fact necessary to make the statements made regarding qualifications services or fees, in light of the circumstances under which they are made, not misleading;
- (i) provide a report or recommendation to any advisory client prepared by someone other than the investment adviser without disclosing that fact;
- (j) charge a client an unreasonable advisory fee in light of the fees charged by other investment advisers providing the same services;
- (k) charge any type of fee which is contingent on capital gains or an appreciation in a client's account;
- (l) fail to disclose to clients in writing, before any advice is rendered, any material conflict of interest relating to the investment adviser or any of his employees which could reasonably be expected to impair the rendering of unbiased and objective advice including -
  - (i) compensation arrangements connected with advisory services to clients which are in addition to compensation from such clients for such services; or
  - (ii) charging a client an advisory fee for rendering advice when a commission for executing securities transactions pursuant to such advice will be received by the adviser or his employees;
- (m) guarantee a client that a specific result will be achieved arising from the advice which will be rendered;
- (n) publish, circulate or distribute any advertisement which does not comply with the Act or the Regulations or Rules made thereunder;
- (o) disclose the identity, affairs, or investment of any client to any third party unless required by law, court order or a regulatory agency to do so, or unless consented to by the client;
- (p) enter into, extend or renew any investment advisory contract unless such contract is in writing and discloses, in substance, the services to be provided, the term of the contract, the advisory fee, the formula for computing the fee, the amount of prepaid fee to be returned in the event of contract termination or non-performance, whether the contract grants discretionary power to the investment adviser and that no assignment of such contract shall be made by the investment adviser without the consent of the other party to the contract.

(2) Any investment adviser who takes or has custody of any securities or funds of a client shall be required to keep and maintain additional records as may be required by the Authority and shall-

- (a) notify the Authority that it has or may have custody of customer's securities;
- (b) segregate the securities of each client, mark such securities to identify the particular client having the beneficial interest therein and hold the securities in safekeeping in some place reasonably free from risk of destruction or loss;
- (c) deposit clients' funds in one or more bank accounts containing only clients' funds;
- (d) maintain the account or accounts referred to in paragraph (c) in its name or in the name of the agent or trustees of such clients;
- (e) maintain a separate record for each account, showing the name and address of the bank where the account is maintained, the dates and amounts of deposits and withdrawals and the exact amount of each client's beneficial interest in the account;
- (f) notify the client in writing, immediately after accepting custody or possession of funds or securities, of the place and the manner in which the same will be maintained;
- (g) send each client a detailed statement, at least once every three months, showing the funds and securities in the investment adviser's custody at the end of such period and all debits, credits and transactions in the client's account during such period; and
- (h) have an independent certified public accountant verify all client funds and securities at least once every calendar year by actual examination at a time chosen by the accountant without prior notice to the investment adviser.

(3) A certificate signed by such accountant stating that he has made an examination of such funds and securities under paragraph (2)(h), and describing the nature and extent of the examination, shall be sent by the investment adviser to the Authority promptly after each examination

#### ***Books and records to be kept by investment advisers***

20. - (1) Every investment adviser shall maintain, preserve, and if required, produce for inspection by the Authority the following books, records and ledgers or other accepted accounting documents for a period of seven years -

- (a) a journal or journals, including cash receipts and disbursements records, and any other records of original entry forming the basis of entries in any ledger;
- (b) general and auxiliary ledgers (or other comparable records) reflecting asset, liability, reserve, capital, income and expense accounts;
- (c) a memorandum of each order given by the investment adviser for the purchase or sale of any security, of any instruction received by the investment adviser from the client concerning the purchase, sale, receipt or delivery of a particular security, and of any modification or cancellation of any such order or instruction, and the memorandum shall -
  - (i) show the terms and conditions of the order, instruction, modification or cancellation;
  - (ii) identify the person connected with the investment adviser who recommended the transaction to the client and the person who placed such order; and
  - (iii) show the account for which entered, the date of entry, and the bank, broker or dealer by or through whom executed where appropriate;
  - (iv) show orders entered pursuant to the exercise of discretionary power;
- (d) all cheque books, bank statements, cancelled cheques and cash reconciliations of the investment adviser;
- (e) all bills or statements (or copies thereof), paid or unpaid, relating to the business of the investment adviser;
- (f) all trial balances, financial statements, and internal audit working papers relating to the investment adviser's business;
- (g) originals of all written communications received from clients and copies of all written communications sent by the investment adviser relating to -
  - (i) any recommendation made or proposed to be given;

- (ii) any receipts, disbursement or delivery of funds or securities; and
- (iii) the placing or execution of any order to purchase or sell any security; provided, however, that if the investment adviser sends any notice, circular or other advertisement offering any report, analysis, publication or other investment advisory service to more than ten persons, the investment adviser shall not be required to keep a record of the names and addresses of the persons to whom it was sent; except that if such notice, circular or advertisement is distributed to persons named on any list, the investment adviser shall retain with a copy of such notice, circular or advertisement, a memorandum describing the list and the source thereof;
- (h) a list or other record of all accounts in which the investment adviser is vested with any discretionary power with respect to the funds, securities or transactions of any client;
- (i) all evidences of the granting of any discretionary authority by any client to the investment adviser, or copies thereof;
- (j) all written agreements (or copies thereof) entered into by the investment adviser with any client or otherwise relating to the investment adviser's business;
- (k) a copy of each notice, circular, advertisement, newspaper article, investment letter, bulletin or other communication recommending the purchase or sale of a specific security, which the investment adviser circulates or distributes, directly or indirectly, to ten or more persons, and if such notice, circular, advertisement, newspaper article, investment letter, bulletin or other communication does not state the reasons for such recommendation, a memorandum of the investment adviser indicating the reasons therefor, and all advertisements by the investment adviser and all records, worksheets, and calculations necessary to form the basis for performance data in such advertisements;
- (l) a record of every transaction in a security in which the investment adviser or any of his representatives acquires any direct or indirect beneficial ownership; and the record shall state the title and amount of the security involved, the date, whether the transaction was a purchase or sale or other acquisition or disposition, the price at which it was effected, and the name of the broker or dealer with, or through whom the transaction was effected; and an investment adviser shall not be deemed to have violated the provisions of this paragraph for failing to record securities transactions of any investment adviser representative if he can show that he had adequate procedures and used reasonable diligence to obtain promptly reports of all transactions required to be recorded; and
- (m) a copy of each written statement, the amendment or revision thereof, given or sent to any client or prospective client of such investment adviser and a record of the dates that the same was given or offered to be given.

(2) If an investment adviser has custody or possession of securities or funds of any client, the records required to be made and kept shall include-

- (a) a journal or other record showing all purchases, sales, receipts and deliveries of securities (including certificate numbers) and all other debits and credits to such accounts;
- (b) a separate ledger account for each client showing all purchases, sales, receipts and deliveries of securities, the date and price of each such purchase and sale, and all debits and credits;
- (c) copies of confirmations of all transactions effected by or for the account of any such client; and
- (d) a record for each security in which the client has a position; showing the name of the client, the amount or interest of the client, and the location of such security.

(3) Every investment adviser who renders any investment advisory or management service to a client shall, in addition to records kept under paragraph (2), with respect to the portfolio being supervised or managed and to the extent that the information is reasonably available to or obtainable by him, make and keep true, accurate and current -

- (a) records showing the securities purchased, sold, date, amount and price of each security; and

- (b) records for each security in which the client has a current position, records from which the investment adviser can promptly furnish the name of each client, and the current amount or interest and the name of the client.

#### ***Supervision of investment adviser's representative***

21.- (1) Every investment adviser's representative employed by an investment adviser shall be subject to the supervision of a supervisor designated by the investment adviser who may be the investment adviser in the case of a sole proprietor, or a partner, officer, office manager or any qualified investment adviser representative in the case of entities other than sole proprietorships.

(2) As part of its responsibility under this rule, every investment adviser shall establish, maintain and enforce written procedures, a copy of which shall be kept in each business office, which shall set forth the procedures adopted by the investment adviser, which shall include but not be limited to the following duties -

- (a) the review and written approval by the designated supervisor of the opening of each new client account;
- (b) the frequent examination of all client accounts to detect and prevent irregularities or abuses;
- (c) the prompt review and written approval by a designated supervisor of all advisory transactions by investment adviser representatives and of all correspondence pertaining to the solicitation or execution of all advisory transactions by investment adviser representatives; and
- (d) the prompt review and written approval of the handling of all client complaints.

(3) Every investment adviser who has designated more than one supervisor shall designate from among its partners, officers, or other qualified investment adviser representatives, a person or group of persons who shall -

- (a) supervise and periodically review the activities of the supervisors; and
- (b) periodically inspect each business office under his supervision to ensure that the written procedures are being enforced.

### **PART VIII - PRIVATE TRANSACTIONS**

#### ***Meaning of 'close relation'***

22. In these Rules, "close relation" means a spouse, a parent, sibling, child, in-laws, a grand child, and a spouse of a grand child.

#### ***Private transactions***

23.-(1) No person shall transfer the ownership of a listed security outside the securities exchange on which it is listed except in the course of -

- (a) a sale or gift to a close relation, or a charity or organisation approved by the Authority for a receipt of donations;
- (b) the settlement of a will or estate of a deceased person;
- (c) the operation of an employee share option scheme or employee share ownership scheme of a listed company with respect to its own shares, provided such a scheme has been approved by the Authority;
- (d) restructuring or mergers or acquisitions in a scheme which has been approved by the Authority;
- (e) setting off the value of listed securities that are pledged against a loan from a commercial bank or other licensed lending institution, in settlement of such loan at the current established market value of such listed securities by mutual agreement between such lending institution and such borrower, and certified by the securities exchange as being a fair market price for such security; or
- (f) any other private transaction of listed securities of an exceptional nature that the securities exchange and the Authority consider to be proper and acceptable.

(2) Where a private transactions in a listed security is authorised no brokerage fee shall be payable for the transaction, but a nominal charge may be levied as may be determined by the securities exchange on which the security transferred through the private transaction is listed.

## **PART IX - PUBLIC COMMUNICATION**

### ***Public communication***

24.-(1) All advertisements, sales literature and other communication with the public, by persons licensed under the Act and financial journalists shall be factual and any statements made shall be for the purpose of assisting in the evaluation of a particular security, type of securities, promoting the industry, service offered or the desirability of investing in securities in general.

(2) No material fact or qualification may be omitted if such omission would cause the advertisement or sales literature to be misleading in the light of the context of other information presented.

(3) In making a recommendation with respect to any security, a licensed person shall disclose the price at the time of the recommendation and, if applicable, the fact that -

- (a) he makes a market in the securities recommended; and
- (b) he or an associated person owns more than a nominal amount of such securities.

(4) Any offer of a report, analysis or other service without any charge must be provided as such without any condition or obligation other than what is clearly described in the offer.

(5) No claim with respect to research or analysis facilities or capacity may be made beyond those actually possessed by the person making the claim.

(6) All statements made in advertising directed to the general public shall be supported by source of facts.

(7) Every company whose securities are traded on, or subject to the rules of, a securities exchange in Fiji, shall disclose promptly to the securities exchange any material information that may affect the price of their securities or influence investment decisions, including the following -

- (a) a merger, acquisition or joint venture;
- (b) a stock split or stock dividend;
- (c) earnings and dividends of an unusual nature;
- (d) the acquisition or loss of a significant contract;
- (e) a significant new product or discovery;
- (f) a change in control or a significant change in management;
- (g) a call of securities for redemption;
- (h) the public or private sale of a significant amount of additional securities;
- (i) the purchase or sale of a significant asset;
- (j) a significant labour dispute;
- (k) a significant law suit against the company;
- (l) establishment of a programme to make purchases of the company's own shares;
- (m) a tender offer for another company's securities; or
- (n) any other peculiar circumstances that may prevail with respect to the company or the relevant industry.



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