PART V—REVOCATION

13. The Securities (Clearing and Settlement) Directive, 2011 is hereby revoked. Revocation G.N. 57 of

Made this 4th day of May, 2015.

C. S. R. CHUKA
Registrar of Financial Institutions

(FILE NO.EA/FSPU/1/1)

GOVERNMENT NOTICE NO .26

FINANCIAL SERVICES ACT, 2010

(ACT NO 26 OF 2010)

FINANCIAL SERVICES (ESTABLISHMENT AND OPERATIONS OF BROKERS AND DEALERS) DIRECTIVE, 2015

ARRANGEMENT OF PARAGRAPHS

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IN EXERCISE of the powers conferred by section 21 (5) of the Financial Services Act, 2010, I, CHARLES S.R CHUKA, Registrar of Financial Institutions, issue the following Directive-

PART I—PRELIMINARY

Citation

1. This Directive may be cited as the Financial Services (Establishment and Operations of Brokers and Dealers) Directive, 2015.

Interpretation

2. In this Directive, unless the context otherwise requires—

"broker" means any person who engages in the business of buying and selling securities for others but does not include an employee acting within the scope of his duties;

"dealer" means any person engaged in the regular business of purchasing and selling securities for his own account, and licensed as such, but does

not include an employee acting within the scope of his duties; and

"Shareholders Funds" means total assets minus total liabilities.

PART II—OBJECTIVES

Objectives

3. The objectives of this Directive are to ensure that—

(*a*) brokers and dealers comply with the provisions of the Act;

(*b*) brokers and dealers have adequate capital;

(*c*) brokers and dealers maintain professional and market conduct standards;

(*d*) brokers and dealers provide mechanisms for the safety of moneys and assets of their clients;

(*e*) all customers are treated equally; and

(*f*) interests of brokers and dealers and the interests of their employees are at all times, subordinate to the interests of their clients.

PART III—LICENSING REQUIREMENTS

Licence requirement

4. A broker or dealer shall not buy or sell or solicit transactions in any securities without being licensed by the Registrar to do so:

Provided that this requirement shall not apply to a broker or a dealer whose business is limited to dealing in securities issued by the Government or the Reserve Bank and is licensed to do such business.

Eligibility and application for a licence Act No. 15 of 2013

5.—(1) Only a company incorporated under the Companies Act shall be eligible to apply for a licence under this Directive.

(2) An application for a licence under subparagraph (1) shall be—

(*a*) made in the prescribed form set out in the First Schedule hereto; and

(*b*) accompanied by a non-refundable applicable fee of two hundred and fifty thousand Kwacha (K250,000.00).

(3) An applicant who wishes to amend any documentation submitted in support of an application for a license under subparagraph (1) shall obtain prior approval from the Registrar.

(4) An application by a broker or a dealer for the grant of a licence shall be recommended by a stock exchange licensed under the Act.

Grant or denial of a licence

6.—(1) The Registrar shall communicate to the applicant the outcome of the application made under paragraph 5 within sixty (60) days of receipt of a complete application.

(2) Where the Registrar approves an application for a license, the Registrar shall issue a licence to the applicant in the form set out in the Second Schedule hereto.

(3) The licence shall automatically expire if the licensed broker or dealer fails to commence business within a period of one (1) year following the granting of the licence.

(4) Where the Registrar has not granted an application for a licence, he shall communicate in writing to the applicant, the reasons for the decision.

(5) Where the applicant is not satisfied with the reasons given in subparagraph (4), he may appeal to the Appeals Committee within twenty one (21) working days of receiving the communication.

(6) A licence issued under subparagraph (1) shall be valid for a period of one year from the date of issue.

Licence renewal

7.—(1) An application for the renewal of a licence issued under paragraph 6 shall be—

(*a*) made in the prescribed form set out in the Third Schedule hereto;

(*b*) made at least two months prior to the expiry date of the licence; and

(*c*) accompanied by a non-refundable renewal fee of one hundred thousand Kwacha (K100,000.00).

(2) An application by a broker or a dealer for renewal of a licence shall be recommended by a stock exchange licensed under the Act.

Start up capital

8.—(1) The minimum start-up capital for a broker or dealer shall be twenty five million Kwacha (K25,000,000).

(2) Borrowed funds as start-up capital shall generally be discouraged.

(3) Where borrowed funds are used as part of start-up capital, the Registrar shall determine the maximum limit of borrowed funds to be used as start-up capital.

Conditional licence

9.—(1) A licence may be granted subject to written conditions as the Registrar may, in furtherance of the purposes of the Act and the Securities Act, 2010, determine at the time of issuing a licence.

(2) The Registrar may, at any time by notice served on the licensed broker or dealer, vary the conditions or impose further conditions of the licence.

Revocation of licence

10. The Registrar may suspend or revoke a licence of a broker or dealer if the broker or dealer is—

(*a*) in breach of the Act, the Securities Act, 2010, or this Directive; or

(*b*) wound-up under section 72 of the Act.

PART IV—BUSINESS CONDUCT

Code of conduct

11.—(1) A licensed broker or dealer shall, at all times, adhere to just and equitable principles of trade and high standards of fair dealing and ethical conduct.

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

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

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

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

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

(7) The maximum validity period for any customer order shall be ten (10) working days.

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

(9) A licensed broker or dealer shall keep records of all written complaints of customers and the action taken to resolve the complaints.

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

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

Changes in shareholding and management

12. A licensed broker or dealer shall seek the approval of the Registrar before making changes to—

(*a*) its shareholding; and

(*b*) the composition of its board of directors or senior management.

Know your customer

13. A licensed broker or dealer shall maintain a separate file for each customer containing among other things, information set out in the Fourth Schedule hereto.

General requirements

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

(2) All payments to customers shall be made by a duly crossed cheque drawn on the bank account of the licensed broker or dealer and any request to cancel the crossing shall be made in writing by the customer and authorised by the principal officer.

(3) A licensed broker or dealer shall not exercise any discretionary authority with regard to sale of securities unless the customer has given

written authority to exercise such discretion and the acceptance of such authority by the licensed broker or dealer shall be evidenced by a document in writing by the principal officer.

(4) A licensed broker or dealer shall not directly or indirectly extend credit facilities to customers for the purchase of securities, unless such lending is fully secured by securities issued by the Government or the Reserve Bank or securities listed on a licensed stock exchange with a market value of at least one hundred per cent (100%) of the amount lent.

(5) A licensed broker or dealer shall not share or offer to share in the profits or losses of any customer in any securities transaction.

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

(7) A licensed broker or dealer shall not deal in securities not listed on a stock exchange of which he is a member except in the case of securities issued by the Government and the Reserve Bank.

(8) A broker or dealer shall have in place professional indemnity and fidelity insurance cover and such cover shall be reasonably adequate to cover the losses arising in the course of his business.

(9) A broker or dealer shall immediately report to the Registrar, any occurrence of an incident of fraud or malpractice or any violation or breach of any written law.

(10) A licensed broker or dealer shall—

(*a*) employ on a full time basis, at least two securities representatives who shall possess one of the qualifications as set out in Fifth Schedule hereto; and

(*b*) ensure that there is a proper segregation of duties between front office and back office staff.

(11) A licensed broker or dealer shall not engage in money market business other than securities issued by the Malawi Government and the Reserve Bank, unless exempted by the Registrar.

PART V—CAPITAL, LIQUIDITY AND REPORTING REQUIREMENTS

Minimum net capital requirements

15.—(1) A licensed broker or dealer shall, at all times, maintain minimum net capital of twenty five million Kwacha (K25,000,000.00).

(2) In this paragraph, "net capital" means the shareholder's funds adjusted as follows—

(*a*) deducting the value of all unsecured loans;

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

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

(*d*) deducting all other assets doubtful of collection;

(*e*) deducting all deferred expenses and intangible assets;

(*f*) deducting all contingent liabilities; and

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

(3) A licensed broker or dealer shall review the net capital position at least on a monthly basis and in the event of a short fall, regularize the capital position as soon as possible, and in any event within thirty (30) calendar days of the net capital falling below the prescribed minimum net capital.

(4) The Registrar may prescribe higher capital requirements for a specific broker or dealer where the supervisory review process reveals existing risks in the broker or dealer warranting the increase.

Liquidity requirements

16.—(1) A licensed broker or dealer shall maintain a minimum liquidity requirement in the form of a cash deposit or bank guarantee, of one million Kwacha (K1,000,000).

(2) The Registrar may prescribe higher liquidity requirements for a specific broker or dealer where the supervisory review process reveals existing risks warranting the increase.

(3) The Registrar may annually consider whether to reduce the level of liquidity requirement and the consequent reduction to the cash deposit or bank guarantee of a licensed broker or dealer.

(4) Where the Registrar has reduced the level of liquidity pursuant to subparagraph (3), the refunds of the cash deposit shall be made within fourteen (14) calendar days.

(5) A licensed broker or dealer shall forward to the stock exchange of which he is a member, a cash deposit or a bank guarantee which shall be used by the Registrar to defray—

(*a*) the dues payable by the licensed broker or dealer to the Registrar or a licensed stock exchange;

(*b*) any dues payable by the licensed broker or dealer to any of his customers; and

(*c*) any dues payable by such licensed broker or dealer to another licensed broker or dealer in the course of his business with the licensed stock exchange as a licensed broker or dealer.

(6) The cash deposit referred to in subparagraph (4), shall be invested by the stock exchange in securities issued by the Government of Malawi or the Reserve Bank, and the interest shall be paid to the licensed broker or dealer periodically.

(7) The stock exchange may levy any administrative charges which shall not be more than the interest earned on the investment.

(8) In the event that the Registrar or licensed stock exchange uses all or part of the cash deposit or bank guarantee for the purposes described in subparagraph (4), the licensed broker or dealer shall, immediately replace the amount utilised by the Registrar or licensed stock exchange.

(9) The cash deposit referred to in subparagraph (1), may be in form of cash, a bank guarantee, or a combination of both.

(10) As the liquidity requirement of a licensed broker or dealer increases in accordance with this Directive, a cash deposit or a bank guarantee shall be forwarded to the licensed stock exchange within fourteen (14) calendar days, from the date the Registrar advises the licensed broker or dealer to increase the liquidity requirement.

Trading prohibition

17.—(1) If any licensed broker or dealer fails or neglects to maintain the net capital and liquidity requirements or to forward to the licensed stock exchange the cash deposit or bank guarantee as specified in paragraph 16, the Registrar may forthwith prohibit the licensed broker or dealer from carrying out any trading activities on the licensed stock exchange.

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

Reporting requirements

18.—(1) A broker or dealer shall forward to the Registrar and licensed stock exchange, financial statements in the format set out in the Sixth Schedule hereto, within ten (10) calendar days of the end of each calendar month.

(2) A licensed broker or dealer shall file with the Registrar and the licensed stock exchange, the audited financial statements comprising the financial position, income statement and statement of cash flows within three (3) months of the financial year end.

PART VI—SEPARATE CUSTOMER BANK ACCOUNTS

Customer bank account to be kept separate

19.—(1) A licensed broker or dealer shall ensure that all amounts that are received from any customer or another licensed broker or dealer for the purchase of securities by the customer or other licensed broker or dealer are paid into a bank account operated solely for the collection and payment of money belonging to the customers.

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

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

(4) All bank charges in the account in subparagraph (1), are met by the licensed broker or dealer, except in cases where it is clearly identifiable to a particular customer.

(5) All third party payments by stock brokers or dealers are prohibited, except where—

(*a*) letters of administration are granted by a court; or

(*b*) a valid power of attorney is given by the bearer of the share certificate.

(6) Subject to subparagraph (5), the balance in the customer bank account shall not be overdrawn at any point in time and offered as a lien to a bank or to any other person.

PART VII—EMPLOYEE TRADES

Trade through own company

20.—(1) Employees of a licensed broker or dealer shall trade through their own company.

(2) For purpose of this paragraph, "employees" include Directors and employees of a broker or dealer, their spouses and their children below the age of eighteen, nominees of persons and companies in which these persons may have a controlling interest.

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

Prior authorisation

21. An employee of a licensed broker or dealer shall seek prior written authorization from the principal officer before transacting any business.

Restricted securities

22.—(1) The principal officer of the licensed broker or dealer shall maintain a list of restricted securities.

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

(3) Employees of a broker or dealer shall not trade in restricted securities.

(4) Where the research division of a broker or dealer issues a significant recommendation or report relating to listing of restricted securities, such securities shall be listed as restricted securities seven business days after dissemination of the report or recommendations.

(5) Securities may be added or deleted from the list of restricted securities as the broker or dealer finds appropriate.

Priority to customer

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

Written procedures

24. A licensed broker or dealer shall have their own written procedures for execution of employee trades and which shall be approved by their board of directors.

PART VIII—TRADING ON OWN ACCOUNT

Portfolio limits

25.—(1) A licensed dealer trading on his own account may only trade in securities listed on a licensed stock exchange except in the case of securities issued by the Government or the Reserve Bank.

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

Provided that the licensed dealer shall be permitted to participate in an initial public offer for which the licensed stock exchange has agreed to grant a listing subject to formalities being met.

(3) A licensed dealer shall not—

(*a*) acquire more than five per cent (5%) of the issued quantity of a single security for its own account at any one time except in the case of securities issued by the Government of Malawi or the Reserve Bank;

(*b*) acquire shares of its own company or in any parent, subsidiary, affiliate or associate company of the broker or dealer; or

(*c*) purchase securities in its own account to the extent that more than five per cent (5%) of the net capital of the broker or dealer is invested in the securities of any single issuer, except in the case of securities issued by the Government of Malawi or the Reserve Bank.

Disclosure to customers

26.—(1) A licensed broker or dealer shall not act as a principal in any transaction, unless he informs the customer of this fact prior to the trade execution and the client has a right to reject the trade.

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

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

PART IX—ENFORCEMENT

Monetary penalties

27.—(1) The Registrar shall impose the following monetary penalties for violations of this Directive—

(*a*) failure to submit any report by the due date, a penalty of twenty thousand Kwacha (K20,000), and ten thousand Kwacha (K10,000) thereafter for each subsequent day that the broker or dealer remains in default;

(*b*) a broker or a dealer who fails to meet other requirements of this Directive shall be liable to a penalty of up to ten million Kwacha(K10,000,000); and

(*c*) for natural persons who are members of the board of directors or management, a penalty of up to one million Kwacha (K1,000,000.00).

(2) The penalty in subparagraph (1) shall be paid through a bank certified cheque payable to the Reserve Bank within ten (10) working days after notice of the violation is given by the Reserve Bank.

28. In addition to the monetary penalties imposed in paragraph 27, the Registrar may impose administrative penalties as provided for under the Act or the Securities Act, 2010. Administrative penalties

PART X—REVOCATION

29. The Securities (Operations of Brokers and Dealers) Directive, 2011, is hereby revoked. Revocation

FIRST SCHEDULE (para. 5 (2)(*a*))

APPLICATION FORM FOR BROKER OR DEALER LICENCE

All questions shall be answered in full.

All enquiries concerning the preparation and filing of this application should be made to The Director, Microfinance and Capital Markets Supervision, Reserve Bank of Malawi.

Upon completion the application and all other attachments must be submitted to: The Director, Microfinance and Capital Markets Supervision, Reserve Bank of Malawi, P.O. Box 565, Blantyre, Malawi.

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

1. Name of company:
2. Date of incorporation:
3. Registered office:
4. Mailing address:
5. E-mail address:
6. Website address:
7. Physical address (location of business):
8. Telephone numbers:
9. Fax numbers:
10. Details of share capital:
    (*a*) Issued Capital
    (*b*) Paid Up Capital
    (*c*) Shareholders' Funds
    (*d*) Provide evidence of capital in form of a certified bank statement
    (*e*) Provide documentary proof of registration with exchange control authorities in case of foreign investment
11. Name and address of auditor:
12. Details of Directors (Please provide names, addresses, educational and professional qualifications, employment history and other business interests and company directorships. Details of any experience in the stock broking industry must be included):

13. Details of Principal Officer (Please provide names, addresses, educational and professional qualifications, employment history and any business interests and company directorships. Details of any experience in the stock broking industry must be included):

14. Details of securities representative (Please provide names, addresses, educational and professional qualifications, employment history and details of previous experience in the stock broking industry must be included):

15. Names and addresses of all shareholders who own five per cent (5%) or more of the equity capital:

16. Give details of the company bankers and details of bank accounts and details of customer bank accounts.

17. Please include the following information:

    (*a*) Business plan for three years including projected profit and loss account and balance sheets for each of the three years. The assumptions on which the projected financial statements have been prepared shall be disclosed.

    (*b*) An organisation chart showing the designations and levels of authority of staff.

    (*c*) A tree diagram showing the group structure, if the company belongs to a group of companies.

18. Has the applicant or any Director or Principal Officer of the applicant:

    (*a*) been convicted of any offence, or are there any proceedings now pending which may lead to a conviction for any offence involving fraud or dishonesty?

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

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

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

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

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

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

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

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

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

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

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

Please attach the following documents:

(*a*) Copy of Certificate of Incorporation

(*b*) Copy of the Memorandum and Articles of Association

(*c*) Copy of the latest audited financial statements (if available)

(*d*) Copy of the latest audited financial statements of the promoter.

(*e*) Letter of recommendation by a stock exchange licensed under the Act.

(*f*) Cheque of two hundred and fifty thousand Kwacha (K250,000) being the fee payable for the grant of a licence.

We the undersigned do hereby certify that—

1. All the information given in response to and in support of the questions in this application is true and correct to the best of our knowledge and belief.

2. This application is made in good faith with the purpose and intent that affairs of the company will at all times be honestly conducted with good and sound business principles, and in full compliance with all applicable laws and directives.

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

Dated this.....day of.....20.....

Signature.....
Name.....
Director

Signature.....
Name.....
Director

Signature.....
Name.....
Principal Officer

SECOND SCHEDULE para. 6(2)

LICENCE FORMAT

REGISTRAR OF FINANCIAL INSTITUTIONS

FINANCIAL SERVICES ACT, 2010

BROKER/DEALER LICENCE

A LICENCE is hereby granted to of to operate as a broker/dealer. This licence is issued subject to the provisions of the Financial Services Act, 2010 and is valid for a period of one year from ..... to .....

ISSUED THIS..... DAY OF ..... 20.....

.....
REGISTRAR OF FINANCIAL INSTITUTIONS

THIRD SCHEDULE

APPLICATION FORM FOR RENEWAL OF BROKER OR DEALER LICENCE

LICENCE RENEWAL APPLICATION FORM

All questions must be answered fully.

All enquiries concerning the preparation, filing and status of this application should be made to: The Director, Microfinance and Capital Markets Supervision, Reserve Bank of Malawi.

Upon completion the original and two duplicate copies of the application and all other attachments must be submitted to: The Director, Microfinance and Capital Markets Supervision, Reserve Bank of Malawi, P. O. Box 565, Blantyre, Malawi.

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

1. Name of company:
2. Number of last year's licence:
3. Registered office:
4. Mailing address:
5. E-mail address:
6. Website address:
7. Physical address (location of business):
8. Telephone numbers:
9. Fax numbers:
10. Details of share capital:
    (*a*) Issued Capital
    (*b*) Paid Up Capital
    (*c*) Shareholders' Funds
11. Name and address of auditor:
12. Details of Directors (Please provide names, addresses, educational and professional qualifications, employment history and other business interests and company directorships. Details of any experience in the stock broking industry must be included):

13. Details of Principal Officer (Please provide names, addresses, educational and professional qualifications, employment history and any business interests and company directorships. Details of any experience in the stock broking industry must be included):

14. Details of securities representative (Please provide names, addresses, educational and professional qualifications, employment history including previous experience in the stock broking industry):

15. Names and addresses of all shareholders who own five per cent (5%) or more of the equity capital.

16. Give details of the bankers of the company and details of bank accounts and details of the customer bank accounts.

7. Please include the following information—

(*a*) An organisation chart showing the designations and levels of authority of staff.

(*b*) A tree diagram showing the group structure, if the company belongs to a group of companies.

18. Has the applicant or any Director or Principal Officer of the applicant:

(*a*) been convicted of any offence, or are there any proceedings now pending which may lead to a conviction for any offence involving fraud or dishonesty?

.....
please provide details)

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

.....
please provide details)

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

.....
please provide details)

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

.....
please provide details)

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

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

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

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

Please attach the following documents:

1. Copy of the latest audited financial statements.

2. Cheque for one hundred thousand Kwacha (MK100,000.00) being the fee payable for the renewal of a licence.

We the undersigned do hereby certify that—

1. All the information given in response to and in support of the questions in this application is true and correct to the best of our knowledge and belief.

2. This application is made in good faith with the purpose and intent that affairs of the company will at all times be honestly conducted with good and sound business principles, and in full compliance with all applicable laws and directives.

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

Dated this ..... day of ..... 20.....

Signature.....

Name.....
Director

Signature.....

Name.....
Director

Signature.....

Name.....
Principal Officer

FOURTH SCHEDULE (para. 13)

CLIENT ACCOUNT INFORMATION

Every licensed Broker/Dealer shall include the following information in a file of a customer—

(*a*) individuals—

(i) name and residential address (documentary proof such as utility bills must be submitted in support of residential address);

(ii) telephone numbers and e-mail addresses;

(iii) occupation (name and address of employer, if any);

(iv) tax identification information, if available;

(v) copy of passport or driving license or national identity; and

(vi) proof of source of funds; and

(*b*) corporate entities—

(i) name and registered address;
(ii) telephone numbers;
(iii) names and designations of persons authorized to transact business;
(iv) copy of Certificate of Incorporation; and
(v) tax identification number.

FIFTH SCHEDULE

para. 10(*a*)

QUALIFICATION AND EXPERIENCE FOR PERSONS WHO DEAL WITH CLIENTS

PART I—LOCAL QUALIFICATIONS

LOCAL QUALIFICATIONS	EXPERIENCE
Institute of Chartered Accountants in Malawi Technician Diploma	Four years
A business degree from a recognised University.	One year
Institute of Chartered Accountants in Malawi Certificate . .	One year
Other qualifications evaluated by the Registrar on a Case by case basis	As may be determined by the Registrar

PART II—FOREIGN QUALIFICATION

FOREIGN QUALIFICATIONS	EXPERIENCE
Investment Advice certificate from the South African Institute of Financial Markets	One year
A business degree from a recognised University	One year
Registered persons examinations certificate from the South African Institute of Financial Markets	Two years
Association of Chartered Certified Accountants (ACCA) or Chartered Institute of Management Accountants (CIMA) certificate	One year
Chartered Financial Analyst (any level)	None
Other qualifications evaluated by the Registrar on a Case by case basis	As may be determined by the Registrar

SIXTH SCHEDULE

FINANCIAL STATEMENTS FORMAT

Name of Licensed Broker/Dealer:
Financial position as at:

	MK'000	NOTE
Share Capital		1
Reserves		2
Represented By:		
Property, Plant and Equiment	—	3
Investments	—	4
Current Assets	—	5
Current Liabilities	—	6
Long Term Liabilities	—	7
	—	

Date: .....

Signature of Principal Officer: .....

Note 1: Share Capital	MK' 000
Authorised	
..... Shares at MK ..... Each	
Issued and Fully Paid Up	
..... Shares at MK .... Each	

Note 2: Reserves	MK' 000
Capital Reserves	
Retained Earnings	
	—

Note 3: Property, Plant and Equipment	Cost MK'000	Accumulated Depreciation MK'000	Written Down Value MK' 000
Office Equipment	—	—	—
Furniture & Fittings	—	—	—
Fixtures	—	—	—
Motor Vehicles	—	—	—
Others (specify)	—	—	—
	—	—	—

Note 4: Investments	MK' 000
	—

Note 5: Current Assets	MK' 000
Trade Debtors	
Other Debtors (specify)	
Prepaid Expenses	
Cash and cash equivalents	
	—

Note 5 (A): Loans	Amount MK'000	Security Type	Value of Security
Related Parties:			
Others (specify):			
	—		—

Note 6: Current Liabilities	MK' 000
Trade Creditors	
Other Creditors (specify)	
Accrued Expenses	
Deposits	
	—

Note 7: Long Term Debt MK' 000	

Name of Licensed Broker/Dealer—

Income Statement for the Month of—

	MK' 000	MK' 000	NOTE
Turnover			1
Less:			
Value Added Tax			
Direct Expenses			2
Net Income			
Less:			
Administrative Expenses			4
Promotional Expenses			5
Travelling & Entertainment			6
Other Expenses (specify)			7
Operating Profit			
Add: Other Income (specify)			8
Net Profit Before Taxation			
Less: Taxation			
Profit / (Loss) After Taxation			
Less: Dividends			
Retained Profit for the Month			

Statement of Accumulated Earnings	MK' 000
Retained Earnings Brought Forward	
Profit for the Month	
Retained Earnings Carried Forward	

Date: .....

Signature of Principal Officer: .....

Note 1: Turnover	MK' 000	MK' 000
Brokerage	—	
Sale of Shares	—	
	—	
Other Receipts (specify)		—
		—
		—
		—

Note 2: Direct Expenses	MK' 000
	—
	—
	—

Note 3: Administrative Expenses	MK' 000
	—
	—
	—

Note 4: Promotional Expenses	MK' 000
	—
	—
	—

Note 5: Finance Charges	MK' 000
	—
	—
	—
	—

Note 6: Travelling & Entertainment	MK' 000
	—
	—
	—

Note7: Other Expenses (specify)	MK' 000
	—
	—
	—
	—
	—

Note 7: Long Term Debt MK' 000	

Name of Licensed Broker/Dealer—

Income Statement for the Month of—

	MK' 000	MK' 000	NOTE
Turnover			1
Less:			
Value Added Tax			
Direct Expenses			2
Net Income			
Less:			
Administrative Expenses			4
Promotional Expenses			5
Travelling & Entertainment			6
Other Expenses (specify)			7
Operating Profit			
Add: Other Income (specify)			8
Net Profit Before Taxation			
Less: Taxation			
Profit / (Loss) After Taxation			
Less: Dividends			
Retained Profit for the Month			

Statement of Accumulated Earnings	MK' 000
Retained Earnings Brought Forward	
Profit for the Month	
Retained Earnings Carried Forward	

Date: .....

Signature of Principal Officer: .....

Note 8: Other Income	Income MK'000	Amount Invested MK'000	Tenure
Interest Received on Investments:			
	—	—	
	—	—	
	—	—	
	—	—	
	—	—	
Other Income (specify)			
	—		
	—		
	—		
	—		
	—		

Name of Licensed Broker/Dealer:
Statement of Cash Flow for the Month of:

	Month MK'000
Inflow	—
Received from customers	—
Received from other brokers/dealers	—
Bank borrowings	—
Interest received on:	—
-Fixed Deposit	—
-Savings Deposit	
-Call Deposits	—
Other (Specify)	—
	—
	—
Total Inflow	—
Outflow	—
Payments to Customers	—
Payments to other brokers/dealers	—
Administrative expenses	—
Promotional expenses	—
Finance expenses paid:	—

	Month MK'000
-Loan principal repayments	
-Interest on loans	
-Bank charges	
-Other (specify)	
Travelling & entertainment expenses	
Other expenses (specify)	
Total Outflow	
Net Increase/(Decrease) in Cash and Cash Equivalents	
Balance B/Fwd -Cash and Cash Equivalents	
Balance C/Fwd -Cash and Cash Equivalents	

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

Date:.....

Signature of Principal Officer: .....
Name of Licensed Broker/Dealer:
Statement of Net Capital as at:

Shareholders' Funds as per Financial Position
Deduct:
-Unsecured Loans
-Amount Due from Connected Persons
-Where market value is lower: Difference between Cost and Market Value of securities in trades unsettled after settlement date
-Where market value is lower: Difference between Cost and Market Value of securities held by brokers/dealers
-Current assets which are doubtful of recovery
-All deferred expenses or intangible assets included in shareholder funds
-All contingent Liabilities
NET CAPITAL

Date: .....

Signature of Principal Officer:.....

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

Made this 4th day of May, 2015.

C. S. R. CHUKA
Registrar of Financial Institutions

(FILE NO.EA/FSPU/1/1)

GOVERNMENT NOTICE NO. 27

FINANCIAL ACT, 2010

(ACT NO. 26 OF 2010)

FINANCIAL SERVICES (ESTABLISHMENT AND OPERATIONS OF COLLECTIVE INVESTMENT SCHEMES) DIRECTIVE, 2015

ARRANGEMENT OF PARAGRAPHS

PARAGRAPH

PART I—PRELIMINARY

1. Citation
2. Interpretation

PART II—OBJECTIVES

3. Objectives
4. Responsibility of the Board
5. Prudentially regulated financial institution

PART III—LICENSING REQUIREMENTS

6. Eligibility and application
7. Grant or denial of a licence
8. Start up capital
9. Revocation of licence
10. Prospectus requirement

PART IV—MANAGEMENT

11. Code on conduct
12. Net capital
13. Restrictions on securities by a collective investment schemes
14. Contracts of collective investment schemes
15. Transactions with affiliated persons
16. Activities of open-end collective investment schemes
17. Activities of closed-end collective investment scheme
18. Activities of a unit trust
19. changes in shareholding and management
20. Fraudulent activities and anti-pyramiding rules
21. Approvals
22. Reporting
23. Safekeeping and custody of assets
24. Meetings
25. Directors