GOVERNMENT NOTICE NO. 37

FINANCIAL SERVICES ACT

(ACT NO. 26 OF 2010)

FINANCIAL SERVICES (ESTABLISHMENT AND OPERATIONS OF PORTFOLIO MANAGERS) DIRECTIVE, 2015

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

PART I—PRELIMINARY

Citation

1. This Directive may be cited as Financial Services (Establishment and Operations of Portfolio Managers) Directive, 2015.

Interpretation

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

"shareholders funds" means total assets minus total liabilities of portfo-lio managers; and

"portfolio manager" has the meaning ascribed to that term in the Securities Act, 2010.

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PART II—OBJECTIVES

Objectives

3. The objectives of this Directive are to—

(*a*) ensure that portfolio managers comply with the provisions of the Act;

(*b*) protect interests of customers, creditors and the public in general, from loss of their funds;

(*c*) ensure that providers of portfolio management services have adequate capital to absorb losses; and

(*d*) promote professional standards in the provision of portfolio management services.

Designation of portfolio managers as prudentially regulated

4. A portfolio manager shall be a prudentially regulated financial institution within the meaning of the term as provided for in section 2 of the Act.

PART III—LICENSING

Eligibility and application for a licence

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 sub-paragraph (1) shall be—

(*a*) made in the prescribed Form set out in the First Schedule hereto; and Act. No. 13 of 2013

(*b*) accompanied by a non-refundable applicable fee of five hundred thousand Kwacha (K500,000.00),

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

Grant or denial of a licence

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

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

(3) The licence shall automatically expire where the portfolio manager fails to commence business within a period of one year following the granting of the licence.

(4) Where the Registrar has not granted a licence—

(*a*) the Registrar shall communicate in writing to the applicant, the reasons for the decision; and

(*b*) the applicant, if not satisfied with the reasons for the decision, may appeal to the Financial Services Appeals Committee within twenty one days of being notified of the Registrar's decision.

(5) A license issued under sub-paragraph (1) shall be valid for a period of three years.

Renewal of a licence

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

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

(*b*) at least two months prior to the expiry of the license; and

(*c*) accompanied by a non-refundable renewal fee of three hundred thousand Kwacha (K300,000.00).

Start up capital

8.—(1) The minimum start-up capital for a portfolio manager shall be fifty million Kwacha (K50,000,000).

(2) A portfolio manager, generally, may not use borrowed funds as start-up capital, and where borrowed funds are used as part of start-up capital, the Registrar may, on his sole discretion, determine the maximum limit of borrowed funds to be used as start-up capital.

Suspension or revocation of a licence

9. The Registrar may, on written notice to a licensed portfolio manager, suspend or revoke the portfolio manager's licence where the Registrar is satisfied that—

(*a*) any director or officer of the portfolio manager has become subject to a statutory disqualification;

(*b*) any director or officer of the portfolio manager is subject to a statutory restriction;

(*c*) the licensed portfolio manager or any of its officers contravened any provision of the Act, the Securities Act or any Directive made thereunder;

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(*d*) the portfolio manager is in an unsound financial position or is likely to be in an unsound financial position;

(*e*) the portfolio manager is not carrying on or is likely not to carry on, the business in respect of which it was licensed, with integrity, prudence, professional skill or sound business principles;

(*f*) the portfolio manager has failed to comply with any of the conditions of its license;

(*g*) the portfolio manager has supplied misleading or false information to the Registrar or the public; or

(*h*) the portfolio manager is unable to meet its liabilities and other debt obligations as they become due.

PART IV—MINIMUM CAPITAL REQUIREMENTS

Minimum net capital requirements

10.—(1) A licensed portfolio manager shall, at all times, maintain a minimum net capital of fifty million Kwacha (K50,000,000.00).

(2) For purposes of this paragraph, "net capital" means shareholders' 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 the immediate family, group and associated companies and employees;

(*c*) deducting all debts doubtful of collection;;

(*d*) deducting the difference between cost and market value of securities where market value is lower;

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

(*f*) deducting all contingent liabilities.

(3) A licensed portfolio manager shall review its net capital position, on a monthly basis and in the event of a shortfall, regularize the capital position as soon as possible, and in any event, within thirty calendar days of the net capital falling below the required minimum net capital.

(4) The Registrar may determine higher capital requirements for a specific portfolio manager where the supervisory review process reveals

existing risks in the portfolio manager warranting the increase.

PART V—GENERAL REQUIREMENTS

Record keeping

11. A licensed portfolio manager shall maintain and preserve records for a period of seven years and comply with the Financial Services (Record Keeping for Securities Market Players), 2012.

Securities representatives

12. A licensed portfolio manager shall employ, on a full time basis, at least two securities representatives, who shall possess at least one of the relevant qualifications and number of years of experience set out in the Fourth Schedule hereto.

Investment policy statement or mandate

13.—(1) A licensed portfolio manager shall enter into a written investment policy statement or mandate with each customer.

(2) The investment policy statement or mandate shall record the arrangements made between the portfolio manager and the customer, and shall,—

(*a*) state the investment objectives of the customer and any investment restrictions that apply to the management of the portfolio of securities;

(*b*) stipulate whether the portfolio manager may invest in foreign investments, and where permitted, the currency and other risks associated with such investments shall be stated;

(*c*) stipulate in whose name the investments are to be registered;

(*d*) stipulate the name of the bank, the name of the account and the account number of the account opened at the bank or other bank account, where opened in the name of the customer, in which the licensed portfolio manager shall deposit moneys received in connection with the management of the portfolio of securities and, where applicable, make withdrawals from the account;

(*e*) stipulate, where applicable, at which intervals any cash accruals including dividends and interest, which the licensed portfolio manager receives on behalf of a customer, shall be paid to the customer;

(*f*) stipulate the basis, the manner and the intervals at which the customer will remunerate the licensed portfolio manager for management of portfolio of securities on his behalf;

(*g*) provide the customer with reports and statements which may be sent in electronic or printed format;

(*h*) empower either the portfolio manager or the customer to terminate the mandate after giving notice in writing of sixty (60) calendar days; and

(*i*) stipulate whether the licensed portfolio manager may vote on behalf of its customers in respect of their investments.

(3) Where the mandate of a licensed portfolio manager is terminated, the portfolio manager shall—

(*a*) return all cash, assets and documents of title to the customer and simultaneously provide the customer with a detailed final statement of account within the notice period in subparagraph (2) (*h*); and

(*b*) where the assets and documents of title are in possession of a custodian bank, issue an instruction to the custodian bank to return the assets and documents of title to the customer.

(4) Where the Registrar suspends or revokes a licence of a portfolio manager, all mandates shall automatically be cancelled without prejudice to the rights and obligations of the portfolio manager and the customer, notwithstanding any notice period in terms of the mandate.

Records for customer assets

14. A licensed portfolio manager shall—

(*a*) maintain a separate set of accounting records for all assets held on behalf of customers, and the records shall be updated on monthly basis;

(*b*) provide a receipt when documents of title are lodged with them and the receipt shall identify the particulars of the documents of title;

(*c*) ensure that all customer assets are dealt with in accordance with the mandate given by the customer;

(*d*) maintain a separate bank account designated as such for customer funds and, all customer moneys shall be clearly discernible from the moneys of the licensed portfolio manager;

(*e*) receive all other forms of payment other than cash from customers;

(*f*) ensure that any interest accruing to the customer account is payable to the customers;

(*g*) ensure that all bank charges in the customer's account are met by the licensed portfolio manager except in cases where it is clearly identifiable to a particular customer, in which case, the bank charges shall be debited to that customer;

(*h*) perform a physical verification of the securities held on behalf of customers and reconcile with the client records every quarter; and

(*i*) ensure that all customer assets not registered in the name of a customer, or a nominee company of a customer, are held by a custodian bank licensed under the Banking Act, 2009 pursuant to a written contract between the licensed portfolio manager and the bank, and that the customer assets, shall be clearly discernible from the assets of the licensed portfolio manager.

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Duties to customers

15.—(1) A licensed portfolio manager shall—

(*a*) place customer interests before its own;

(*b*) preserve the confidentiality of information communicated by customers within the scope of the portfolio manager and customer relationship but, a portfolio manager shall, in accordance with the law, report to the Registrar any suspected illegal activities by customer;

(*c*) refuse to participate in any business relationship or accept any gift that could reasonably be expected to affect its independence, objectivity, or loyalty to customers;

(*d*) use reasonable care and prudent judgment when managing customer assets;

(*e*) not engage in practices designed to distort prices or artificially inflate trading volume with the intent to mislead market participants;

(*f*) deal fairly and objectively, with all customers when providing investment information, making investment recommendations or taking investment action;

(*g*) have a reasonable and adequate basis for investment decisions and act only after undertaking due diligence to ensure it has sufficient knowledge about specific investments or strategies;

(*h*) when managing a portfolio according to a specific mandate,—

(i) only take investment actions that are consistent with the stated objectives and constraints of that portfolio; and

(ii) provide adequate disclosures and information so that customers can consider whether any proposed changes in the investment style or strategy meet their investment needs.

(2) A licensed portfolio manager shall, before providing investment advice or taking investment action on behalf of a customer,—

(*a*) evaluate and understand the customer's investment objectives, tolerance for risk, time horizon, liquidity needs, financial constraints and any other unique circumstances and use this information to create a written investment policy statement which shall be updated regularly; and

(*b*) determine that an investment is suitable to a customer's financial situation and consistent with the investment objectives of that customer as stated in the investment policy statement.

Portfolio performance information and valuation

16. A licensed portfolio manager shall—

(*a*) ensure that its performance information is fair, accurate, relevant, timely, and complete and not misrepresent performance of individual portfolios or of their companies;

(*b*) use fair market prices to value customer holdings and apply in good faith, methods to determine the value of any securities for which no readily available independent third-party market quotation is available at least once every three years; and

(*c*) send a statement of value of customer holdings to its customers quarterly.

Disclosure to customers

17.—(1) A licensed portfolio manager shall—

(*a*) provide adequate disclosures to customers on an ongoing and timely basis;

(*b*) unless a customer agrees in writing not to receive a report, furnish to every customer a report on investments every quarter, and the report shall contain sufficient information to enable the client to—

(i) prepare a set of financial statements;

(ii) determine the composition of the assets comprising the investment and any changes in the composition from the date of the last reporting period; and

(iii) determine the market value of the assets and the changes in the values from the date of the last reporting period;

(*c*) ensure that disclosures are prominent, truthful, accurate, complete, and understandable, and are presented in a format that communicates the information effectively; and

(*d*) when making disclosures or providing information to customers concerning portfolio managers, include any material facts concerning the portfolio manager's personnel, investments or the investment process.

(2) A licensed portfolio manager shall disclose to a customer—

(*a*) any conflicts of interests generated by any relationships with a stock broker or other entity, other customer accounts, fee structures or such other matters;

(*b*) any investment process, including information regarding strategies and risk factors;

(*c*) management fees and other investment costs charged to customers, including costs that are included in the fees and the methodologies for determining fees and costs; and

(*d*) valuation methods used to make investment decisions and value customer holdings.

Information on customers

18.—(1) A licensed portfolio manager shall maintain an account for each customer containing at least the following information—

(*a*) for individuals—

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

(ii) telephone numbers or e-mail addresses if any;

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

(iv) proof of source of funds;

(v) tax identification information; and

(vi) copy of passport or driving licence or national identity number; and

(*b*) for corporate entities—

(i) name and registered address;

(ii) telephone numbers;

(iii) names and designations of persons authorized to transact business on behalf of the entity;

(iv) copy of the Certificate of Incorporation; and

(v) tax payer identification number.

(2) Notwithstanding subparagraph (1), the information kept shall also be in compliance with customer information requirements made pursuant to the Money Laundering, Proceeds of Serious Crime and Terrorist Financing Act. Cap. No. 8:07

PART VII—REVOCATION

Records of complaints by customers

19. A licensed portfolio manager shall keep records of all complaints by customers and the action taken by the portfolio manager to address the complaints.

Payments to stock brokers

20. A licensed portfolio manager shall, by bank transfer, pay to a stock broker, amounts owing following the execution of trade orders upon receipt of a contract note, within twenty four hours.

Obligations to report fraud

21. A licensed portfolio manager, shall immediately report to the Registrar, any fraud or malpractices being investigated or reported, against their member of staff or customer.

Reports

22.—(1) A licensed portfolio manager shall, on a monthly basis, prepare —

(*a*) a call report comprising statement of comprehensive income, financial position, statement of cash flow; and

(*b*) a report on funds under management.

(2) A licensed portfolio manager shall, within ten (10) days of the end of each calendar month, submit to the Registrar—

(i) the monthly call report, in the format set out in the Fifth Schedule hereto; and

(ii) the report on funds under management, in the format set out in the Sixth Schedule hereto.

(3) A licensed portfolio manager shall submit a copy of the audited financial statement, management letter and auditor's report to the Registrar within three months of the end of the financial year.

Insurance cover

23. A licensed portfolio manager shall obtain professional indemnity and fidelity insurance covers the value of which, shall be sufficient to cover losses or risks that may arise in the course of business.

Supervision of employees

24. Every licensed portfolio manager shall—

(*a*) be under a duty to actively supervise all employees and persons operating under it's authority to ensure that they comply with the portfolio manager's internal procedures, requirements of this Act and the Securities Act; Act No. 20 of 2010

(*b*) have established written procedures approved by the Board of the portfolio manager on how supervision under subparagraph (a) is to be conducted.

Conduct of business

25. Every portfolio manager and every person associated with the portfolio manager, shall, in the conduct of business, observe high standards of commercial honour and just and equitable principles of trade, having due regard to the maintenance of fair and orderly markets, and protection of investors.

Prohibited practices

26. A licensed portfolio manager shall not engage in origination of any type of facility and any other practice that the Registrar prohibits or is offered under a different class of licence unless the Registrar approves and is satisfied that—

(*a*) there is a complete separation of duties within the portfolio manager such that facility origination and fund management services are performed by different departments within the establishment; and

(*b*) the portfolio manager undertakes to make a complete and full disclosure to its clients before participating in the facility.

PART VI—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 (K20,000.00) and ten thousand Kwacha (K10,000.00) thereafter, for each subsequent day that the portfolio manager remains in default;

(*b*) failure to submit annual audited financial statements, management letter and auditor's report by the due date, a penalty of one hundred thousand Kwacha (K100,000.00) and ten thousand Kwacha (K10,000.00) thereafter, for each subsequent day that the portfolio manager remains in default;

(*c*) failure to meet other requirements of this Directive, a penalty of up to ten million Kwacha(K10,000,000.00) ; and

(*d*) 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 payment of the penalties in this Directive shall be through a bank certified cheque payable to the Reserve Bank of Malawi within ten working days after being notified of the violation.

Administrative penalties Act No. 20 of 2010

28. In addition to the monetary penalties imposed in paragraph 21, the Registrar may impose directions and administrative penalties as provided for under the Act and the Securities Act.

PART VI—REVOCATION

Revocation

28. The Securities (Portfolio Manager) Directive, 2011 is hereby revoked.

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

APPLICATION BY A COMPANY FOR A LICENCE TO OPERATE AS A PORTFOLIO MANAGER

LICENCE APPLICATION FORM

All questions must be answered in full.

Application is hereby made for the grant of a licence as a Portfolio Manager under the Financial Services Act 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. Facsimile 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 portfolio management 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 portfolio management must be included):
14. Details of securities representatives (Please provide names, addresses, educational and professional qualifications, employment history and details of previous experience in portfolio management must be included):
15. Names and addresses of all shareholders who own 5% or more of the equity capital:
16. Give details of the company bankers and details of 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 must 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.

(*d*) has the applicant, a Director or Principal Officer of the applicant been convicted of any offence, or are there any proceedings now pending for any offence involving fraud or dishonesty?

.....

(If so, please provide details)

(*e*) has the applicant company had judgment involving findings of fraud or other dishonesty, or violence, misrepresentation, breach of contract, breach of fiduciary duty or professional negligence given against the company, in any civil proceedings, or are there any proceedings now pending for any offence involving fraud or dishonesty?

.....

(If so, please provide details)

(*f*) has the applicant company 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)

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

.....

(If so, please provide details)

(*h*) has a petition presented in a court for company's winding up?

.....

(If so, please provide details)

(*i*) has any director or officer of the applicant company been subjected to any form of disciplinary proceedings or action by any professional or regulatory body?

.....

(If so, please provide details)

(j) Please attach the following documents—

(i) copy of Certificate of Incorporation

(ii) copy of the Memorandum and Articles of Association

(iii) copy of the last audited financial statements

(iv) cheque for one five hundred thousand Kwacha (MK500,000.00) being non refundable licence application fee.

We the undersigned do hereby certify that—

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

(*b*) this application is made in good faith with the purpose and intent that affairs of the portfolio management company will at all times be honestly conducted with good and sound business principles and in full compliance with all applicable laws and regulations.

(*c*) to the best of our knowledge and belief there are no other facts or information relevant to this application of which the Registrar should be made aware of 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

Notes:

1. 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.

2. 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.

3. A non refundable licence processing fee of five hundred thousand Kwacha (MK500,000.00)payable to the Reserve Bank of Malawi must be included with the application.

SECOND SCHEDULE (par 6(2))

FINANCIAL SERVICES ACT, 2010

PORTFOLIO MANAGER LICENCE

A LICENCE is hereby granted to.....of..... to operate as a portfolio manager. This licence is issued subject to the provisions of the Financial Services Act, 2010 and is valid for a period of three years from.....to.....

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

.....
REGISTRAR OF FINANCIAL INSTITUTIONS

THIRD SCHEDULE (par 7(1) (*a*))

LICENCE RENEWAL APPLICATION FORM

APPLICATION FOR A LICENCE RENEWAL TO OPERATE AS A PORTFOLIO MANAGER

All questions must be answered in full.

Application is hereby made for the renewal of a licence as a Portfolio Manager under the Financial Services Act and the following statements are made in respect thereof—

(1) Name of company:

(2) Number of previous 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) Facsimile numbers:

(10) Details of share capital:

(*a*) issued Capital:

(*b*) paid Up Capital:

(*c*) shareholders Fund:s

(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/dealing 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 portfolio management must be included):

(14) Details of securities representatives(Please provide names, addresses, educational and professional qualifications, employment history and details of previous experience in portfolio management must be included):

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

(16) Give details of the company bankers and details of bank accounts.

(17) Please include the following information, if there have been any changes since the licence was granted:

(*a*) an organization chart showing the designations and levels of authority of staff;

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

(18) Has the applicant, a Director or Principal Officer of the applicant—

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

.....

(If so, please provide details)

(*b*) had judgment involving findings of fraud or other dishonesty, or violence, misrepresentation, breach of contract, breach of fiduciary duty or professional negligence given against it/him?

.....

(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 and/or manager been appointed in respect of any of the assets of the applicant?

.....

(If so, please provide details)

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

.....

(If so, please provide details)

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

.....

(If so, please provide details)

(*g*) please attach the following documents—

(i) copy of the last audited financial statements;

(ii) cheque for three hundred thousand Kwacha (MK300,000.00) being the fee payable for the renewal of licence;

We the undersigned do hereby certify that:

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

(*b*) This application is made in good faith with the purpose and intent that affairs of theportfolio management company will at all times be honestly conducted with good and sound business principles and in full compliance with all applicable laws and regulations.

(*c*) To the best of our knowledge and belief there are no other facts or information relevant to this application of which the Registrar should be made aware of 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

Notes:

(1) 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.

(2) A non refundable licence processing fee of three hundred thousand Kwacha (MK300,000) payable to the Reserve Bank of Malawi must be included with the application.

FOURTH SCHEDULE (para. 12)

QUALIFICATIONS AND EXPERIENCE FOR SECURITIES REPRESENTATIVES

PART I—LOCAL QUALIFICATIONS

Local Qualifications	Requisite Experience
Institute of Chartered Accountants in Malawi Technician Diploma	4 years
A business degree from a recognized University	1 year
Institute of Chartered Accountants in Malawi Certificate	1 year
Other qualifications evaluated by Registrar on a case by case basis	As may be determined by the Registrar

PART II—FOREIGN QUALIFICATIONS

Foreign Qualifications	Requisite Experience
Investment Advice Certificate from the South African Institute of Financial Markets	1 year
A business degree from a recognized University	1 year
Registered Persons Examinations Certificate from of the South African Institute of Financial Markets	2 years
Association of Chartered Certified Accountants (ACCA) or Chartered Institute of Management Accountant (CIMA)	1 year
CertificateChartered Financial Analyst (any level)	None
Other qualifications evaluated by Registrar on a case by case basis	As may be determined by the Registrar

FIFTH SCHEDULE (para 22)

REPORTS

PORTFOLIO MANAGERS CALL REPORT

STATEMENT OF FINANCIAL POSITION FOR

.....

EQUITY AND LIABILITIES

1. SHAREHOLDER'S EQUITY:

1.1 share capital-paid up :.....

1.2 share premium account :.....

1.3 shareholders advances :.....

1.4 retained earnings or profit :.....

1.5 capital grant :.....

1.6 Total

:.....

2. NON CURRENT LIABILITIES

2.1 deferred tax :.....

2.1 long term loan :.....

2.2 others (specify) :.....

2.3 Total

:.....

3. TOTAL CAPITAL EMPLOYED

:.....

4. CURRENT LIABILITIES:

4.1 creditors and accruals :.....

4.2 due to group :.....

4.3 taxation payable:.....

4.4 bank overdraft :.....

4.5 other (specify):.....

4.6 Total

:.....

5. TOTAL EQUITY AND LIABILITIES

:.....

ASSETS

1. NON CURRENT ASSETS:

1.1 land and office buildings:.....

1.2 motor vehicles and equipment :.....

1.3 deferred tax :.....

1 4 other investments :.....

1.5 other(specify) :.....

1.6 Total

:.....

2 CURRENT ASSETS:

2.1 debtors and prepayments:.....

2.2 treasury bills :.....

2.3 local registered stocks :.....

2.4 bank balances and cash :.....

2.5 taxation recoverable :.....

2.6 equity investments :.....

2.7 due from group :.....

2.8 other investments(Specify) :.....

2.9 Total

:.....

3 TOTAL ASSETS

:.....

STATEMENT OF INCOME STATEMENT FOR

:.....

1 INVESTMENT INCOME:

1.1 trading income :.....

1.2 non trading income :.....

1.3	interest receivable :.....
1.4	dividend receivable :.....
1.5	rent receivable :.....
1.6	other operating income :.....
1.7	net increase in fair value of equity investments :.....
1.8	Total :.....
2.	INVESTMENT EXPENDITURE
2.1	staff costs:.....
2.2	administrative costs :.....
2.3	exchange difference (net) :.....
2.4	management fees :.....
2.5	auditors remuneration :.....
2.6	listing expenses :.....
2.7	loss or gain on disposal of quity investments :.....
2.8	director's remuneration :.....
2.9	depreciation :.....
2.10	other (specify):.....
2.11	**Total** :.....
3	PROFIT BEFORE INTEREST :.....
4	INTEREST EXPENSE :.....
5	PROFIT BEFORE TAXATION :.....
6	INCOME TAX EXPENSE :.....
7	NET PROFIT/LOSS FOR THE YEAR
8	add: retained earnings :..... balance end of previous year :.....
9	Deduct: Dividends to Shareholders :..... :.....
10	RETAINED EARNINGS CLOSING BALANCE :.....

STATEMENT OF CASHFLOW

:.....

1. OPERATING ACTIVITIES

1.2 cash receipts from clients/investments :.....

1.3 cash paid to suppliers :.....

1.4 cash paid to employees :.....

1.5 cash generated from operations :.....

:.....

1.5 income tax recovered/(Paid) :.....

1.6 interest paid :.....

1.6 cash payments for other operating expenses:.....

1.7 Net Cash from Operating Activities :.....

:.....

2. INVESTING ACTIVITIES

2.1 investment income received :.....

2.2 acquisition or disposal of investments (Net):.....

2.3 acquisition or disposal of property, plant and equipment (Net) :.....

2.4 Cash flow from Investing Activities :.....

:.....

2.5 Net Cash flow Before Financing:.....

:.....

3. FINANCING ACTIVITIES

3.1 proceeds from issue of shares :.....

3.2 dividends paid :.....

3.3 net cash flow from financing activities :.....

:.....

3.6 Net (Decrease or Increase in Cash and Cash Equivalents :.....

:.....

3.7 Cash and Cash Equivalents at Beginning of the Year :.....

:.....

3.8 Cash and Cash Equivalents at End of the Year :.....

:.....

ADDITIONAL STATUTORY INFORMATION

Decrease or Increase in Net Working Capital :.....

:.....

STATEMENT OF NET CAPITAL AS AT

:.....

1. shareholders funds as per statement of financial position
Deduct:
1.1 unsecured loans:.....
1.2 amount due from connected persons:.....
1.3 current assets which are doubtful of recovery :.....
1.4 all deferred expenses or intangible assets included in shareholder funds.....
1.5 all contingent liabilities:.....
1.6 NET CAPITAL

SIXTH SCHEDULE (par 19(2))

REPORT ON FUNDS UNDER MANAGEMENT

Name of Portfolio Manager:		
Reporting Period:		
		Amounts in Mk million
1	Total Funds Under Management	
1.1	monthly total	
2	Flow of Total Funds	
2.1	Balance of total funds at beginning of month	—
2.2	total value of assets acquired during the month	—
2.3	total value of assets sold during month	
2.4	net acquisition/sale of assets (2.2 - 2.3)	
2.5	capital appreciation/depreciation due to changes in prices of assets	—
2.6	other changes in assets (specify)	—
2.7	Balance of total funds at end of month (2.1+2.4+2.5+2.6+2.8+2.9)	xx

2.8	income (interest, dividends, other) earned or accrued during month								—			
2.9	fees, expenses, and other deductions during month											
3	Flow of Foreign Funds											
									SADC assets	Off shore assets	Total foreign assets	
3.1	**Balance of total funds invested outside Malawi at beginning of month**								—	—	x	
3.2	total value of foreign assets acquired during the month								—	—	x	
3.3	total value of foreign assets sold during the month								—	—	x	
3.4	net acquisition/sale of foreign assets (3.2-3.3)								—	—	x	
3.5	capital appreciation/depreciation due to changes in prices of assets								—	—	x	
3.6	other changes in foreign assets (specify, e.g. exchange rate changes)								—	—	x	
3.7	Balance of total funds invested outside Malawi at end of month (3.1+3.4+3.5+3.6)								—	—	xx	
3.8	income earned or accrued on foreign assets during month								x	—	x	
3.9	fees, expenses, and other deductions paid/ payable to non-residents during month								—	—	x	
4	Asset and Country Allocation											
									Malawian assets	SADC assets	Off shore assets	Total assets
4.1	Money market investments								—	—	—	x
a)		treasury bills							—	—	—	x
b)		negotiable certificates of deposit							—	—	—	x
c)		banker's acceptances							—	—	—	x
d)		debentures							—	—	—	x

e)	notice, call and other deposits						—	—	—	x
f)	other (specify)				-		—	—	—	x
4.2	listed securities: equity						—	—	—	x
4.3	listed securities: debt						—	—	—	x
4.4	unlisted securities: equity						—	—	—	x
4.5	unlisted securities: debt						—	—	—	x
4.6	unlisted Investments Property						—	—	—	x
4.7	other assets (specify)						—	—	—	x
4.8	Total Funds Allocated						xx	xx	xx	xxx
	As % of total						x	X	x	100
5	Source of Funds									
		Money market	Listed equity	Listed debt	Unlisted equity	Unlisted debt	Unlisted investments	Other assets	Total assets	As % of total
5.1	Pension funds	x	x	x	x	x	x	x	x	x
5.2	General/Non Life Insurance Cos (Short term)	x	x	x	x	x	x	x	x	x
5.3	Life Insurance Companies (Long term)	x	x	x	x	x	x	x	x	x
5.4	Medical aid funds	x	x	x	x	x	x	x	x	x
5.5	Unit trust schemes-Closed end	x	x	x	x	x	x	x	x	x
5.6	Companies	x	x	x	x	x	x	x	x	x
5.7	Natural persons-Residents	x	x	x	x	x	x	x	x	x
5.8	Natural persons-Non Residents	x	x	x	x	x	x	x	x	x
5.9	Donor funds/Project funds	x	x	x	x	x	x	x	x	x
5.10	Other sources (specify)	x	x	x	x	x	x	x	x	x
5.11	Total Funds by Source /Allocation	xx	xx	xx	xx	xx	xx	xx	xx	100
	As % of total	X	x	X	x	x	x	x	100	

Principal Officer							Date		

Made this 4th day of May, 2015.

C. S. R. CHUKA
Registrar of Financial Institutions

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