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

Signature of Director.....

Name.....

Signature of Director.....

Name.....

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 renewal fee of one hundred thousand Kwacha (K100,000.00) payable to the Reserve Bank of Malawi must be accompanied with the application.

FOURTH SCHEDULE para. 6 (*b*))

MINIMUM QUALIFICATIONS AND EXPERIENCE FOR ATLEAST TWO EMPLOYEES

QUALIFICATIONS	EXPERIENCE
Professional qualification in company secretarial practice	1 year
Business degree from a recognised university or relevant professional qualification.	2 years
Other qualifications evaluated by Registrar on a case by case basis	Determined by Registrar on a case by case basis

Made this 4th day of May, 2015..

C. S. R. CHUKA
Registrar of Financial Institutions

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

GOVERNMENT NOTICE No. 29

SECURITIES ACT, 2010

(No 20 OF 2010)

SECURITIES (PREMISES INSPECTION REQUIREMENTS FOR SECURITIES MARKET PLAYERS) DIRECTIVE, 2015

ARRANGEMENT OF PARAGRAPHS

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Third Schedule	Form: Minimum requirements for premises
Fourth Schedule	Form: Premises Inspection Certificate

IN EXERCISE of the powers conferred by section 67 (1) of the Securities 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 Securities (Premises Inspection Requirements for Securities Market Players) Directive, 2015.

Interpretation

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

"agent" means an entity that has been contracted by a securities market player to provide services on its behalf;

"branch" means a physical location, including a head office, where a securities market player offers full range of products and services without restrictions, except as determined by the Registrar; and—

"securities market players" refers to stock exchanges, brokers and dealers, portfolio managers, transfer secretaries, operators of collective investment schemes, and securities market intermediaries.—

PART II—OBJECTIVES

Objectives

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

(*a*) securities market players operate in safe premises with necessary security arrangements and operational infrastructure;

(*b*) premises of securities market players are of a high standard to command the trust and confidence of both the public and customers; and

(*c*) premises are maintained up-to-date commensurate with the changing times and environment.

PART III—REQUIREMENTS

Recognised premises

4. In addition to branches and any other premises for which prior approval has been obtained, a securities market player may recruit agents to offer relevant securities services.

Board and management responsibilities

5.—(1) The board of directors of a securities market player shall put in place policies, procedures and internal controls with regard to acquisition, revaluation, maintenance, depreciation and disposal of premises.

(2) A securities market player shall—

(*a*) obtain approval of its board of directors prior to acquisition and disposal of premises;

(*b*) keep a register of its premises, together with all agreements relating to the premises; and

(*c*) regularly review and reconcile its fixed assets register to ensure that all necessary entries with regard to acquisition, revaluation, depreciation and disposal of assets are properly recorded.

(3) A securities market player shall ensure that, where applicable—

(*a*) the title or lease of its premises is legally valid, and that any necessary steps such as deed registration are taken in a timely manner;

(*b*) the premises have adequate insurance cover; and

(*c*) the use of the premises conforms to all regulations applicable at the location.

PART IV—APPROVAL PROCESS

Prior approval

6—(1) A securities market player shall seek prior written approval from the Registrar, in respect of—

(*a*) any acquisition, renovation or construction of its premises;

(*b*) upgrading or merging of the premises; and

(*c*) closure or downgrading of the premises.

(2) All applications for approval referred to in subparagraph (1) shall be accompanied by a business case.

(3) An application for opening a place of business shall be in the Form set out in the First Schedule hereto and shall be accompanied by—

(*a*) a summary report showing performance of the institution; and

(*b*) an organization structure for the proposed place of business.

Conditions for granting approval

7.—(1) In granting approval for applications under paragraph 6, the Registrar shall consider the following—

(*a*) the proposed location;

(*b*) merits and demerits of the proposal, including its impact on the financial inclusion agenda;

(*c*) the most recent performance indicators and condition of the securities market player; and

(*d*) whether the securities market player is not under any administrative or enforcement action.

Change of place of business

8.—(1) A securities market player shall not change a place of business, without the prior written approval of the Registrar.

(2) An application for approval to change a place of business shall be made to the Registrar in the form set out in the Second Schedule hereto and shall be accompanied by the following information—

(*a*) the basis for the change of location and plan for settlement or transfer of claims and liabilities;

(*b*) expected date of relocation; and

(*c*) analysis of the potential and feasibility for changing the premises location.

(3) The Registrar shall, within thirty (30) days of receiving a complete application, grant approval in writing to an application of change of place of business, if satisfied that all requirements set out in this Directive have been fulfilled.

(4) Where the Registrar has not granted approval to an application of change of place of business, he shall communicate in writing to the applicant, the reasons for the decision.

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

Closure of place of business

9.—(1) A securities market player shall seek prior written approval of the Registrar when—

(*a*) closing a place of business in a manner so as to permanently cease operation of business; or

(*b*) closing temporarily a place of business.

(2) An application to close a place of business shall be made to the Registrar in the form set out in the Second Schedule hereto and shall be accompanied by a plan for settlement or transfer of assets and liabilities.

(3) Where approval is granted to close a place of business permanently, a securities market player shall—

(*a*) give notice of the closure to the public, at least three (3) months prior to such closure; and

(*b*) report the closure to the Registrar, not later than fourteen (14) days after the closure.

(4) A notice of closure shall be made—

(*a*) by placing notices within and around the premises notifying customers of the intended closure;

(*b*) in at least two newspapers of nationwide circulation; and

(*c*) to all relevant government administrative offices in the area of the place of business.

PART V—PREMISES INSPECTION

Inspection of new premises

10.—(1) A securities market player shall inform the Registrar of its intention to occupy premises in which it intends to operate from, at least two (2) weeks, prior to occupying the new premises.

(2) The notification referred to in subparagraph (1), shall include—

(*a*) a copy of a letter from the Registrar in which prior written approval was granted in terms of paragraph 6;

(*b*) a specific date on which the new premises are expected to open for business;

(*c*) preferable dates on which the Registrar may inspect the new premises; and

(*d*) precise location of the new premises.

(3) The Registrar shall inspect the new premises prior to occupation and assess the suitability of the premises in line with the requirements set out in the Third Schedule hereto.

(4) For security reasons, premises of a securities market player shall not be in a storey building where the upper floor or vice versa, is residential.

(5) Where the premises do not satisfy the requirements stipulated in this Directive—

(*a*) the securities market player shall rectify the shortfalls;

(*b*) the Registrar shall re-inspect the rectified premises; and

(*c*) the securities market player shall bear all costs for the re-inspection.

Premises certificate

11. Where premises of a securities market player are found suitable, the Registrar shall issue a premises inspection certificate in the Form prescribed in the Fourth Schedule hereto.

PART VI—ENFORCEMENT

Routine premises inspection

12—(1) The Registrar shall conduct routine premises inspections to ensure that a securities market player maintains its premises to the required standards.

(2) Where a securities market player does not meet the requirements of this Directive—

(*a*) he shall rectify the deficiencies within the time period stipulated by the Registrar;

(*b*) the Registrar shall re-inspect the premises; and

(*c*) the securities market player shall bear the cost of the re-inspection.

(3) If upon a re-inspection, or expiry of a deadline provided in subparagraph (2), the deficiencies remain unrectified, the Registrar shall revoke the premises inspection certificate.

Higher standards for premises

13. The Registrar may require a securities market player to meet higher standards than the standards prescribed under this Directive, based on the nature and volume of services offered at the premises.

PART VI—ENFORCEMENT

Monetary penalties

14.—(1) The Registrar shall impose the following penalties for violation of this Directive—

(*a*) for a securities market player, up to fifty million Kwacha (K50,000,000.00); or

(*b*) for a natural person who is a member of the board of directors or management of a securities market player, up to ten million Kwacha (K10,000,000.00).

(2) A securities market player or a natural person shall pay the penalty in subparagraph (1), through a bank certified cheque payable to the Reserve Bank, within ten (10) working days after being notified of the violation.

Administrative penalties

Act No. 26 of 2010

15. In addition to the monetary penalties imposed in paragraph 14, the Registrar may impose directions and administrative penalties as provided for under the Act and the Financial Services Act, 2010.

FIRST SCHEDULE

FORM

APPLICATION TO OPEN A NEW PLACE OF BUSINESS

PART I—GENERAL INFORMATION

1. Name of institution:.....

2. Type and number of licence:.....

3. Locations of branches and outlets and dates of establishment

Type of Premises	*Date*	*Established*	*Location*

PART I—PLACE OF BUSINESS

4. Type of the proposed place of business (branch, agency)

.....

5. Exact location of the proposed place of business.....

(*a*) Location: district/town.....

(*b*) Postal address and telephone numbers.....

(*c*) Physical address .....

9. Whether a suitable premises is available?

.....

If not, what arrangements are proposed to be made?.....

.....

10. Proposed date of commencing operations.....

11. Do you plan to change the status of the place of business?.....

If yes, state proposed type of status and when?.....

.....

Signed.....

Chief Executive Officer/Principal Officer

Date: .....

SECOND SCHEDULE (paras. 8(2) and 9(2))

FORM

APPLICATION TO CLOSE OR RELOCATE AN EXISTING PLACE OF BUSINESS

PART I—GENERAL INFORMATION

1. Name of institution.....

   Type and number of licence.....

2. Total number and locations of branches and outlets and dates of establishment

   .....

3. Provide names of significant shareholders, nationality, address and their respective percentage shareholding.....

5. Type of current place of business to be closed or relocated (i.e. branch, agency.)

   .....

PART I—RELOCATION

6. Name of the place of business to be relocated if already identified.....
   (*a*) Postal address and telephone numbers-.....
   (*b*) Physical address- .....
   (*c*) District, City/ Town-.....

7. State reasons necessitating relocation of place of business.....

   .....

8. Proposed new location of the place of business.....
   (*a*) Postal address and telephone numers.....
   (*b*) Physical address - .....
   (*c*) District, City/ Town.....

9. Is the new place of business—
   (*a*) Self-owned?.....Yes/No*...If yes, cost of purchase or construction.....
   (*b*) Leased?..... Yes/No*.....If yes, provides lease agreement
   (*c*) If agency type, provide agency agrement?.....

10. Proposed date of commencing opertions.....

11. Do you plan to change the status of the proposed place of business?..... If yes, state the proposed type of status and when?.....

PART I—CLOSURE

12. Location of current place of business proposed to be closed—
   (*a*) Postal address and telephone numbers.....

(*b*) Physical address .....

(*c*) District, City/Town.....

13. State reasons necessitating closure of place of business

.....

14. Indicate profitability of the branch, in the last three years.....

15. Provide the proposed action plan on the settlement of assets and liabilities on existing customers.....

16. Provide the proposed action plan on current branch employees.....

17. Are there other securities business facilities provided in the vicinity?.....
If so, state by whom.....

Signed.....

Chief Executive Officer/ Principal Officer

Date: .....

THIRD SCHEDULE (para. 10(3))

FORM

MINIMUM REQUIREMENTS FOR PREMISES

Below are the minimum requirements which a securities market player shall meet at its business premises. Some are mandatory (designated as "M"), while others are optional (designated as "O") depending on whether the premises are a licensed institution head office, branch or agency.

CHARACTERISTICS	*Head Office*	*Branch/ Agency*
1 *General Outside Surroundings*		
• Ensure that the outer walls are of strong reinforcement materials	M	M
• Windows must have blinds or tinted to obscure outsiders from observing transactions conducted inside. O	O	
• Backyard windows must be reinforced	M	M
The surrounding perimeter must have all the necessary security features to cater for the day and night. Such security features shall include—		
(*a*) alarm or satellite communication system that must be connected to the securities market player's management for speedy communication to security agents or police;	O	O
(*b*) security lights;	O	O

CHARACTERISTICS	*Head Office*	*Branch/ Agency*
(*c*) a fence;	O	O
(*d*) Security guards/commissionaires for day and night who should have access to alarm system	M	M
(*e*) Signage post that must be conspicuously displayed.	M	M
• Entrance and exit doors must be protected (e.g. with intruder alarm, strong steel trellis bars or burglar bars)	M	M
• The premises should at least have a customers' car park	M	M
• Availability of strong room or chubb	M	M
• The strong room or chubb if available must be dual controlled, securely located out of customers' sight, made of heavy iron, and preferably fire proof	M	M
• Ensure that the front office has reliable, fast, efficient computers for better customer service	O	O
• Ensure that there are monitoring cameras (closed circuit television system) in all the strategic areas, e.g. entrance or exit doors, corridors, and front or back yard.	O	O
All strategic areas must have— (*a*) smoke detectors; (*b*) fire extinguishers that must be regularly tested for functionality; (*c*) ensure that there are emergency exit doors (e.g. one way opening from inside) and an Emergency Evacuation Plan; and (*d*) the roof must be properly secured e.g. intruder alarm system	M	M
• For speedy communication, ensure that reliable telephone and internet facilities are installed and functional.	M	M
3. Other Features • The premises must have an off-site back-up centre for their data and systems	M	M
• Utilities such as electricity, water, etc., must be available and in working order	M	M
• In view of frequent blackouts, it is necessary to have a standby power generator or uninterruptible power supply (UPS) to cater for periods of power failures	M	O
• Ensure that operational policies and procedural guidelines of a securities market player are in place and are made available and known by relevant users	M	M

FOURTH SCHEDULE (para. 11)

FORM

PIC No.....

PREMISES INSPECTION CERTIFICATE

THIS IS TO CERTIFY that the Registrar of Financial Institutions conducted a premises inspection of located at.....and has deemed the premises appropriate for securities market business.

This Certificate is *not a licence* to conduct securities market business. It shall become invalid upon withdrawal of the securities market business licence or deterioration of premises and facilities therein.

Made this 4th day of May, 2015.

C. S. R. CHUKA
Registrar of Financial Institutions

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

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