GOVERNMENT NOTICE NO. 14

INSURANCE ACT

(NO. 6 OF 2025)

INSURANCE (AUTHORIZATION AND OPERATIONS OF BANCASSURANCE AGENTS) DIRECTIVE, 2026

IN EXERCISE of the powers conferred by section 110 (2) of the Insurance Act, 2024, I, DR. GEORGE BERNARD PARTRIDGE, Registrar of Financial Institutions, issue the following Directive—

Citation

1. This Directive may be cited as the Insurance (Authorization and Operations of Bancassurance Agents) Directive, 2026.

Application

2. This Directive shall apply to banks, deposit taking microfinance institutions, insurance brokers and insurance companies involved in bancassurance.

Interpretation

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

"senior management official" means—

(a) an executive officer;

(b) an official who reports directly to the board, a committee of the board or an executive officer;

(c) head of department or function; and

(d) an officer declared by the Registrar to be a senior management official; and

"key facts statement" means a disclosure document prepared by a financial institution in relation to a financial product or service which—

(a) summarizes the key terms and conditions of the financial product or service; and

(b) can be used to compare the terms and conditions of a financial product product or service offered by different financial institutions.

Objectives of Directive

4. The objectives of this Directive are to provide for the—

(a) authorization, conduct and mode of operation of bancassurance agents; and

(b) supervision of bancassurance agents.

Application for authorization to conduct business as bancassurance agent

5.—(1) An application for authorization to carry on the business of a bancassurance agent shall be in Form A set out in the *First Schedule* and shall be accompanied by—

(*a*) a board resolution authorizing the applicant to carry on bancassurance business;

(*b*) a curriculum vitae of the proposed head of the bancassurance business, including certified copies of his or her academic and professional qualifications;

(*c*) a duly filled fit and proper requirements questionnaire for the applicant;

(*d*) evidence of professional indemnity insurance and fidelity insurance for the applicant;

(*e*) a copy of a bancassurance agreement signed between the applicant and an insurance company or insurance broker;

(*f*) an application fee of K20,000,000; and

(*g*) any other information as the Registrar may require.

(2) The bancassurance agreement submitted under subparagraph (1)(*e*) shall, at a minimum, include—

(*a*) a list of insurance products to be offered by the applicant;

(*b*) agreed commission and fees;

(*c*) terms and conditions for remitting premium to the insurer;

(*d*) claims handling process, including safeguards available to policyholders;

(*e*) obligations of either party under the agreement during and upon termination of the agreement;

(*f*) duration of the agreement;

(*g*) conditions for termination of the agreement; and

(*h*) dispute resolution mechanism for settling conflicts between parties to the agreement.

Factors to consider in determining application

6. The Registrar shall, in addition to the requirements prescribed under section 32 of the Act, consider the following factors in determining the application submitted under paragraph 5—

(*a*) capacity of the applicant to sell the intended insurance products in accordance with the Act and sound insurance practices; and

(*b*) level of compliance with regulatory requirements by the parties to the bancassurance agreement.

Authorization to conduct business as bancassurance agent

7.—(1) The Registrar shall, upon review of the application submitted under paragraph 5—

(*a*) where the Registrar is satisfied that the applicant has met the prescribed requirements, grant authorization to conduct bancassurance agency business to the applicant in Form B set out in the *First Schedule*; or

(*b*) where the Registrar is not satisfied that the applicant has met the prescribed requirements, reject the application and give reasons for the rejection, in writing.

(2) The Registrar shall, within thirty days of receipt of all the required information from the applicant, notify the applicant of the decision under subparagraph (1).

(3) The authorization granted under subparagraph (1)(*a*)—

(*a*) shall be valid for a period of two years; and

(*b*) may be renewed for a period of two years at a time upon payment of a non-refundable renewal fee of K20,000,000.

(4) A bancassurance agent may be authorized to act as an agent for more than one insurance company.

Restriction on conduct of bancassurance business

8.—(1) A bancassurance agent shall sell and distribute insurance products that—

(*a*) are embedded with loan products of the agent; or

(*b*) cover assets financed by the agent.

(2) The bancassurance agent shall—

(*a*) sell and distribute insurance products under subparagraph (1) to its customers only;

(*b*) ensure that each customer has the right to retain an insurance broker or insurer of his or her choice;

(*c*) ensure that each product offered is in the name of the insurer providing the product; and

(*d*) disclose to a prospective policyholder all applicable insurance products and the name of the insurer offering each of the products.

(3) The bancassurance agent shall not—

(*a*) force or compel its customer to use its bancassurance products;

(*b*) undertake or engage in the business of underwriting risks, or any other insurance business without written authorization by the Registrar; or

(*c*) give the impression or in any way imply to its customers that the agent is an underwriter of the insurance products on offer.

Obligations of bancassurance agent

9.—(1) A bancassurance agent shall—

(*a*) continually train members of staff engaged in the bancassurance business on insurance matters and customer care;

(*b*) not disclose information or data of a policyholder obtained in the course of providing a bancassurance service, except as may be authorized under a written law;

(*c*) remit premiums collected from a policyholder to the insurer within five working days of collection; and

(*d*) notify the Registrar within seven days of the office of the head of the bancassurance business falling vacant.

(2) The notification under subparagraph (1)(*d*) shall be in writing and shall contain the reason that caused the vacancy and the period within which the vacancy shall be filled.

Charging of commission

10.—(1) A bancassurance agent may charge a commission for services rendered in accordance with the bancassurance agreement signed between the agent and the insurer or insurance broker.

(2) The quantum of the commission charged under subparagraph (1) shall be subject to the prior approval of the Registrar.

(3) The bancassurance agent shall not be remunerated in any other form or manner other than as authorized under subparagraph (1).

Responsibilities of head of bancassurance business

11. A head of the bancassurance business of a bancassurance agent shall, among other responsibilities—

(*a*) manage the bancassurance business of the agent;

(*b*) explain terms of insurance products on offer to policyholders and prospective policyholders;

(*c*) ensure that information provided to a prospective policyholder is not misleading or misrepresenting benefits or costs of the insurance product;

(*d*) ensure that a contract and documents issued to a customer comply with statutory and regulatory requirements;

(*e*) inform a prospective policyholder of the premium to be charged by the insurer;

(*f*) process a claim by a policyholder, claimant or beneficiary in line with the Insurance (Claims Management) Directive 2014;

GN. 25/2014

(*g*) inform a customer that the customer is personally responsible for all the answers given or statements made when completing a proposal form, claim form, or any other material document;

(*h*) obtain all the requisite documents and any other documents that may be requested for by the insurer at the time of filing a proposal form;

(*i*) promptly inform a prospective policyholder about the acceptance or rejection of a proposal by an insurer;

(*j*) request a customer to check accuracy of information provided and advise the customer that incomplete and inaccurate information may result in a claim being repudiated;

(*k*) maintain the security and confidentiality of customer information; and

(*l*) ensure that each policy document or key facts statement is sent to the customer as soon as the proposal of the customer is accepted by the insurer, provided that—

(i) the policy document or key facts statement shall be sent to

the customer not later than fourteen working days from the date the agent receives the policy document or key facts statement from the insurance company; and

(ii) the officer shall keep a record of a signed note from the policyholder acknowledging receipt of the policy document or key facts statement.

Maintenance of records

12. A bancassurance agent shall maintain records of the bancassurance business, including—

(*a*) particulars of policyholders;

(*b*) products and services offered by the agent;

(*c*) value of subject matter insured;

(*d*) premiums charged;

(*e*) dates of inception and expiry of insurance policies;

(*f*) a complaints register; and

(*g*) a claims register.

Reporting Requirements

13.—(1) A bancassurance agent shall submit to the Registrar a business financial performance report of the bancassurance business by—

(*a*) 21st July, for business relating to the six-months period ending 30th June; and

(*b*) 21st January, for business relating to the six-months period ending 31st December.

(2) The report submitted under subparagraph (1) shall be in the Form, set out in the *Second Schedule*.

Contravention and penalties

Cap. 44:05

14.—(1) Where the Registrar determines that a bancassurance agent has contravened this Directive, the Registrar may impose an administrative penalty or give a written direction specified under section 39 of the Financial Services Act on the bancassurance agent, or a director or senior management official of the agent.

(2) Where the Registrar decides to impose a monetary penalty, the Registrar shall impose—

(*a*) in the case of a bancassurance agent, a penalty of up to K50,000,000; and

(*b*) in the case of a director or a senior management official of the agent, a penalty of up to K10,000,000.

(3) The offender shall pay the monetary penalty imposed under subparagraph (2) —

(*a*) within ten working days from the date the notice of the penalty is received by the offender; and

(*b*) through an electronic bank transfer in favour of the Reserve Bank of Malawi.

Transitional arrangements

15. A bancassurance agent licensed before the commencement of this Directive shall comply with the Directive within twelve months of the Directive coming into force.

FIRST SCHEDULE

FORM A (para. 5(1))

INSURANCE ACT
(No. 6 of 2025)

APPLICATION FOR AUTHORIZATION TO CARRY ON BUSINESS AS BANCASSURANCE AGENT

1. Name of applicant:.....

2. Contact details:
   (*a*) Postal address:.....
   (*b*) Phone No.:.....
   (*c*) E-mail address:.....
   (*d*) Location of head office:.....

3. List of branches to be involved in bancassurance business:
   (*a*) .....
   (*b*) .....
   (*c*) .....

4. Details of designated principal officer for bancassurance business:
   (*a*) Name:.....
   (*b*) Proffessional and academic qualifications:.....
   (Attach curriculum vitae and certified copies of qualifications for the officer)

5. Licensing status of the applicant:
   (*a*) Licence category for applicant: banking business/microfinance business *(tick as appropriate)*
   (*b*) Status of compliance with regulatory requirements:.....
   .....
   (Attach certified copy of licence to conduct banking or microfinance business)

6. Contribution to financial inclusion:
   (*a*) Explain how grant of a licence to the applicant will contribute to enhancement of financial inclusion in Malawi:.....
   .....
   (*b*) Attach projected financial performance of the bancassurance business for a period of three years.

7. DECLARATION

I/We, the undersigned, do hereby certify that the—

(*a*) information provided in this Form and all supporting documents attached hereto is true and correct to the best of my/our knowledge and belief;

(*b*) designated principal officer for the bancassurance business has the requisite knowledge, qualifications, skills and experience;

(*c*) designated principal officer meets the prescribed fit and proper requirements;

(*d*) applicant will carry on the bancassurance business honestly and in accordance with good and sound business principles; and

(*e*) applicant will at all times comply with the Act and other applicable financial services laws.

I/We further certify that—

(*a*) to the best of my/our knowledge and belief, we have not withheld any information relevant to this application; and

(*b*) shall promptly inform the Registrar of any material change to this application which may arise while the application is under consideration.

NAME	*SIGNATURE*	*TITLE/POSITION*

Date stamp: ……..

FORM B (para. 7(1)(*a*))

INSURANCE ACT

(No. 6 of 2025)

AUTHORIZATION TO CONDUCT BUSINESS AS BANCASSURANCE AGENT

Authorization is hereby granted to.....
of ..... (physical address) ..... (postal address)

to carry on business as a BANCASSURANCE AGENT in Malawi. This authorization is subject to the provisions of the Insurance Act, 2024.

Date of issue:.....

Date of expiry .....

Authorization Certificate Number.....

.....
Registrar of Financial Institutions

SECOND SCHEDULE (para. 13(2))

BANCASSURANCE RETURNS

Name of Entity

General Insurance Business

Class of Business	*Premium (K)*	*Commission (K)*	*Number of Policies*	*Claims (K)*	*Number of Claims*
Fire					
Motor					
Accidents					
Engineering					
Marine					
Liability					
Miscellaneous					
Total					
Life Insurance Business					
Life Insurance (Term and Whole)					
Endowments Life Assurance					
Annuities					
Personal Pension					
Unit-Linked Investments					
Other-Linked Investments					
Non-Linked Investments					
Group Life					
Credit Life					
Income Protection Assurance					
Total					

Made this 13 day of February, 2026.

DR. G. B. PARTRIDGE
Registrar of Financial Institutions

(REF NO. FIN/PFSPD/02/03)

GOVERNMENT NOTICE NO. 15

FINANCIAL SERVICES ACT

(CAP. 44:05)

FINANCIAL SERVICES (RECORD KEEPING REQUIREMENTS FOR SECURITIES MARKET PLAYERS) DIRECTIVE, 2026

IN EXERCISE of the powers conferred by section 34 of the Financial Services Act, I, DR. GEORGE BERNARD PARTRIDGE, Registrar of Financial Institutions, issue the following Directive—

Citation

1. This Directive may be cited as the Financial Services (Record Keeping Requirements for Securities Market Players) Directive, 2026.

Interpretation

2. In this Directive unless the context otherwise requires—

"board" means a board of directors of a market player;

"client" means a person or organisation receiving a service from a market player;

"securities market player" means a stock exchange, securities broker, securities dealer, portfolio manager, custodian, securities market intermediary, an investment advisor and operator of a collective investment scheme; and

"participant" means a Central Securities Depository participant that holds in its custody and administers securities or has an interest in securities deposited in the Central Securities Depository.

Application

3. This directive shall apply to securities market players.

Objective of Directive

4. The objective of this Directive is to prescribe the minimum record keeping requirements for securities market players.

Securities market player to maintain prescribed records

5.—(1) A securities market player shall maintain and preserve records prescribed in this Directive at its principal office, the office through which client transactions or accounts are handled or any other office authorized by the Registrar.

(2) Records maintained under subparagraph (1) shall be—

(*a*) in the English language;

(*b*) kept in such a manner and format as to facilitate easy inspection and audit;

(*c*) produced for inspection by the Registrar on demand;

(*d*) kept for a period of at least seven years from the date of a transaction; and

(*e*) archived in accordance with the archiving policy of the market player, after the expiry of the period prescribed under clause (*d*).

(3) The securities market player may maintain records prescribed under this Directive in electronic format subject to compliance with back-up and

recovery procedures approved by the Registrar.

(4) Where a securities market player maintains a record in electronic format, the securities market player shall, on demand, provide a printed copy of the record.

(5) Where the securities market player intends to change the location where records prescribed under this Directive are maintained, the securities market player shall notify the intended change to the Registrar.

Records to be maintained by a stock exchange

6. A stock exchange shall maintain and preserve the following records—

(*a*) minutes of meetings of its members, board and committees of the board;

(*b*) a register of its members which includes names and contact details of directors and shareholders of the members;

(*c*) a register of securities representatives, authorized dealers and authorized participants;

(*d*) a record of securities transactions, by sector, for each market segment, including the price per unit and quantity of securities bought and sold;

(*e*) statistical information on market turnover and capitalization on a daily, weekly and monthly basis for each market segment;

(*f*) a record of all purchases and sales of securities listed on the stock exchange, which includes the—

(i) date and time of each transaction concluded;

(ii) identity of an authorized user who is a counterparty to each transaction;

(iii) name of the issuer of each security; and

(iv) name or description of each security;

(*g*) a register of—

(i) listed securities, including names of issuers and number of securities listed by each issuer and subsequent changes made thereto; and

(ii) shareholders who hold at least five per cent interest in any listed security;

(*h*) a record of receipts and disbursements from the securities stabilization fund;

(*i*) annual audited accounts of its full and associate members;

(*j*) annual reports of all companies listed on the stock exchange; and

(*k*) financial records of transactions of the stock exchange, including—

(i) a record of assets and liabilities of the exchange;

(ii) financial commitments and contingent liabilities;

(iii) receipts and payouts;

(iv) ledgers;

(v) journals;

(vi) bank statements; and

(vii) reconciliation accounts.

Records to be maintained by a securities broker and dealer

7.—(1) A securities broker and dealer shall maintain and preserve the following accounting documents—

(*a*) journals or other records of original entry containing an itemized daily record of purchases and sales of securities, receipts and deliveries of securities, receipts and disbursements of cash and debits and credits.

(*b*) ledgers or other records relating to assets and liabilities, income and expense and capital accounts;

(*c*) detailed records of nominee accounts;

(*d*) cheque books, bank statements, cancelled cheques and bank reconciliation statements;

(*e*) clients' accounts and other records itemizing each account of a client, including purchases, sales, receipts and deliveries of securities and other debits and credits;

(*f*) memoranda of each client order received for the purchase or sale of securities;

(*g*) copies of confirmation of purchase and sale, including notices of debts and credits for securities and other items for accounts of clients;

(*h*) record of commissions earned on account of equities, bonds and any other security or instrument;

(*i*) copies of contracts and other records, showing details of contracts entered into with full members or associate members of a stock exchange and copies of memoranda of continuation issued to the members; and

(*j*) any other accounting documents as may be determined by the Registrar.

(2) The records maintained under subparagraph (1) (*a*) shall show—

(*a*) the account for which each transaction was effected;

(*b*) the name, certificate number and amount of each security;

(*c*) the unit and aggregate purchase or sale price of each security; and

(*d*) the trade date and the name or other designation of the person from whom each security was purchased or received or to whom it was sold or delivered.

(3) The record kept under subparagraph 1(*f*) shall show—

(*a*) orders in chronological sequence;

(*b*) the time of receipt of each order;

(*c*) the terms and conditions of each order and any modification or

cancellation thereof;

(*d*) the account for which the order was entered;

(*e*) the time of placing the order;

(*f*) the price at which the order was executed; and

(*g*) to the extent feasible, the time of execution of each cancellation.

(4) A securities broker and dealer shall maintain and preserve, for each client, records and accounts containing—

(*a*) name, date of birth, address, nationality or citizenship, identification and written instructions of the client;

(*b*) price limit, duration of instructions and date of order;

(*c*) where the client is a company, name, certified copies of memorandum and articles of association and the certificate of incorporation of the client;

(*d*) where the securities broker or dealer, or its representative has made a recommendation to a client to purchase or sell a security—

(i) the occupation of the client;

(ii) investment objectives;

(iii) any other information concerning the client's financial situation and needs which the broker, dealer or representative considered in making the recommendation;

(iv) name and signature of the representative who made the recommendation to the client;

(v) the date when an order was given to the broker, dealer or representative; and

(vi) price limit given by client;

(*e*) where the record is for a discretionary account—

(i) the client's written authorization to the broker to exercise discretionary power or authority in the client's account;

(ii) the reason given by the client for granting discretionary power or authority to the broker; and

(iii) a written approval of the broker's designated supervisor for each transaction, indicating the exact time and date of the approval;

(*f*) complaints lodged by clients and persons acting on behalf of clients;

(*g*) securities transactions by the broker's or dealer's employees and directors in their own names or under nominees' accounts;

(*h*) transactions between the broker or dealer, and all listed companies in which the directors of the securities broker or dealer have an interest; and

(*i*) such other information as the Registrar may determine.

(5) The record kept under subparagraph 4(*f*) shall—

(*a*) organise the complaints in the alphabetical order of names of clients lodging the complaints;

(*b*) include—

(i) materials relating to each complaint; and

(ii) particulars of action taken on each complaint; and

(*c*) be kept at the office which handles the account with respect to which the complaint is lodged.

(6) A securities broker shall maintain a register of received and issued selling and buying orders which includes—

(*a*) aim of each order;

(*b*) designation and characteristics of transferable securities;

(*c*) number of securities;

(*d*) names of clients;

(*e*) particulars of client accounts and client unique identity;

(*f*) indication of prices stipulated by clients;

(*g*) date and hour of receipt of each order (it shall be sufficient compliance with this clause if the record is made in an audio tape recording which records, second by second, the time at which what is spoken is recorded);

(*h*) an indication of whether the order is given by a client or issued by the broker under the terms of an agreement of management of portfolio;

(*i*) execution price of each order and the quantity;

(*j*) date and hour of execution of each order; and

(*k*) indication of whether the order was totally executed, partially executed or not executed.

(7) Where a client refuses to provide the information required under this Directive, the broker or dealer shall—

(*a*) decline to take an order from the client; and

(*b*) enter the rejection and the reason therefor in the record maintained under this paragraph.

(8) The securities broker and dealer shall permit the exchange of which the broker or dealer is a member to inspect records maintained under this paragraph.

Securities broker and dealer to issue contract note

8.—(l) A securities broker and dealer shall, not later than the close of the next market day after a transaction is entered into, give to a client a contract note with respect to the transaction.

(2) The contract note shall contain—

(*a*) the name and address of the principal place of business of the broker or dealer;

(*b*) the name of the stock exchange of which the broker or dealer is

a participating organization;

(*c*) the name and address of the client and the person authorized to transact business;

(*d*) date of the transaction;

(*e*) the client's account number;

(*f*) a statement stating that the transaction on the contract note shall be subject to the rules of the relevant stock exchange;

(*g*) the securities account number related to the transaction, where applicable;

(*h*) the reference number of the contract note;

(*i*) the name and identification of the representative of the securities broker or dealer who handles the client's account;

(*j*) in respect of a transaction which is not in the ordinary course of business on a stock market of a stock exchange, a statement to that effect;

(*k*) the quantity and description of the transacted securities;

(*l*) the price per unit of the transacted securities;

(*m*) the total amount of consideration for the transaction;

(*n*) reference particulars of the transacted securities such as the code numbers by which the securities are identified by the stock exchange;

(*o*) a statement as to whether the price paid for the transaction includes or excludes the benefit of any corporate action which is attached to the transaction such as payment of dividends, rights or bonus issues;

(*p*) the rate and amount of commission charged;

(*q*) the amount of stamp duty payable;

(*r*) the date of delivery of the securities and settlement;

(*s*) other fees, if any, charged; and

(*t*) in respect of non-equity securities which have a maturity or expiry date, the maturity or expiry date of the securities.

(3) A contract note may contain particulars of more than one transaction transacted on the same market day in relation to one client.

(4) Where subparagraph (3) applies, the contract note shall contain a—

(*a*) breakdown of particulars specified under clauses (*i*) to (s) of subparagraph (2), for each transaction; and

(*b*) statement to the effect that the invalidity, for any reason whatsoever, of any one transaction recorded in the note shall not operate so as to invalidate another transaction recorded in the note.

(5) The securities broker and dealer shall only record, in the contract note, the name that the client is ordinarily known by.

(6) The contract note may be in electronic format.

Broker to maintain clients' account

9.—(1) A securities broker shall maintain a clients' account into which the broker shall deposit client funds.

(2) A clients' account shall—

(*a*) be marked "clients' account";

(*b*) contain clients' funds only; and

(*c*) not be overdrawn for any reason.

(3) The broker shall maintain a record of the clients' account showing the—

(*a*) name and address of the bank where the account is maintained;

(*b*) date and amount of each deposit and withdrawal; and

(*c*) amount of beneficial interest of each client in the account.

(4) The broker shall reconcile the clients' account on a monthly basis.

Additional records to be maintained by dealer

10.—(l) A dealer shall maintain and preserve books of accounts and other records that—

(*a*) sufficiently explain transactions and financial position of the business of the dealer; and

(*b*) enable the dealer to prepare a true and fair statement of his comprehensive income and financial position.

(2) Without limiting the generality of subparagraph (l), a dealer shall keep—

(*a*) accounts and records in sufficient detail to show particulars of—

(i) money received or paid by the dealer, including money paid into, or disbursed from, a trust account;

(ii) each purchase and sale of a security made by the dealer, the charge and credit arising therefrom, and the name of the buyer and seller of each security;

(iii) income received from commission, interest and other sources, and each expense, commission and interest paid by the dealer;

(iv) each asset and liability, including contingent liability, of the dealer whether relating to the securities business or other business;

(v) in the case of each security owned by the dealer, showing the person holding the security or the title document of the security and, where the security or title document is held by another person, whether or not the security or title document is held as a security against a loan or advance;

(vi) in the case of each security that is not the property of the dealer and for which the dealer or any nominee controlled by the dealer is accountable, showing by whom, and for whom, the security or title document of the security is held and, the extent to which the security or title document is held for safe custody or deposited with a third party as security for a loan or advance made to the dealer;

(vii) each underwriting transaction entered into by the dealer; and

(viii) each arbitrage transaction entered into by the dealer;

(*b*) accounts and records in sufficient detail to show separately particulars of each transaction entered into by the dealer;

(*c*) accounts and records specifying the day on which or the period during which each transaction by the dealer took place;

(*d*) a copy of each acknowledgement of receipt of a security or security title document received by the dealer from a client for sale or safe custody, clearly showing the name in which each security is registered;

(*e*) a General Scrip Register recording the receipt and disposal by the dealer of each security other than a security dealt with in the Safe Custody Scrip Register;

(*f*) a Safe Custody Scrip Register recording each security held by the dealer for safe custody;

(*g*) an Underwriting Register recording each underwriting and sub-underwriting transaction entered into by the dealer; and

(*h*) each counterfoil and duplicate of a contract note issued to a client.

(3) Where the dealer maintains records prescribed under subparagraph (1) outside Malawi, the dealer shall keep in Malawi, such statement and returns with respect to the business dealt with in those records as will enable the dealer to prepare a true and fair statement of his comprehensive income and financial position.

(4) Without prejudice to the generality of subparagraph (3), the records maintained under the subparagraph shall contain sufficient detail to show, separately, particulars of each transaction by the dealer with, or for the account of—

(*a*) each client of the dealer;

(*b*) the dealer;

(*c*) each representative of the dealer; and

(*d*) each associate of the dealer.

Records to be maintained by portfolio manager and investment advisor

11.—(1) A portfolio manager and investment advisor shall maintain and preserve the following records—

(*a*) a journal, including cash receipts and disbursement records and any other record of original entry, forming the basis of an entry in a ledger;

(*b*) general and auxiliary ledgers, or other comparable records reflecting assets, liabilities, reserves, capital, income and expense accounts;

(*c*) a record or memorandum of each order given by the portfolio manager or investment manager for the purchase or sale of a security, or

any instruction received by the portfolio manager or investment advisor from a client concerning the purchase, sale, receipt or delivery of a security and of any modification or cancellation of any such order or instruction;

(*d*) cheque books, bank statements, cancelled cheques and cash reconciliation of the portfolio manager or investment advisor;

(*e*) bills, statements or copies thereof paid or unpaid relating to the business of the portfolio manager or investment advisor;

(*f*) original copies of written communication received from a client and written communication sent by the portfolio manager or investment advisor to a client relating to—

(i) a recommendation made, or proposed to be given, to the client;

(ii) receipt, disbursement or delivery of funds or a security; and

(iii) the placing or execution of an order to purchase or sell a security:

Provided, that where the portfolio manager or investment advisor sends a notice, circular or other advertisement offering any report, analysis, publication or other investment advisory services to more than ten persons, the investment advisor or portfolio manager shall not be required to keep a record of the names and addresses of the persons to whom the communication was sent except that where the communication is distributed to persons named on a list, the investment advisor or portfolio manager shall retain the list and the source thereof;

(*g*) a list or other record of accounts in which the investment advisor is vested with any discretionary power with respect to client funds, security or transaction;

(h) evidence of the granting of discretionary authority by a client to the investment advisor;

(*i*) each written investment management agreement or mandate entered into between the investment advisor or portfolio manager and a client or relating to the business of the investment advisor or portfolio manager;

(*j*) a copy of each notice, circular, advertisement, newspaper article, investment letter, bulletin or other communication recommending the purchase or sale of a security, which the investment advisor or portfolio manager circulates, directly or indirectly, to ten or more persons and, where the circular does not state the reasons for the recommendation, a memorandum indicating the reason for the recommendation;

(*k*) each advertisement by the investment advisor or portfolio manager and all records, worksheets and calculations necessary to form the basis for performance data in the advertisement;

(*l*) in the case of a record of a transaction in a security in which the investment advisor or portfolio manager or an employee of the investment advisor or portfolio manager acquires a direct or indirect beneficial ownership, the title and amount of the security involved, the

date of the transaction, whether the transaction is a purchase or sale or other acquisition or disposition, the price at which it was effected, and the name of the securities broker with or through whom the transaction was effected;

(*m*) a copy of each written statement, the amendment or revision thereof, given or sent to a client or prospective client and a record of the date the statement was given or offered to be given; and

(*n*) any other record as may be determined by the Registrar.

(2) The record under subparagraph (1)(*c*) shall—

(*a*) show the terms and conditions of the order and instruction, modification or cancellation;

(*b*) identify the person connected with the portfolio manager or investment advisor who recommended the transaction to the client and the person who placed the order;

(*c*) show the account for which the order was entered, the date of entry, and the securities broker by or through whom the order was executed, where appropriate;

(*d*) show each order entered pursuant to the exercise of discretionary power on account of the management of the investment portfolio; and

(*e*) in the case of the order under clause (*d*)—

(i) a copy of the contract entered into with the client;

(ii) constituents of the portfolio;

(iii) transaction fees agreed with the client; and

(iv) value of the portfolio.

Records to be maintained by operator of collective investment scheme

12.—(1) An operator of a collective investment scheme shall maintain and preserve the following records—

(*a*) minutes, statements of accounts and resolutions in respect of the investment portfolio of the scheme;

(*b*) proper books of accounts and records of transactions effected by the operator or a portfolio manager on account of the collective investment scheme;

(*c*) a daily record of securities held by the collective investment scheme, including the type of securities acquired or disposed of, and of the balance of any acquisition and disposal;

(*d*) a daily record of securities owned by the scheme which are held, issued, redeemed or exchanged; and

(*e*) a daily record of the valuation of the collective investment scheme portfolio.

(2) The investment scheme shall permit its trustee or a member of its board, on demand, to examine and take copies of, or extracts from, a record maintained under subparagraph (1).

Reporting by collective investment scheme

13.—(1) An operator of a collective investment scheme shall, on a quarterly basis, submit to its trustee, member of its board, client and the Registrar—

(*a*) a valuation of the scheme or fund and investments of the scheme, including details of the cost of the investments and the estimated yields;

(*b*) a report reviewing the investment activity and performance of the investment portfolios comprising the scheme or fund since the last report date and containing the portfolio manager's proposals for investment of the scheme or fund during the period; and

(*c*) a record of investment transactions made during the previous quarter.

(2) A designated manager of the collective investment scheme shall, on receipt of instructions from an investor to effect a transaction in a unit of an authorised scheme, open a record containing the —

(*a*) name of the authorised scheme and the number of units or the subscription money;

(*b*) the nature of the proposed transaction;

(*c*) the date and time the instructions are received; and

(*d*) any other information necessary to complete the transaction.

(3) The collective investment scheme may comply with subparagraph (2) by recording the prescribed information on an audio tape recording which records, second by second, the time at which what is spoken is recorded.

Transmission of instructions by collective investment scheme

14.—(1) Where a designated manager of a collective investment scheme gives instructions to effect a transaction on account of the scheme, the manager shall record the—

(*a*) name of the person to whom the instructions are given;

(*b*) terms of the instructions; and

(*c*) date and time the instructions are given.

(2) Where a transaction is effected by a designated manager, the designated manager shall, on execution, record the—

(*a*) name of the scheme and the property which is the subject of the transaction;

(*b*) dealing day, the price and other terms on which the transaction is effected including, where conversion between currencies is involved, the rate of exchange;

(*c*) securities broker involved in the transaction; and

(*d*) whether the designated manager effected the transaction in the capacity of both buyer and seller.

(3) The designated manager may comply with subparagraph (2) by recording the prescribed information on an audio tape recording which records, second by second, the time at which what is spoken is recorded.

(4) The designated manager shall, immediately after the transaction is effected with or on behalf of the investor, deliver a contract note to the investor or a person nominated by the investor for that purpose.

(5) The contract note delivered under subparagraph (4) shall contain—

(*a*) the name and address of the designated manager;

(*b*) the name or other designation and account number of the investor;

(*c*) the dealing day and the time of pricing in respect of the transaction;

(*d*) the name of the scheme and the number of units which are the subject of the transaction;

(*e*) an indication of whether the transaction is one of sale, purchase or conversion and the price of the unit;

(*f*) the amount of securities traded;

(*g*) the total consideration payable at the settlement date;

(*h*) where the transaction involves the conversion of one currency into another, the rate of exchange used in effecting the conversion;

(*i*) the amount or percentage and type of any charge, whether included in the price or otherwise made;

(*j*) an indication of whether a commission is or will be payable by or on behalf of the designated manager or his associate in connection with the transaction and, if so, the person to whom the commission is payable; and

(*k*) the settlement date.

(6) A transaction effected after the close of business on any business day, but before the end of that business day shall be treated as having been effected on the following business day.

Records to be maintained by custodian

15.—(l) A custodian shall maintain and preserve such records as may be necessary to ascertain—

(*a*) the entire fund of the investment portfolio held by the custodian; and

(*b*) each transaction carried out by the custodian on behalf of an investment advisor or portfolio manager.

(2) The custodian shall submit to the portfolio manager or investment advisor—

(*a*) a written statement, at agreed reporting dates, listing assets belonging to clients of the investment advisor or portfolio manager together with a full account of receipts and payments made and other actions taken by the custodian;

(*b*) written advice or notification of transfer of property or securities to or from clients of the investment advisor or portfolio manager, indicating the securities acquired and the identity of the party having physical possession of the securities; and

(*c*) a copy of the most recent audited financial statements of the custodian prepared together with such information regarding the policies and procedures of the custodian as the portfolio manager or fund manager may request in accordance with the agreement signed between the custodian and the portfolio manager or investment advisor.

(3) The custodian shall permit the investment advisor, portfolio manager or a duly authorized agent of the Registrar, on demand, to examine and take copies of or extracts from records maintained under this paragraph.

(4) The custodian shall annually submit to the Registrar a report demonstrating his compliance with this Directive, financial services laws and its service agreements.

Internal controls and risk management

16.—(1) A participant shall establish and maintain a system of internal controls.

(2) The system established under subparagraph (1) shall be designed to ensure that—

(*a*) the business is carried on in an orderly and efficient manner;

(*b*) financial and other information used or provided by the participant is reliable;

(*c*) transactions and financial commitments entered into the system are within the scope of authority of the participant or the officer or employee acting on behalf of the participant;

(*d*) there are procedures to safeguard assets of the participant and assets belonging to any other person for which the participant is accountable;

(*e*) there are procedures to safeguard and control liabilities; and

(*f*) there are measures to—

(i) minimize the risk of loss from any irregularity, fraud or error; and

(ii) detect any irregularity, fraud or error.

(3) The participant shall adopt sound risk management principles and procedures.

(4) The principles and procedures adopted under subparagraph (3) shall be designed to ensure that the records of the participant are maintained in such a manner as to promptly disclose financial and business information that will enable the participant to—

(*a*) identify, quantify, control and manage risk exposure of the participant;

(*b*) make timely and informed business decisions;

(*c*) monitor the performance and all aspects of the business of the participant; and

(*d*) monitor the capital of the participant to ensure compliance with the capital adequacy requirements imposed in terms of the rules of the self-regulatory organization.

(5) The participant shall describe and demonstrate the objectives and operations of the system and principles and procedures adopted under this

paragraph to its auditor, the applicable self-regulatory organization and the Registrar.

Records pertaining to participant who ceases to conduct business

17. A participant who ceases to conduct business shall—

(*a*) notify the respective exchange and central securities depository of the intended or actual date of cessation of business;

(*b*) notify, in writing, clients for whom the participant holds assets or funds, of the intended or actual date of cessation of business;

(*c*) provide each client with a statement reflecting the assets and funds held on his or her behalf and indicating the authorised user, participant or other person authorised to deal in or hold custody of securities to whom the assets and funds will be delivered in the absence of instructions to the contrary from the client;

(*d*) maintain a record of funds and assets held in trust; and

(*e*) transfer the funds and assets to—

(i) appropriate clients; or

(ii) the authorised user, participant or person specified under clause (*c*) to deal in or hold custody of the funds and assets until the funds and assets are transferred to the appropriate clients.

Contravention and penalties

18.—(1) Where the Registrar determines that a securities market player has contravened this Directive, the Registrar may impose an administrative penalty or give a written direction specified under the Act on the securities market player and a director or senior management official of the securities market player.

(2) Where the Registrar decides to impose a monetary penalty, the Registrar shall impose—

(*a*) in the case of a securities market player, a penalty of up to K50,000,000; and

(*b*) in the case of a director or senior management official of the securities market player, a penalty of up to K10,000,000.

(3) The offender shall pay the monetary penalty imposed under subparagraph (2)—

(*a*) within ten working days from the date the notice of the penalty is received by the offender; and

(*b*) through an electronic bank transfer in favour of the Reserve Bank of Malawi.

Revocation G.N. 36/2012

19. The Financial Services (Record Keeping Requirements for Securities Markets Players) Directive, 2012 is hereby revoked.

Made this 13th day of February, 2026

DR. G. B. PARTRIDGE
Registrar of Financial Institutions

(REF NO. FIN/PFSPD/02/03)