

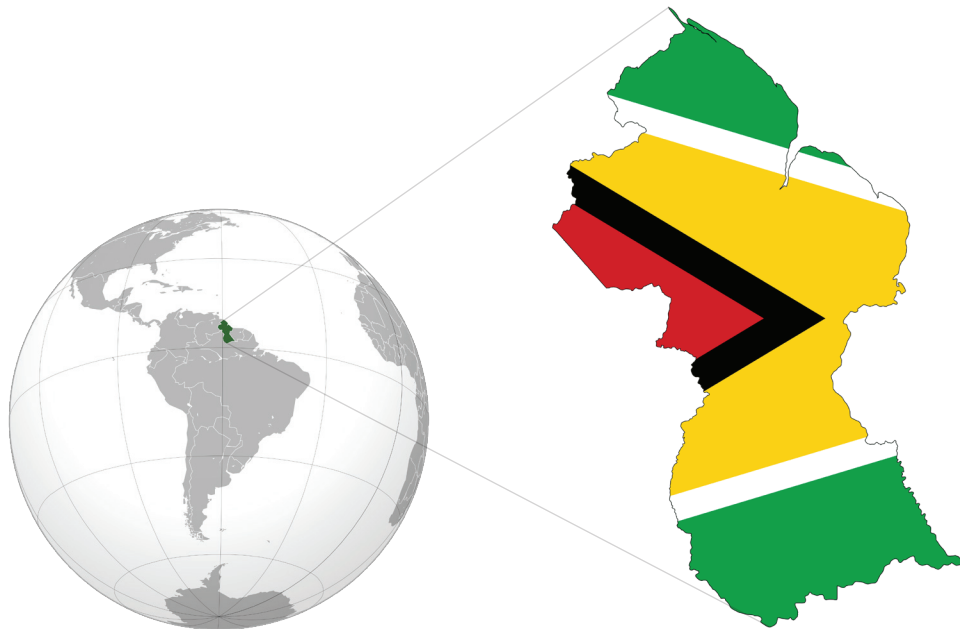


GUYANA SECURITIES COUNCIL

2015

ANNUAL REPORT

“Promoting integrity, stability, orderliness and confidence in the local securities market.”



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PREPARATION OF ANNUAL REPORT

Section 20 of the Securities Industry Act 1998 states:

(1) The Council shall within four months of the end of each financial year send an annual report to the Minister who shall cause it to be laid in the National Assembly within thirty days after he receives it.

(2) Copies of an annual report shall be available to the public on or before the expiration of fourteen days after it is required to be laid in the National Assembly under subsection (1).

Presented herein is the Guyana Securities Council's 2015 Annual Report as sent to the Minister of Finance, pursuant to Section 20 of the Securities Industry Act, 1998.

OTHER INFORMATION

Our Bankers

Bank of Nova Scotia
Robb Street, Georgetown

Republic Bank (Guyana) Ltd,
38-40 Water Street, Georgetown

Financial Analysts

Ram and McRae
157 'C' Waterloo St, Georgetown

Nizam Ali and Company
215 'C' Camp Street, Georgetown

Auditors

Nizam Ali and Company
215 'C' Camp Street, Georgetown

The Audit Office of Guyana
63 High St., Georgetown

Legal Counsel

Fraser Housty and Yearwood
260 Middle St., Georgetown

C. A. Nigel Hughes
62 Hadfield & Cross Sts., Georgetown

Abiola Wong-Innis
'Denning Chambers' Lot 1 Croal St, Georgetown

Transmittal Letter

19th April, 2016

Mr. Winston Jordan, M.P
The Honourable Minister of Finance
Ministry of Finance
Main & Urquhart Streets
Georgetown

Dear Honourable Minister

Re: 2015 Annual Report | Guyana Securities Council

As required under section 30 (5) of the Securities Industry Act No. 21 of 1998, I have the honour of submitting to you the Guyana Securities Council's Annual Report for 2015, together with the Statements of Revenue and Expenditure, Financial Position and Cash Flows as prepared by the External Auditors.

Yours sincerely



Cheryl Ibbott
Chief Executive Officer

About the Council

OUR VISION

To promote integrity, stability, orderliness and confidence in the local Securities Market.

MISSION STATEMENT

The Guyana Securities Council is an independent autonomous body established with a mission to ensure the orderly growth and development of the securities market within a dynamic regulatory framework that facilitates the mobilization of capital in the national interest and in a transparent, efficient, fair and competitive manner.

FUNCTIONS OF THE COUNCIL

The principal functions of the Council, under Section 5 of the Securities Industry Act 1998 (S.I.A), are to:

- (a) advise the Minister of Finance on all matters relating to securities;
- (b) maintain surveillance over the securities market and ensure orderly, fair and equitable dealings in securities;
- (c) register, authorize or regulate, in accordance with the Securities Industry Act 1998, self regulatory organization, securities companies, securities intermediaries, brokers, dealer, traders, underwriters, issuers and investment advisers, and control and supervise their activities with a view to maintaining proper standards of conduct and professionalism in the securities business;
- (d) protect the integrity of the securities market against abuse arising from the practice of insider trading;
- (e) create and promote such conditions in the securities market as it may seem necessary, advisable or appropriate to ensure the orderly growth and development of the capital market.

POWERS OF THE COUNCIL

Under Section 6 of the Securities Industry Act 1998 (S.I.A), the Council has the power to:

- (a) deal with such matters as may be referred to it by any person registered with the Council under the S.I.A from time to time;
- (b) formulate principles for the guidance of the securities industry;
- (c) monitor the solvency of registrants and take measures to protect the interest of customers where the solvency of any such registrant is in doubt;
- (d) adopt measures to supervise and minimize any conflict of interests that may arise in the case of brokers or dealers;
- (e) review, approve and regulate take-overs, amalgamations and all forms of business combinations in accordance with the S.I.A or with written law in all cases in which it considers its expedient or appropriate to do so;
- (f) review the contents of prospectuses, offering circulars or any form of solicitation, advertisement or announcement by which securities are offered for sale to the public; review the contents of prospectuses, offering circulars or any form of solicitation,
- (g) take action against persons registered or required to be registered under the S.I.A for failing to comply therewith;
- (h) undertake such other activities, including the making of regulations, as are necessary or expedient for giving full effect to the S.I.A .
- (i) do all things which may be necessary or expedient or are incidental or conducive to the discharge of any of its functions and powers under the S.I.A.

About the Council

The Guyana Securities Council is an independent autonomous body established by Section 4 of the Securities Industry Act 1998.

The Securities Industry Act 1998 is an Act that provides for the registration of securities brokers and dealers, self-regulatory organizations, and issuers of securities. It also provides for the regulation of securities issuances; with the purpose of encouraging capital formation and the growth of efficient securities markets, while protecting purchasers of securities and promoting ethical behavior in the securities industry.

There is a proposed re-write to the Securities Industry Act, which will address the deficiencies therein, and as a result will strengthen the legislative structure of the Securities Industry. In addition to the re-write of the principal legislation, the Council is also proposing to have its Corporate Governance Guidelines formed into regulations. Also proposed is the review and implementation of the Collective Investment Schemes Bill.

LEGISLATIVE FRAMEWORK

The Council is principally mandated to administer the following legislations:

- Securities Industry Act 1998
- Securities Industry Regulations 2002
 - Securities Industry (Registration of Market Participants) Regulations
 - Securities Industry (Conduct of Business) Regulations
 - Securities Industry (Accounting and Financial Statements) Regulations
 - Securities Industry (Advertisements) Regulations
 - Securities Industry (Disclosure by Reporting Issuers) Regulations
 - Securities Industry (Prospectus) Regulations
 - Securities Industry (Registration of Issuer of Securities) Regulations
- Anti-Money Laundering and Countering the Financing of Terrorism Act 2009
- Anti-Money Laundering and Countering the Financing of Terrorism (Amendment) Act 2015
- Anti-Money Laundering and Countering the Financing of Terrorism Regulations 2010
- Anti-Money Laundering and Countering the Financing of Terrorism Regulations 2015

PUBLICATIONS BY THE COUNCIL

- Prospectus Guidelines
- Corporate Governance Guidelines
- Manual for AML / CFT Examinations
- Corporate Governance Compliance Highlights for Reporting Issuers
- S.I.A Stakeholders Audit Manual for G.A.S.C.I

The Council Members

The Guyana Securities Council's Board of Directors is comprised of four (4) Council Members, including the Chairman. The current Board's term comes to an end on 31st December, 2018.

During 2015, there was a change in the composition of the Council's Board. Effective 1st August, 2015, a new Board was appointed by cabinet.

The new Board is made up of the following persons: Mr. Keith Cholmondeley, Deputy Governor of the

Bank of Guyana Dr. Terrence Smith, Madam Justice Ret'd Claudette Singh, and Mrs. Donna Levi. Mr. Cholmondeley serves as the Chairman.

The previous board that served for the years prior to the appointment new Board, and during 2015 were: Mr. Brian James, Mr. Brynmor Pollard, S.C, Former Accountant General Mrs. Linda Gossai, and Former Deputy Governor of the Bank of Guyana Mr. Leslie Glen. Mr. James was serving as Chairman.



**Mr. Keith Cholmondeley,
Chairman**



**Madam Justice Ret'd
Claudette Singh, Member**



**Mrs. Donna Levi,
Member**



**Dr. Terrence Smith,
Member**

Staff of the Council



**Ms. Cheryl Ibbott,
General Manager / Chief Executive Officer**



**Mr. Shaun Allicock,
Legal Counsel / Corporate Secretary**



**Mr. Vivakhanand Permanand,
Surveillance & Systems Coordinator**



**Ms. Janelle Fu-Sum,
Market Surveillance Officer**



**Ms. Krystal Pereira,
Office Clerk / Typist**



**Mr. Melroy Griffith,
Office Assistant**

Activities of the Council

SUMMARY OF OPERATIONS

The Guyana Securities Council in executing its mandate under Sections 5 (a) – (e) and 6 (a) – (i) of the Securities Industry Act 1998, performs the following fundamental duties, among others:

1. Registration of all public companies;
 - a. Registration of Annual Registration Statements;
2. Analyze all company's Annual Reports and Interim Reports for:
 - a. Disclosure obligations relating to the delivery of accounts;
 - b. Review the information in the accompanying director's report;
 - c. Review the acquisition or disposal of major assets;
 - d. Review transactions with related parties and companies;
 - e. Review information with regards to shareholders, substantial shareholdings, board meetings, board discussions and notifications to the Council;
3. Register all Treasury Bills issued by the Bank of Guyana;
4. Register and publish by 31st March, each year, a list of all valid registrants, by class of registration;
5. Maintaining actual register for all Market Participants and registrants registered by the Council;
6. Surveillance of the Securities Market; oversight of the Self-Regulatory Organisation (SRO), the Guyana Association of Securities Companies and Intermediaries (GASCI);
7. Monitor the Stock Exchange for:
 - Protection of investors and public interest;
 - Fostering of corporation and coordination among persons who clear, settle, regulate and process information to facilitate trading in securities;
 - Ensuring the fair representation of the SRO members;
 - Prevent deceptive and manipulative practices from occurring in the securities market;
 - Ensure both on and off platform trades are done using fair trading practices
 - Review and analyze the SRO's and Market Participant's Annual Reports;
 - Investigate unfair pricing of securities – the Council is currently investigating the pricing of several Reporting Issuers shares used by attorneys to settle deceased persons estates;
 - Monitor the registered Market Participants for independence, material interest, ensuring their customers understand the risks, customer agreements and after market transactions.

This type of monitoring is done on a continuous basis with the SRO and Market Participants;

The Council's functions and powers are mandated by the Securities Industry Act 1998 and Regulations thereto, and the actions the Council undertakes is reactive to the misconduct and non-compliance of the Registrants, Market Participants, Reporting Issuers and other Stakeholders of the Securities Industry.

Activities of the Council

ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM

The Council also has a secondary mandate as a Supervisory Authority under the Anti-money Laundering and Countering the Financing of Terrorism Act 2009. Section 22 (c) of the AML/CFT Act 2009 gives the Council the responsibility as a Supervisory Authority for reporting entities who perform the business activities specified in the Fourth Schedule of the Act, which are enumerated below:

1. Trading for own account or for account of customers in money market instruments (such as cheques, bills, certificates of deposit), foreign exchange, financial futures and options, exchange and interest rate instruments, and transferable securities.
2. Underwriting share issues and participation in such issues.
3. Advice to undertakings on capital structure, industrial strategy and related questions, and advice and services relating to mergers and the purchase of undertakings;
4. Money-broking;
5. Portfolio management and advice;
6. Safekeeping and administration of securities;
7. Venture risk capital;
8. Unit trusts;

During 2015, the Council conducted on-site examinations of all its Market Participants for the 2014 fiscal year. In 2014, the Council conducted these examinations for the period 2009 - 2013.

The reports of these examinations were sent to the Financial Intelligence Unit for review and further action.

The Council has limited human and financial resources, however with its current compliment of staff, the Council is fulfilling its mandate under the Anti-Money Laundering and Countering the Financing of Terrorism Act 2009.

WORKSHOPS AND TRAINING

The Council conducts annual training sessions for its Market Participants under the Securities Industry Act and its reporting entities under the AML/CFT Act annually.

These training programs are highly beneficial to the stakeholders involved, as they increase the awareness of the requirements to ensure compliance with the various pieces of legislation, as well as to identify any risks that may be existing in their operations, and how they can mitigate those risks.

The agencies which benefit from the Council's training are all the stakeholders of the Securities Industry, including all Market Participants. The Reporting Issuers are also invited to attend. Other agencies that are invited are the Bank of Guyana, Guyana Police Force, Special Organised Crime Unit and the State Asset Recovery Unit.

Activities of the Council

ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM TRAINING OVERVIEW – (most recent, Oct. 2015)

A. Understanding Money Laundering

- i. Latest techniques and methods used by money launderers
- ii. The key organizations/institutions: their roles and influence
- iii. The changing Anti Money Laundering regime and why these changes are necessary
- iv. Processes and the latest global measures taken to combat Money laundering.

B. Transaction Monitoring- Understanding these systems and their scope

- i. Approach to effective Transaction Monitoring
- ii. Identifying “Suspicious Transactions” and “Suspicious Activities”
- iii. The benefits and limitations of Transaction Monitoring
- iv. Understanding the limits of alert generation

C. Customer and Client Due Diligence

- i. The risk-based assessment and analysis
- ii. The new requirements- what is expected of you and your organisation
- iii. The internal controls, procedures and documentation that should be in place

D. Reporting

- i. The regulatory requirements for reporting Money Laundering
- ii. The key controls to have in place and how these should be reviewed/audited
- iii. Internal documentation, training and support

E. Considerations for Internal Auditors – External Risks and considerations

- i. The risks of non compliance
- ii. Precautionary measures and responsibilities of Internal Audit
- iii. Planning the Anti money Laundering Internal Audit
- iv. Further Specialist Assistance – Significance
- v. Benchmark guidance on best practices

F. Securities Industry Personnel

- i. New trends in AML/CFT
- i. Trade based money laundering
- ii. Updates from FATF/CFATF
- iii. Terrorism in the Caribbean
- iv. Sanctions Update
 - i. UN Sanctions List update
 - v. Board of Directors Role & Responsibilities in AML/ CFT
 - vi. Updates to Guyana Anti-Money Laundering Legislation

BUDGET AND FUNDING

The Guyana Securities Council is funded through subvention allocations from the Ministry of Finance. Illustrated below is a brief summary of the Council’s budgetary allocations over the past 5 years and its total spending on annual expenditure, extracted from the Audited Financial Statements for each year.

Year	Subvention Received	Annual Expenditure
2011	41,568,894	47,489,084
2012	45,888,580	51,118,902
2013	48,025,960	54,911,486
2014	69,227,076	68,116,036
2015	72,695,304	70,269,267

Activities of the Council

During the years 2011 - 2013, the subvention deficit was financed by the Council's deferred revenue. Any excess of revenue over expenditure is transferred to the deferred revenue, to be utilized during the next financial year.

The Council can have other methods of financing available, i.e. registration fees for new market participants and Reporting Issuers. However, these fees are nominal, and are only paid once on registration. In the proposed legislation, the fee structure can be re-worked to facilitate annual registration fees for all registrants and issuers, including all Market Participants, Reporting Issuers and Government Agencies which issue securities (e.g. Treasury Bills, etc.)

REGIONALLY AND INTERNATIONALLY

The Council is a member of several organisations within the region, namely the Caribbean Group of Securities Regulators (CGSR), the Council of Securities Regulators of the Americas (COSRA) and the Caribbean Regional Technical Assistance Centre (CARTAC). These organisations host several meetings and workshops annually which the Council is required to participate in. Among the issues being discussed is the Regional Choice of Law and Rule of Law Guidelines.

The Council in September 2005, applied to become a member of the International Organisation of Securities Commissions (IOSCO). The IOSCO Multilateral Memorandum of Understanding on Cooperation and Consultation and the Exchange of Information (the MMoU), provides a global framework for enforcement co-operation between securities regulators, thereby helping to ensure effective global regulation and to preserve the strength of securities markets. It is a critical IOSCO work-stream, and is rightly regarded as the benchmark for international co-operation in enforcement matters. The main impediments preventing Guyana from becoming a signatory to the MMoU are as follows:

- The Council does not have direct access to bank records, depending on the Bank of Guyana to obtain this information when a bank is not a market participant or

a reporting issuer. Additionally, Guyana's legislation is not specific with respect to how to acquire information from banks;

- The Bank of Guyana is limited in its sharing information, depending on the Finance Minister or any lawful order of Court for obtaining the information.

The MMoU envisages that signatories will provide to each other comprehensive assistance in the investigation and prosecution of securities-related crime and misconduct. In increasingly globalised markets, the ability to obtain information and exchange it with overseas counterparts, as facilitated by the MMoU, is critical to Regulators' success in this field. MMoU signatories, and the markets to which they belong, benefit from international recognition in that they adhere to robust standards in the investigation of cross-border crime, and that they are participants in a global enforcement regime, which contributes to maintaining fair and efficient markets. That recognition may inform the perceptions of international organisations involved in global regulation. For example, the Financial Stability Board and other standard-setters use the MMoU as a benchmark when conducting their own assessments. Moreover, whether or not a jurisdiction is a signatory to the MMoU may influence the perceptions of international investors as to market credibility.

There are now 91 signatories to the MMoU, representing approximately 94% of the world's securities markets, and IOSCO is determined to ensuring global coverage. It is therefore becoming essential for all regulators to sign the MMoU, not only to ensure effective international enforcement, but for their reputation, and the economic health of the jurisdictions to which they belong.

Currently, becoming an ordinary IOSCO member is conditional upon signing the MMoU, a pre-requisite

of which is the ability to obtain, and disclose to other regulators, certain specific information that may be critical to enforcement cases. Very often, acquiring that ability may require significant legislative change within an applicant's jurisdiction.

However, the benefits of becoming an IOSCO member are numerous. There are reputational advantages and, for example, other international organisations such as the IMF and the World Bank refer not only to the IOSCO MMoU, but to the IOSCO Objectives and Principles of Securities Regulation and the IOSCO Assessment Methodology when conducting their own jurisdictional assessments. Domestic markets may experience more tangible benefits, such as increased capital flows, which will derive from increased investor confidence. In addition, there are hugely significant benefits in terms of the IOSCO Education and Training Program, and other IOSCO capacity building initiatives.

All Securities Commissions were required to be IOSCO compliant, however this benchmark has been shifted to Country compliance.

This condition should be satisfied by the re-write of the Securities Industry legislation, and the possible amendments to the Financial Institutions Act to allow for the sharing of information.

Summary of Litigation

Case Name:	Guyana Securities Council: v Application by GBTI et anor 34M/2015
Nature of Claim	Claim for Mandamus to force issue of Prospectus receipts
Status:	The matter strands adjourned to the 3 rd day of March, 2016 for report/arguments.
Case Name:	Guyana Securities Council: Estate of Webster v 908/2014
Nature of Claim	Claim to allow estate to proceed except the shares subject matter of Action No. 91CD/2014
Status:	By consent order granted in May 2015.
Case Name:	Guyana Securities Council –v- Ron Webster, Et Al Action No.91CD/2014
Nature of Claim:	Claim to set aside share transfer and disgorgement of profits
Status:	Interlocutory proceedings on a summons to dismiss the action are being heard.
Case Name:	GUYANA SECURITIES COUNCIL –v- GUYANA STOCKFEEDS 2014 HC-DEM-CIV-248/SA
Nature of Claim:	Claim to rectify interim report.
Status:	The matter strands adjourned to the 9 th March, 2016 for report in the course of settlement
Case Name:	GUYANA SECURITIES COUNCIL: APPLICATION BY BANKS DIH LIMITED, ACTION NO. 705-SA/2011
Nature of Claim:	A declaration that the information requested by the defendant is not within functions conferred on the Council by the Act or Regulations made thereunder and interpretation of the provisions of the Services Industry Act 1998
Status:	Decision given against the Guyana Securities Council, matter appealed.
Case Name:	GUYANA SECURITIES COUNCIL -V- BANKS DIH, FULL COURT APPEAL, APPEAL NO.
Nature of Claim:	On appeal from the interlocutory decision of a Judge in Chambers in Originating Summons proceedings No. 705-SA/2011 DEMERARA
Status:	Awaiting notification of fixture for appeal.

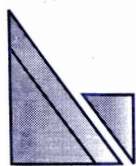
Summary of Litigation

Case Name:	GUYANA SECURITIES COUNCIL: EVANS V 376-W/2012
Nature of Claim:	The plaintiff claims in the aforementioned matter that the second-named defendant wrongfully and unlawfully, and without lawful authority purportedly terminated her employment as secretary of Guyana Securities Council.
Status:	Judgment granted against the Defendant Council on the 30 th December, 2015 in the sum of \$2,208,328 (two million two hundred and eight thousand three hundred and twenty eight dollars), together with interest thereon at the rate of 6% per annum from the 24 th day of September, 2012 to the 30 th day of December, 2015.
Case Name:	GUYANA SECURITIES COUNCIL: DDL, ACTION NO. 489/W/2010
Nature of Claim:	Claim for declaration and other orders re the filing of order in the Court Registry on 18 th November, 2009, books in contempt of court and in violation of the orders of Insanally J on the 23 rd November, 2009.
Status:	Matter taken off the list pending the determination of 149M of 2009.
Case Name:	GUYANA SECURITIES COUNCIL: TRUST COMPANY (GUYANA) LTD, ACTION NO.157/W/2010
Nature of Claim:	Various declarations relating to the relationship between Guyana Securities Council and Trust Co.
Status:	Awaiting call over date.
Case Name:	GUYANA SECURITIES COUNCIL A.B. AND CHERYL IBBOTT V DEMERARA DISTILLERS LIMITED, COURT OF APPEAL, APPEAL NO. 41/2004
Nature of Claim:	An appeal from the decision of the learned Chief Justice to the Full Court in Action no. 384/04/W
Status:	Matter may be abandoned.
Case Name:	BANKS DIH –V- GUYANA SECURITIES COUNCIL CIVIL APPEAL, APPEAL NO.22/07
Nature of Claim:	Appeal from refusal of Prerogative writ to quash the decision of the Guyana Securities Council to appoint an investigator to investigate the applicant pursuant to section 133(1) Securities Industries Act 1988.
Status:	Matter is still pending

Summary of Litigation

Case Name:	GUYANA SECURITIES COUNCIL: APPLICATION BY BANKS DIH, ACTION NO.20/06M
Nature of Claim:	Application for Prerogative Writ of Certiorari of Prohibition directed against Guyana Securities Council with regards to their finding that Banks DIH Ltd was in contravention of regulation 6 (d) (1) of the Securities Industry (disclosure by reporting issuers) Regulation 2002.
Status:	Awaiting notification of fixture (last heard on the 27 th October, 06)
Case Name:	GUYANA SECURITIES COUNCIL: APPLICATION BY BANKS DIH, ACTION NO.200/06-SA
Nature of Claim:	Originating Summons issued by Banks DIH seeking interpretation of Section 199 (6) of the Companies Act no. 29 of 1991 and section 6 (d) 1 of the Securities Industries (disclosure by reporting issuers) regulation no. 8 of 2002.
Status:	Decision given against the Guyana Securities Council, matter appealed.
Case Name:	GUYANA SECURITIES COUNCIL v: BANKS DIH, COURT OF APPEAL, APPEAL NO.
Nature of Claim:	On appeal from the interlocutory decision of a judge in Chambers in Originating Summons proceedings No. 200-SA/2006 DEMERARA
Status:	Awaiting notification of fixture for appeal.
Case Name:	RE: GUYANA SECURITIES COUNCIL –v- GASCI, ACTION NO.618 C/D/08
Nature of Claim:	Claim for declaration regarding length of time for notice of closure of stock exchange.
Status:	By consent parties agreed to two week’s notice. Matter completed in 2014.
Case Name:	GUYANA SECURITIES COUNCIL: APPLICATION BY DEMERARA DISTILLERS LIMITED, ACTION NO. 149-M/09
Nature of Claim:	Judicial Review of Guyana Securities Council’s imposition fine as penalty for Demerara Distillers Limited contravention of Regulations under SI Act 1998.
Status:	Awaiting notification of date for continuation.

AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2015



Nizam Ali & Company

Chartered Accountants

215 'C' Camp Street
North Cummingsburg
Georgetown

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Tele/Fax: (592)-225-7085
E-mail: nizamali@gol.net.gy

AUDITORS' REPORT TO THE COUNCIL MEMBERS GUYANA SECURITIES COUNCIL

We have audited the accompanying financial statements of Guyana Securities Council; which comprise the statement of financial position as at December 31, 2015 and the statements of revenue and expenditure, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.


An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

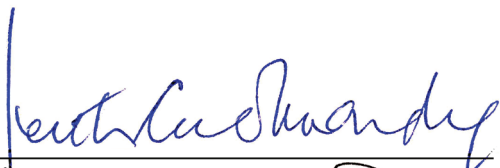
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Council as of December 31, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Securities Industry Act 1998.

Nizam Ali & Company
Chartered Accountants
Georgetown, Guyana
March 14, 2016



Statement of Financial Position
As at December 31, 2015
With comparatives figures for December 31, 2014
 (Expressed in Guyana Dollars)

	Notes	<u>2015</u> \$	<u>2014</u> \$
Non - current assets			
Furniture, equipment and books	7	<u>516,847</u>	<u>1,005,640</u>
		<u>516,847</u>	<u>1,005,640</u>
Current assets			
Cash and bank	5	20,017,860	16,143,685
Accounts receivable	11	<u>-</u>	<u>41,680</u>
Total current assets		<u>20,017,860</u>	<u>16,185,365</u>
Total assets		<u><u>20,534,707</u></u>	<u><u>17,191,005</u></u>
Liabilities			
Deferred revenue	10	18,738,207	16,172,170
Accounts payable and accrued charges	9	<u>1,796,500</u>	<u>1,018,835</u>
Total liabilities		<u><u>20,534,707</u></u>	<u><u>17,191,005</u></u>



Chairman



Member



Member

The accompanying notes form an integral part of these financial statements

Statement of Revenue and Expenditure
for the year ended December 31, 2015
With comparatives figures for December 31, 2014
(Expressed in Guyana Dollars)

	Notes	<u>2015</u> \$	<u>2014</u> \$
Revenue			
Subvention	4	72,695,304	69,227,076
Transfer to deferred income	10	<u>(2,566,037)</u>	<u>(186,952)</u>
		70,129,267	69,040,124
Fines and fees	12	140,000	150,141
Total income		<u><u>70,269,267</u></u>	<u><u>69,190,265</u></u>
Expenditure			
Council members' fees	6	6,534,000	6,534,000
Salaries and short term benefits		46,377,795	45,007,590
Professional fees		10,078,000	8,229,387
Communication		405,924	416,239
Stationery		236,801	168,726
Advertising and publication		60,533	1,029,646
Depreciation		707,347	689,384
Audit fees		599,875	580,000
Conference and training expenses		4,475,423	5,863,005
Miscellaneous		773,174	570,364
Entertainment		-	81,529
Insurance		20,395	20,395
		<u><u>70,269,267</u></u>	<u><u>69,190,265</u></u>

The accompanying notes form an integral part of these financial statements

Statement of Cash Flows
For the year ended December 31, 2015
With comparatives figures for December 31, 2014
(Expressed in Guyana Dollars)

	<u>2015</u>	<u>2014</u>
	\$	\$
Cash flow from operating activities		
Expenditure	(70,269,267)	(69,190,265)
Other income	140,000	150,141
	<u>(70,129,267)</u>	<u>(69,040,124)</u>
Adjustments for:		
Depreciation	707,347	689,384
Decrease (increase) in accounts receivable	41,680	(5,300)
Increase in accounts payable and accrued charges	<u>777,665</u>	<u>428,855</u>
Net cash outflows from operating activities	<u>(68,602,575)</u>	<u>(67,927,185)</u>
Cash flow from investing activities		
Purchase of furniture ,equipment and books	<u>(218,554)</u>	<u>(95,000)</u>
Net cash outflow from investing activities	<u>(218,554)</u>	<u>(95,000)</u>
Cash flow from financing activities		
Subvention	<u>72,695,304</u>	<u>69,227,076</u>
Net cash inflow from financing activities	<u>72,695,304</u>	<u>69,227,076</u>
Net increase in cash and cash equivalents	3,874,175	1,204,891
Cash and cash equivalents as at the beginning of year	<u>16,143,685</u>	<u>14,938,794</u>
Cash and cash equivalents as at the end of year	<u><u>20,017,860</u></u>	<u><u>16,143,685</u></u>
Cash at bank and hand as at the end of year	<u><u>20,017,860</u></u>	<u><u>16,143,685</u></u>

The accompanying notes form an integral part of these financial statements

Notes to financial statements
December 31, 2015
 (Expressed in Guyana Dollars)

1. Entity identification and principal function

The Guyana Securities Council (the 'Council') is a statutory body created by the Securities Industry Act 1998 and brought into existence by Ministerial Order No 5 of 2000 by the Minister of Finance with effect from December 16, 2000. The Council commenced activities on September 24, 2001.

The members of the Council during 2015 were:

Council Member	Period served
Mr. Brian James - Chairman	January 1, 2015 - July 31, 2015
Mr. Brynmor Pollard, S.C - Member	January 1, 2015 - July 31, 2015
Ms. Linda Gossai - Member	January 1, 2015 - July 31, 2015
Mr. Keith Cholmondeley - Chairman	August 1, 2015 - December 31, 2015
Ms. Donna Levi - Member	August 1, 2015 - December 31, 2015
Ms. Claudette Singh - Member	August 1, 2015 - December 31, 2015
Mr. Leslie Glen. - Member	January 1, 2015 - October 31, 2015)
Dr. Terence Smith - Member	November 1, 2015 - December 31, 2015

The principal functions of the Council are to:

- (a) advise the Minister of Finance on all matters relating to securities,
- (b) maintain surveillance over the securities market and ensure orderly, fair and equitable dealings in securities,
- (c) register, authorize or regulate, in accordance with the Securities Industry Act 1998, self regulatory organization, securities companies, securities intermediaries, brokers, dealers, traders, underwriters, issuers and investment advisers, and control and supervise their activities with a view to maintaining proper standards of conduct and professionalism in the securities business,
- (d) protect the integrity of the securities market against abuse arising from the practice of insider trading,
- (e) create and promote such conditions in the securities market as it may seem necessary, advisable or appropriate to ensure the orderly growth and development of the capital market.

2. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2015 and have not been applied in preparing these financial statements. None of these will have a significant impact on the financial statements of the Council.

3. Significant accounting policies

- (a) *Accounting convention*
 The financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Guyana.

The Members of the Council approved these financial statements for issue on March 14, 2016.

Notes to financial statements
December 31, 2015
 (Expressed in Guyana Dollars)

3. Significant accounting policies continued

(b) *Subvention*

Subvention that compensate the Council's costs are recognized in the statement of revenue and expenditure in the period that these costs are incurred.

Subvention relating to purchase of equipment is credited to the statement of revenue and expenditure on a straight line basis over the expected lives of the related assets.

(c) *Registration fees*

Registration fees are collected from reporting issuers upon submission of the registration statement to the Council as required under Sections 56 and 57 of the Securities Industry Act 1998. The registration fees are recognized in the statement of revenue and expenditure in the period that related registration statements are submitted to the Council.

(d) *Foreign currency transactions*

Foreign currency transactions are translated at the exchange rates prevailing at the dates of these transactions. At the statement of financial position date, any monetary assets and liabilities denominated in foreign currencies are translated to Guyana Dollars at the prevailing rates at that date. Exchange differences on foreign currency transactions are recognized in the statement of revenue and expenditure.

(e) *Expense recognition*

Expenses are recognized on an accrual basis.

(f) *Comparatives*

Where necessary, comparatives have been adjusted to conform with changes in presentation in the current year.

(g) *Furniture, equipment and books*

Furniture, equipment and books are stated at cost less accumulated depreciation. Depreciation is calculated on a straight line basis at rates estimated to write off the assets over their expected useful lives. The current annual rates of depreciation are:

Furniture	10%
Equipment	20%
Books	10%

(h) *Deferred revenue*

Deferred revenue are unrestricted funds which are available for use at the discretion of the Council in furtherance of the principal functions of the Council and which have not been designated for other purposes.

Notes to financial statements
December 31, 2015
 (Expressed in Guyana Dollars)

4. Subvention

The Council received a subvention of G\$72,695,304 (2014 - G\$69,227,076) Guyana Dollars from the Government of Guyana during the year to cover operating costs.

Unused funds are carried forward to future periods and account for as deferred revenue.

5. Cash resources

	<u>2015</u>	<u>2014</u>
	\$	\$
Bank of Nova Scotia	14,114,330	7,419,466
Republic Bank Guyana Limited	<u>5,903,530</u>	<u>8,724,219</u>
	<u>20,017,860</u>	<u>16,143,685</u>

6. Council members' fees

	<u>2015</u>	<u>2014</u>
	\$	\$
B. James	1,386,000	2,376,000
B. Pollard	808,500	1,386,000
L. Gossai	808,500	1,386,000
L. Glen	1,155,000	1,386,000
K. Cholmondeley	990,000	-
D. Levi	577,500	-
C. Singh	577,500	-
T. Smith	<u>231,000</u>	<u>-</u>
	<u>6,534,000</u>	<u>6,534,000</u>

Notes to financial statements

December 31, 2015

(Expressed in Guyana Dollars)

7. Furniture, equipment & books

	Furniture \$	Equipment \$	Books \$	Total \$
Costs				
As at beginning and end of year	3,179,457	2,531,187	2,608,711	8,319,355
Additions	218,554		-	218,554
As at end of year	<u>3,398,011</u>	<u>2,531,187</u>	<u>2,608,711</u>	<u>8,537,909</u>
Depreciation				
As at beginning of year	(2,609,479)	(2,363,619)	(2,340,617)	(7,313,715)
Charges for the year	(335,909)	(110,567)	(260,871)	(707,347)
As at end of year	<u>(2,945,388)</u>	<u>(2,474,186)</u>	<u>(2,601,488)</u>	<u>(8,021,062)</u>
Net book value				
As at end of year	<u>452,623</u>	<u>57,001</u>	<u>7,223</u>	<u>516,847</u>
As at beginning of year	<u>569,978</u>	<u>167,568</u>	<u>268,094</u>	<u>1,005,640</u>

8. Key management compensation

Council Members and three individuals are considered key management personnel. The remuneration paid to key management personnel for the year was as follows :

	<u>2015</u> \$	<u>2014</u> \$
Salaries and short term benefits	<u>48,762,528</u>	<u>47,836,228</u>

Notes to financial statements
December 31, 2015
 (Expressed in Guyana Dollars)

9. Accounts payable and accrued charges	2015	2014
	<u>\$</u>	<u>\$</u>
Professional fees	900,000	400,000
Telephone	-	28,855
Audit Fee	580,000	580,000
Internet	-	9,980
Other Payables	316,500	-
	<u>1,796,500</u>	<u>1,018,835</u>
	<u>1,796,500</u>	<u>1,018,835</u>
10. Deferred revenue	2015	2014
	<u>\$</u>	<u>\$</u>
Balance at beginning of year	16,172,170	15,985,218
Transfer to statement of revenue and expenditure	2,566,037	186,952
	<u>18,738,207</u>	<u>16,172,170</u>
	<u>18,738,207</u>	<u>16,172,170</u>
11. Accounts receivable	2015	2014
	<u>\$</u>	<u>\$</u>
Prepayments	-	41,680
	<u>-</u>	<u>41,680</u>
	<u>-</u>	<u>41,680</u>
12. Other income	2015	2014
	<u>\$</u>	<u>\$</u>
Fines and Registration fees	140,000	150,141
	<u>140,000</u>	<u>150,141</u>
	<u>140,000</u>	<u>150,141</u>

13. Financial instruments

The Council's financial instruments comprise of cash and bank balances, accounts receivable, accounts payable and accrued charges.

(i) Credit Risk

Credit Risk on accounts receivable is limited as accounts receivable are shown net of provision of bad debts. Management believes that there is no additional risk beyond amounts provided for collection losses.

Notes to financial statements

December 31, 2015

(Expressed in Guyana Dollars)

(ii) Liquidity risk

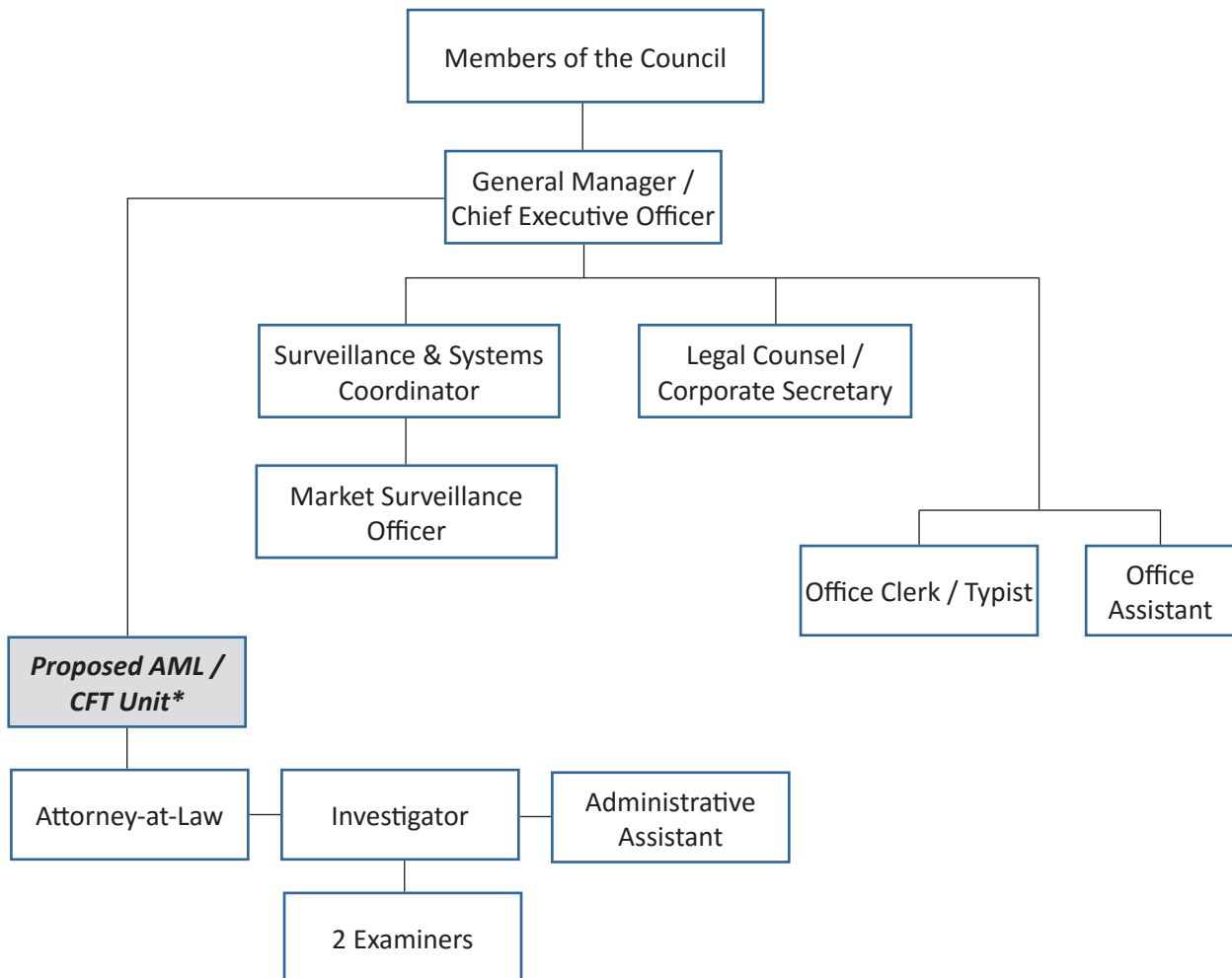
Liquidity risk is the risk that the Council is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and availability of funds through an adequate amount of committed credit facilities.

(iii) Fair values

The fair values of cash and bank balances, accounts receivable, accounts payable and accrued charges are not materially different from their carrying amounts.

Appendices

ORGANISATIONAL CHART



* - Establishment of this Unit is dependent on funds to be allocated for remuneration and benefits for the new employees.

Appendices

G.A.S.C.I

GASCI is the abbreviation for the Guyana Association of Securities Companies and Intermediaries Inc. This company is the local stock exchange that organises and supervises the stock market in Guyana.

GASCI is a “Self-Regulatory Organisation” (SRO) which was formed for the purpose of developing a Stock market in Guyana. It is the result of earlier work undertaken by the Adam Smith Institute funded by the UK Department for International Development.

GASCI consists of four member firms which trade (i.e. provide broker services for customers who wish to buy and sell shares) on the stock market and these are Trust Company (Guyana) Ltd, Guyana Americas Merchant Bank Inc, Beharry Stockbrokers Ltd and Hand-in-Hand Trust Corporation Inc (formerly GNCB Trust Corporation Inc). Trust Company (Guyana) Ltd, Beharry Stockbrokers Ltd and Hand-in-Hand Trust Corporation Inc are also represented on the Board of Directors of GASCI. The member firms of GASCI are registered as Brokers with the Guyana Securities Council.

REGISTERED REPORTING ISSUERS OF THE COUNCIL

- Banks DIH Ltd.
- Caribbean Container Inc.
- Citizens Bank Guyana Inc.
- City Jewelers and Pawnbrokers Ltd.
- Demerara Bank Ltd.
- Demerara Distillers Ltd.
- Demerara Tobacco Company Ltd.
- Guyana Bank for Trade and Industry Ltd.
- Guyana Stockfeeds Inc.
- Guyana Stores Ltd.
- Humphrey and Company Ltd.
- J. P. Santos & Company Ltd.
- National Engineering Company
- ON Energy Inc.
- Property Holdings Inc.
- Republic Bank (Guyana) Ltd.
- Rupununi Development Company Ltd.
- Sterling Products Ltd.

REGISTERED MARKET PARTICIPANTS BROKERS

- Trust Company (Guyana) Limited
- Hand-in-Hand Trust Company Limited
- Guyana Americas Merchant Bank Incorporated
- Beharry Stockbrokers Limited

DEALERS AND UNDERWRITERS

- Guyana Americas Merchant Bank Incorporated

INVESTMENT ADVISERS

- Guyana Americas Merchant Bank Incorporated
- Pollards et Filles (Guyana) Inc.

Appendices

Market Capitalisation

Issuer	2011	2012	2013	2014	2015
Banks DIH Limited	12,200,000	16,900,000	20,000,000	19,500,000	20,100,000
Caribbean Container Inc	729,600	1,520,000	1,520,000	1,433,708	1,368,000
Citizens Bank Guyana Inc	3,866,935	4,164,391	19,334,673	8,566,747	8,566,747
City Jewelers and Pawnbrokers Limited	-	-	-	-	-
Demerara Bank Limited	11,700,000	12,555,000	14,400,000	14,625,000	16,200,000
Demerara Distillers Limited	8,239,000	9,779,000	14,322,000	17,710,000	17,710,000
Demerara Tobacco Company Ltd	9,617,400	19,305,000	25,737,660	23,868,000	23,751,000
Guyana Bank for Trade and Industry	11,000,000	18,400,000	24,000,000	23,400,000	18,800,000
Guyana Stockfeeds Incorporated	1,605,711	1,605,711	1,605,711	1,605,711	1,605,711
Humphrey & Company Limited	-	-	-	-	-
J.P. Santos & Company Limited	-	-	-	-	380,088
Property Holdings Inc	880,000	870,000	820,000	820,000	500,000
Republic Bank (Guyana) Limited	28,500,000	36,600,000	37,500,000	36,900,000	33,300,000
Rupununi Development Company Limited	-	183,892	183,892	183,892	183,892
Sterling Products Limited	1,145,349	1,527,132	1,985,272	2,290,698	2,443,411
TOTAL	89,483,995	123,410,126	161,409,207	150,903,756	144,908,850

Thousands of dollars

Source: GASCI

Earnings per Share and Dividend Yield

Issuer	2011		2012		2013		2014		2015	
	EPS	Div. Yield	EPS	Div. Yield	EPS	Div. Yield	EPS	Div. Yield	EPS	Div. Yield
Trinidad Cement Limited	-19.02	-	-48.11	-	-13.02	-	6.45	-	1.23	-
Banks DIH Limited	2.3	4.50%	2.78	3.60%	2.93	3.20%	2.66	3.30%	2.75	3.40%
Caribbean Container Inc	-0.01	0.00%	0.17	0.00%	0.2	0.80%	0.03	0.80%	0.29	1.10%
Citizens Bank Guyana Inc	13.53	2.80%	15.49	3.10%	15.82	0.70%	17.74	1.70%	15.84	1.70%
City Jewelers and Pawnbrokers Limited	-	-	-	-	-	-	46.38	-	46.38	-
Demerara Bank Limited	2.19	2.10%	2.32	2.20%	2.88	2.20%	3.71	2.80%	3.78	2.80%
Demerara Distillers Limited	1.53	4.20%	2.06	3.80%	1.87	3.00%	2.22	2.60%	2.41	2.60%
Demerara Tobacco Company Ltd	55.41	14.30%	64.85	8.60%	71.84	7.40%	74.66	6.80%	71.15	7.50%
Guyana Bank for Trade and Industry	32.51	3.30%	37.06	2.80%	51.85	2.70%	56.49	3.10%	51.77	3.60%
Guyana Stockfeeds Incorporated	2.51	0.00%	2.8	0.00%	0.97	0.00%	2.73	0.00%	2.5	0.00%
Humphrey & Company Limited	-	-	-	-	-	-	9.92	-	24.72	-
J.P. Santos & Company Limited	7.75	-	10.4	-	7.76	-	8.91	-	2.1	5.00%
Property Holdings Inc.	0.59	25.90%	0.59	26.20%	-0.09	0.00%	-0.09	0.00%	-0.09	0.00%
Republic Bank (Guyana) Limited	6.43	3.00%	6.71	2.40%	7.85	2.40%	7.8	2.80%	9.39	3.50%
Rupununi Development Company Limited	24.22	-	-14.93	0.00%	-14.93	0.00%	3.94	0.00%	-26.51	0.00%
Sterling Products Limited	6.26	4.40%	8.45	3.50%	12.27	3.50%	11.42	3.30%	12.08	3.30%

*Note:

City Jewelers and Pawnbrokers Limited - Last Results in 2013

Property Holdings Inc. - 2013 last Annual Report Received

Source: GASCI

Appendices

Number of Trades

Issuer	2011	2012	2013	2014	2015
Trinidad Cement Limited	-	-	-	-	-
Banks DIH Limited	178	217	197	212	230
Caribbean Container Inc	10	9	6	14	19
Citizens Bank Guyana Inc	2	1	6	15	-
City Jewelers and Pawnbrokers Limited		-	-	-	-
Demerara Bank Limited	46	106	75	88	33
Demerara Distillers Limited	125	144	92	83	109
Demerara Tobacco Company Ltd	11	26	110	108	127
Guyana Bank for Trade and Industry	19	48	98	65	58
Guyana Stockfeeds Incorporated	-	-	-	-	-
Humphrey & Company Limited		-	-	-	-
J.P. Santos & Company Limited	-	-	-	-	1
Property Holdings Inc	5	3	4	4	3
Republic Bank (Guyana) Limited	83	31	62	63	73
Rupununi Development Company Limited	-	12	-	-	-
Sterling Products Limited	45	28	37	42	5
TOTAL	524	625	687	694	658

Source: GASCI

Quantity of Shares Traded

Issuer	2011	2012	2013	2014	2015
Trinidad Cement Limited	-	-	-	-	-
Banks DIH Limited	3,737,068	3,281,746	5,819,443	4,448,528	3,930,207
Caribbean Container Inc	239,981	211,964	52,700	75,300	55,920
Citizens Bank Guyana Inc	40,000	25,000	25,530	10,282	-
City Jewelers and Pawnbrokers Limited		-	-	-	-
Demerara Bank Limited	836,500	1,808,190	2,163,728	3,050,640	540,858
Demerara Distillers Limited	1,625,716	1,788,845	1,678,722	1,531,856	1,468,410
Demerara Tobacco Company Ltd	8,625	37,790	60,175	40,181	64,713
Guyana Bank for Trade and Industry	39,020	57,850	144,631	112,457	97,675
Guyana Stockfeeds Incorporated	-	-	-	-	-
Humphrey & Company Limited		-	-	-	-
J.P. Santos & Company Limited	-	-	-	-	15,000
Property Holdings Inc	7,083	10,000	12,900	17,000	110
Republic Bank (Guyana) Limited	1,124,889	128,586	415,030	1,197,491	1,042,290
Rupununi Development Company Limited	-	151,088	-	-	-
Sterling Products Limited	376,119	47,056	42,853	43,465	4,500
TOTAL	8,035,001	7,548,115	10,415,712	10,527,200	7,219,683

Source: GASCI

Appendices

Total Consideration (value) of Trades

Issuer	2011	2012	2013	2014	2015
Trinidad Cement Limited	-	-	-	-	-
Banks DIH Limited	44,575,555	50,667,675	108,331,492	88,100,801	76,847,049
Caribbean Container Inc	1,166,758	1,019,977	473,450	733,980	405,060
Citizens Bank Guyana Inc	2,300,000	1,750,000	2,672,250	1,674,858	-
City Jewelers and Pawnbrokers Limited		-	-	-	-
Demerara Bank Limited	19,490,422	48,852,255	63,609,381	94,635,593	18,592,341
Demerara Distillers Limited	17,522,045	20,200,595	27,362,368	32,673,833	36,232,646
Demerara Tobacco Company Ltd	3,497,100	19,874,385	63,860,348	41,567,210	65,306,018
Guyana Bank for Trade and Industry	9,052,920	20,553,665	65,469,776	66,629,162	53,863,019
Guyana Stockfeeds Incorporated	-	-	-	-	-
Humphrey & Company Limited		-	-	-	-
J.P. Santos & Company Limited	-	-	-	-	300,000
Property Holdings Inc	62,339	86,300	86,380	83,400	664
Republic Bank (Guyana) Limited	82,179,011	12,283,431	53,135,522	148,636,745	124,471,168
Rupununi Development Company Limited	-	75,544,000	-	-	-
Sterling Products Limited	24,697,383	4,020,712	5,487,850	6,409,850	691,500
TOTAL	204,543,532	254,852,995	390,488,817	481,145,431	376,709,465

Source: GASCI

