

GUYANA

No. 6 of 2002

REGULATIONS

Made Under

The Securities Industry Act 1998
(No. 21 of 1998)**ARRANGEMENTS OF REGULATIONS****PRELIMINARY****REGULATION**

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IN EXERCISE OF THE POWERS CONFERRED ON HIM BY SECTION 126(7) AND BY SECTION 126(1) OF THE SECURITIES INDUSTRY ACT 1998, THE MINISTER OF FINANCE HEREBY MAKES THE FOLLOWING REGULATIONS:-

PRELIMINARY

- Citation.** 1. These Regulations may be cited as the Securities Industry (Accounting and Financial Statements) Regulations 2002.
- Application.** 2. These Regulations shall apply to all registered persons who carry on business as brokers or dealers.
- Interpretation.** 3. In these Regulations -
- (a) “financial year” means –
 - (i) the period of twelve months beginning with the day on which the registered person commences to carry on the business in respect of which the licence has been granted; and
 - (ii) each subsequent period of twelve months beginning with the day following the day with reference to which an annual balance sheet of the registered person is prepared for the purposes of these Regulations;
 - (b) “registered person” means a registrant who carries on business as a broker or dealer.

ACCOUNTING RECORDS

**Duty to keep
accounting records.**

4. (1) A registered person shall keep accounting records which are sufficient to show and explain the registered person's securities transactions (whether effected on the registered person's own behalf or on behalf of others) and which shall -

(a) disclose with reasonable accuracy, at any time, the financial position of the registered person at that time; and

(b) enable the registered person to prepare a balance sheet and a profit and loss account as at any time and which comply with the requirements of these Regulations.

(2) The accounting records shall in particular contain

(a) entries from day to day of all sums of money received and expended by the registered person, and the matters in respect of which the receipt and expenditure took place;

(b) a record of all assets and liabilities of the registered person including any commitments or contingent liabilities;

(c) entries from day to day of all purchases and sales of securities by the registered person distinguishing those which are made by the registered person on the registered person's own account and those which are made by the registered person on behalf of others;

(d) entries from day to day of the receipt and dispatch of documents of title, or documents evidencing title, to securities which are in the possession or control of the registered person;

(e) entries from day to day of –

(i) all customer money which is paid into or out of a customer bank account maintained for the purposes of these Regulations;

(ii) receipts and payments of customer money not passed through such a customer bank account, identifying the persons to whom each such receipt or payment relates;

(f) a record of -

(i) aggregate balances on customer bank accounts;

(ii) individual customers balances stating the name of each customer and the amount held or received for that customer;

(g) details of any credit extended or loans made in respect of margin or otherwise; and

(h) details of all securities -

(i) which are the property of the registered person, showing by whom they are held and

whether, if held otherwise than by the registered person, they are so held as collateral against loans or advances; and

- (ii) which are not the property of the registered person but for which the registered person is accountable, showing by whom and for whom they are held distinguishing those which are deposited with a third party whether as security for loans or advances made to the registered person or any related person or for any other purpose.

Records to be up to date.

5. The obligations under these Regulations are continuing obligations and continuous performance of them is required so as to ensure that records are updated daily.

Audit trail.

6. (1) Information required to be recorded by these Regulations shall be recorded in such a way as to enable a particular transaction to be identified at any time and traced through from initiation of the order to final settlement.

(2) All records shall be arranged, filed, indexed and cross referenced so as to permit prompt access to any particular record.

Conformity with accounting standards.

7. The accounting records required to be kept by a registered person shall conform with the requirements of International Accounting Standards.

Retention of records. 8. A registered person shall preserve the accounting records, which the registered person is required to keep under regulation 4, for six years from the date on which they are made.

Inspection of records. 9. Accounting records which are required to be kept under regulation 4 shall, at any time during the period in which they are required to be preserved, be produced to the Council, or to any person authorised by the Council, on demand at such reasonable time and place as may be specified by the Council or that person.

Securities market may impose additional requirements on members. 10. Nothing in these Regulations shall prevent a securities exchange from imposing on registered persons who are members of the exchange any additional obligations or requirements which it thinks necessary with respect to -

(a) the keeping of accounts, books and records;

(b) the making of periodic financial reports to the exchange in the form and manner required by the exchange;

(c) the audit of accounts;

(d) the provision of an appropriate trail;

(e) the information to be given in reports by auditors; or

(f) spot order checks.

FINANCIAL STATEMENTS AND RETURNS

Duty to prepare annual financial statements. 11. A registered person shall prepare for each financial year annual financial statements which shall consist of -

(a) a balance sheet as at the last day of the

financial year; and

(b) a profit and loss account for the financial year.

Balance sheet to give a true and fair view.

12. The balance sheet shall give a true and fair view of the state of affairs of the registered person as at the end of the financial year.

Profit and loss account to give a true and fair view.

13. The profit and loss account shall give a true and fair view of the profit or loss of the registered person for the financial year.

Form and content of financial statements.

14. The financial statements of a registered person shall comply with the requirements of the International Accounting Standards.

Council may require returns.

15. (1) The Council may by written notice require registered persons to submit to the Council such periodic returns as the Council may specify.

(2) In addition to any periodic returns required under paragraph (1), the Council may by written notice require registered persons, either generally or in a particular case or class of case, to submit to the Council such further returns as the Council may specify.

Registered person to obtain auditor's report etc.

16. A registered person shall submit, within one month after the end of each financial year, the registered person's annual financial statements to the registered person's auditor for audit and shall obtain an auditor's report thereon which report shall comply with the requirements of regulation 18.

Annual financial statements to be submitted to Council.

17. (1) A registered person shall submit, within three months after the end of each financial year, the auditor's report to the Council together with-

(a) the registered person's annual financial statements ; and

(b) confirmation in writing that the registered person has complied with each of these Regulations with which the registered person is required to comply and such additional information or confirmation as the Council may require from time to time.

(2) Where the auditor's report is qualified on the grounds of the auditor's uncertainty as to the completeness or accuracy of the accounting records, that report shall when submitted by the registered person to the Council be accompanied by a written document signed by the securities intermediary or, in the case of a securities company, by two directors stating -

(a) whether all the accounting records of the registered person have been made available to the auditor for the purposes of the audit;

(b) whether all transactions undertaken by the registered person have been properly reflected and recorded in its accounting records; and

(c) whether all other records of the registered person and related information have been made available to the auditor.

Contents of auditor's report.

18. (1) The auditor's report shall state whether the annual financial statements of the registered person have been audited in accordance with approved auditing standards.

(2) The auditor's report shall also state whether in the opinion of the auditor -

- (a) the annual financial statements of the registered person have been properly prepared in accordance with these Regulations;
- (b) in the case of the balance sheet, a true and fair view is given of the financial state of affairs of the registered person as at the end of the financial year;
- (c) in the case of the profit and loss account, a true and fair view is given of the profit or loss of the registered person for the financial year;
- (d) the registered person has, throughout the financial year, kept proper accounting records in accordance with the requirements of these Regulations;
- (e) the registered person has kept customer money properly segregated in accordance with regulation 31 of the Securities Industry (Conduct of Business) Regulations 2002;
- (f) the balance sheet and the profit and loss account are in agreement with the registered person's accounting records;
- (g) the auditor has obtained all the information and explanations which, to the best of the auditor's knowledge and belief, are necessary for the purposes of his audit;
- (h) the registered person has maintained throughout the financial year systems adequate to enable the auditor to identify documents of title, or documents evidencing

title, to securities held in safekeeping for the registered person's customers in accordance with regulation 24 of the Securities Industry (Conduct of Business) Regulations 2002; and

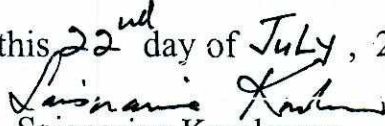
(i) the registered person was in compliance with the requirements of regulation 24 of the Securities Industry (Conduct of Business) Regulations 2002 as at the date on which the balance sheet was prepared.

Qualified reports.

19. (1) If the auditor is of the opinion that one or more of the requirements of regulation 18 have not been met, the auditor shall state that fact in the audit report and shall specify the relevant requirements and the respects in which they have not been met.

(2) If the auditor fails to obtain all the information and explanations which, to the best of the auditor's knowledge and belief, are necessary for the purposes of the audit, the auditor shall state that fact in the report.

(3) If the auditor is unable to form an opinion whether one or more of the requirements of regulation 18 have been met, the auditor shall state that fact in the report and shall specify those requirements and give the reasons why the auditor has been unable to form an opinion.

Made this ^{22nd} day of *July*, 2002

Saisnarine Kowlessar

Minister of Finance

EXPLANATORY NOTE

(This note is not part of the Regulations)

1. These Regulations are made by the Minister of Finance in exercise of the powers conferred on him by section 126(7) and by section 126(1) of the Securities Industry Act 1998.

PRELIMINARY

2. This Part makes provisions for the citation and commencement of the Regulations (regulation 1), applies the Regulations to all registered persons who carry on business as brokers or dealers (regulation 2), and contains interpretation provisions (regulation 3).

ACCOUNTING RECORDS

3. Regulation 4 imposes the general duty on brokers and dealers to keep accounting records sufficient to show and explain their securities transactions, whether effected on their own behalf or on behalf of others, and identifies a number of specific items which are required to be covered in the accounts.
4. The accounting records must be updated daily (regulation 5), must record information so as to provide an audit trail (regulation 6), and must conform with International Accounting Standards (regulation 7). The records must be preserved for 6 years (regulation 8) and must be produced to the Council on demand (regulation 9).
5. The requirements of these Regulations are without prejudice to GASCI requiring its members to comply with such additional obligations or requirements that it considers necessary (regulation 10).

FINANCIAL STATEMENTS AND RETURNS

6. Brokers and dealers are required to prepare annual financial statements comprising a balance sheet and profit and loss account (regulation 11) which shall give true and fair views (regulations 12

and 13), and the form and content of which shall be prepared in accordance with International Accounting Standards (regulation 14).

7. The Securities Council may by written notice require brokers and dealers to submit to it such periodic returns or special returns as it may specify (regulation 15).
8. Brokers and dealers are required to submit, within one month from the end of each financial year, their annual financial statements to their auditor for audit and report (regulation 16), which statements and report must be submitted to the Securities Council (regulation 17(1)). Where the auditor's report is qualified on the grounds of the auditor's uncertainty as to the completeness or accuracy of the accounting records, further specified statements are required from the broker/dealer (regulation 17(2)).
9. The auditor is required to state whether the annual financial statements have been audited in accordance with approved auditing standards, and his report is required to state whether in his opinion certain specified matters have been fulfilled by the broker/dealer (regulation 18). Regulation 19 deals with the disclosure requirements imposed on an auditor where his report is qualified.