

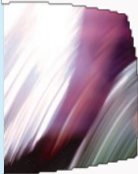


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# Inside the



### Editor's Note.

The Regulatory and Market Oversight Division (RMOD) is the operational arm of the Regulatory and Market Oversight Committee (RMOC). The RMOC came into being in 2008 as a result of Exchange's culmination of its demutualization programme, and the Board ceding regulatory responsibilities to the Committee.

One of the responsibilities of RMOD is member-dealer regulation, which takes the form of broker inspections. This publication provides an overview of RMOD's member-dealer inspection programme. As such, it is therefore fitting that the lead article provides details of the Division's member-dealer inspection programme. It also provides details on inspection principles that guides RMOD's inspection activities. Page 2 also introduces a member of the RMOC. There is also "Rules to Remember" and other corporate information...To you we say "Enjoy this issue of **Inside the RMOD** ...!"

## An Overview of the RMOD's Inspection Programme

One of the objectives of RMOD is member-dealer regulation. This is satisfied by the undertaking of member-dealer inspections. Under an inspection programme the RMOD conducts inspection of member-dealer operations in an effort to foster compliance with market rules and regulations. The inspection is undertaken with a view of detecting violations of the market rules and regulations and to inform officers of the RMOD of new developments in the securities market. Among the more important goals of the inspection programme is to allow for the identification and formal correction of compliance problems. When the RMOD finds that a firm has not complied with particular rules and regulations, it engages the member-dealer on the undertakings that are necessary to create compliance.



The RMOD utilizes a number of inter-tools to monitor its inspection efforts. The member-dealers with unduly frequent inspections. Notwithstanding the foregoing the Division ensures that it does not inadvertently omit firms from a routine inspection cycle.

Division strive to not necessarily burden

Having undertaken an inspection the RMOD maintains both electronic and hard copy materials of each member-dealer. The database includes both current and historic information which gives a complete picture of the firm activities. A member-dealer must have effective arrangements for complying with all market rules and regulations. The RMOD seeks to ensure member-dealer compliance with market regulations by requiring firm to have proper written supervisory procedures and internal controls.

### Pictorial Highlights



AMG's Listing



Mentor Orientation



Co. Sec Orientation



Co. Sec. Seminar



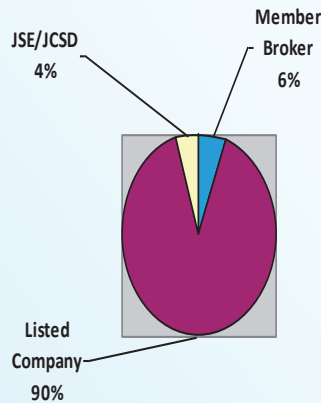
Proven Listing

## Market Surveillance & Compliance Review ( January - June 2011)

For the Six (6) months period ended June 2011, the Regulatory and Market Oversight Division (RMOD) handled sixty-eight (68) issues that formed part of its Market Surveillance and Compliance Log. The total number of cases amounted to 13% above the 60 cases that were handled for the corresponding period in 2010.

**Table 1 - Infraction Type & Group**

Nature of Infraction	Number
Complaint on Broker Members	0
Complaint on Listed Company	0
Compliance & Mkt. Surveillance- Broker Members	4
Compliance & Mkt. Surveillance - Listed Company	61
Other - JCSD Compliance	3
Other - Inquires	0
<b>Total</b>	<b>68</b>



### General Inspection Principles

**Routine or cycle inspections:** This is where the RMOD conducts periodic inspections of member dealers on a pre-announced basis. These inspection focus on the firm's controls, procedures, systems, competence and resources to fulfill their trading, settlement and compliance responsibilities

**Inspection for cause:** In an inspection for cause the RMOD conducts ad hoc, or cause inspections. Cause inspections are usually triggered by investor complaints, terminations of member-dealer for cause, or the discovery during a routine a routine inspection of misconduct of a serious regulatory concern.



### JSE Junior Market Rule 501 Eligibility for Initial Admission

(1a) Initial admission of any eligible company to the Junior Market hall be in the absolute discretion of the JSE.

(2) No request for the initial admission of any eligible company will be considered by the JSE unless the eligible company has demonstrated to the satisfaction of the JSE that:

- It has not less than 25 shareholders who hold not less than 20% of the share capital
- Share capital is not less than J\$50 million and not more than J\$500 million

### Inside the introduces Miss Dian Black



Miss Dian Black is an Independent Director of the Board of the JSE, representing the Ministry of Finance and the Public Service, and is also a member of the Regulatory and Market Oversight Committee (RMOC).

Miss Black is the Director, Securities Management (Debt Management Unit) in the Ministry of Finance and the Public Service. In this capacity she has responsibility for all activities related to the registrar and payment functions for government securities and provides the necessary interface between the JSE and the Government.

In addition to being a member of the RMOC, Miss Black is al the Chairman of the Audit and Finance Committee of the Board of the JSE.

The RMOC's Responsibilities Include:

- To supervise the RMOD;
- To adopt measures and rules necessary to maintain and strengthen market integrity and transparency;
- To address any perception of conflict of interest by making arrangements for the handling and/or elimination of any conflict of interest between the JSE and/or its members or Listed Companies

#### RMOD Objectives

- Monitor the adequacy and effectiveness of the Exchange's regulatory programme and assess the Exchange's regulatory performance.
- Structure and direct the regulatory functions of the Exchange.
- Establish regulatory rules of the Exchange.
- Monitor the compliance with the Exchange's rules by market participants and Listed Companies.
- Monitor member dealers trading activities, investigation of trading activities and enforcement of the Exchange's Rules.



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The RMOD offers three options for submitting complaints. Please download the complaint form provided on the RMOD's page at [www.jse.com.jm](http://www.jse.com.jm) and once completed, either:

- Email as an attachment to [RMOD@jamstockex.com](mailto:RMOD@jamstockex.com)
- Fax to 876-967-3275

Or mail to:

The Chief Regulatory Officer  
Regulatory & Market Oversight Division  
Jamaica Stock Exchange  
40 Harbour Street  
Kingston

Also, the public can send enquires to [rmod@jamstockex.com](mailto:rmod@jamstockex.com) or call the toll free number at 1-888-429-5678 for further information.