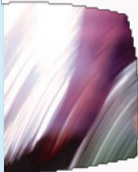




▶ 2011 Year in Review.....1

▶ Pictorial Highlights .....1



▶ IAS 34 Interim-Financial Reporting.....2

▶ Rules to Remember.....2




▶ Requirements for Contract Notes.....2

▶ New & Existing Members of the RMOC.....2

# Inside the



### Editor's Note.

In issue 7 of "Inside the ", lead article entitled "2011 Year in Review" raises the curtains on the Regulatory and Market Oversight Division (RMOD) operations for 2011 by providing an overview of the Division's regulatory and compliance activities over the 12 months period.

Additional information is also given to our readers on notes to an Interim Financial Report and basic requirements for Contract Notes. We also profile RMOC Chairman Mr. Livingstone Morrison, and provide another pertinent rule to remember. To our readers we welcome you to this issue of "inside the RMOD and hope that you enjoy! 😊"

### 2011 Regulatory & Compliance Activities

For the calendar year ended December 31, 2011, the Regulatory and Market Oversight Division (RMOD) handled one hundred and twenty-seven (127) cases, which was 6 or 5% below the 133 cases that were handled in the corresponding 2010 period. The Division's case closure rate for 2011 remained at 98%, which was also the rate for 2010.

Stemming from the Division's oversight, Member-Dealers recorded 100% compliance rate for filing of Financial Reports, Insurance and satisfying the Exchange's Capital Requirement. Listed Companies also recorded improvements in their compliance rate for timely filing of Financial Statements as follows:

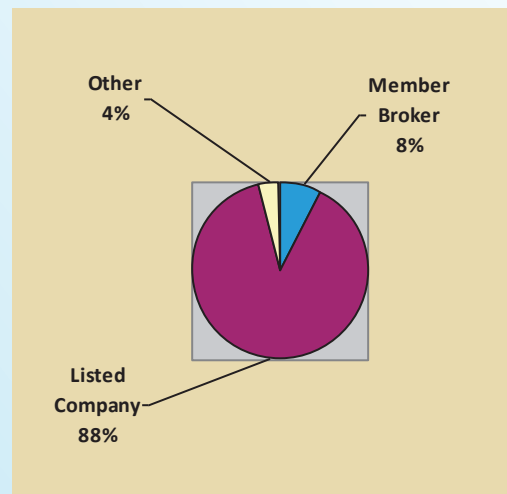
- a. Audited Statements 93% versus 66% in 2010.
- b. Annual Reports 61% versus 40% in 2010.
- c. Unaudited Statements 99% versus 89% in 2010.

The diagram on the right gives a graphical representation of issues handled for each group in 2011.

### Other Undertakings in 2011

- The Division conducted a workshop for Member-Dealers on Financial Reporting requirements and JSE Rule 227 Managed Accounts.
- Five (5) market regulations were drafted and these are expected to be finalized and implemented during the course of 2012.
- Reviewed Member-Dealers' Order Processing Operations in keeping with the Securities Act and JSE's Rules.

### Market Surveillance & Compliance Issues by Group



### Pictorial Highlights



Member-Dealer Workshop



Mentor Orientation



Rules Presentation

## IAS 34 - Interim Financial Reporting



The JSE's rules for both the main and junior market requires that Listed Companies financial statements, which includes, quarterly, audited and annual reports, be in accordance with International Financial Reporting Standards (IFRS). One such standard is IAS 34 – Interim Financial Reporting, which specifically relates to JSE Rule 407 - Quarterly Financial Statements. While not going into the full details of the standard, both users and preparers of interim reports should be aware of basic requirements under the standards, particularly as it relates to “selected explanatory notes”. Often times users and preparers of interim reports may ask what are the type of notes that should be disclosed. In addressing this concern, the standard provides excellent guidance as under IAS 34.16 preparers of quarterly statements should disclose that the same accounting policies and methods of computation used in their interim financial statements were used in their most recent annual financial statements. The standard notes however that where there have been changes during the reporting period the company must make mention of these changes in its selected explanatory notes and disclose any other material item.

Given the provision, preparers won't have to worry about producing bulky quarterly statements with notes that are virtually the same as its audited financial statements but only provide those notes that are material and relevant to the period of reporting. This is essential, as it allows users of financial statements to evaluate the performance of companies based on material and current information. For full details of IAS 34 please see web link <http://www.iasplus.com/standard/ias34.htm>

## JSE Rule 311—Contract Notes



It is quite common for someone to conduct a transaction and not inspect their receipt or other documents relating to the transaction. For equities transaction this may also be the case. In highlighting this, it seems relevant for continuous education of investors to state some of the important details that a contract note must carry. These include the dealers' name, client name, address, transaction date, number and description of securities transacted, price per unit, commission charged and total consideration. The Securities Act, Section 38 (3) provides a more comprehensive list. In noting these basic requirements, we trust that you will take the time to review your contract note to ensure that it has the requisite details of your transaction.



### Inside the introduces Mr. Livingstone B. Morrison

Mr. Livingstone Morrison is an Independent Director of the Board of the JSE, representing the Bank of Jamaica and is also the Chairman of the Regulatory and Market Oversight Committee (RMOC).

In his role as Deputy Governor of the Bank of Jamaica, Mr. Morrison is directly responsible for Finance and Technology, Payment Systems, Investment and Risk Management. His experience also extends to agriculture and manufacturing where he was President and CEO of the Sugar Company of Jamaica for five years while on secondment from the BOJ. He also spear-headed the development of Jamaica's payment and settlement system to meet international standards of safety and efficiency.

Mr. Morrison has a particular interest in social work and community development through sports, particularly football, and demonstrates his love for the game in his active Presidency of the InterBank Football Association.

#### The RMOC's Responsibilities Include:

1. To supervise the RMOD;
2. To adopt measures and rules necessary to maintain and strengthen market integrity and transparency;
3. 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.

## RULES TO REMEMBER!



### Top Ten Shareholders and Directors and Senior Management Listings

Both the Main and Junior market rules of the JSE, particularly JSE Rule 407, 408, 409 and Junior Market Rule Appendix 2, part 4 requires the submission of the shareholdings of Directors and Senior Management and their connected persons and the shareholdings of those persons holding the ten (10) largest blocks of shares. This information should be included in all Quarterly, Audited and Annual Financial Report filings to the JSE.

#### RMOD Objectives

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



Kindly send feedback to [rmod@jamstockex.com](mailto:rmod@jamstockex.com)

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:

1. Email as an attachment to [RMOD@jamstockex.com](mailto:RMOD@jamstockex.com)
2. 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.