

▶ Main Feature—JSE’s Regulatory Activities in the 2014/2015 Global Competitiveness Report .....1

▶ Pictorial Highlights.....2

▶ RMOD’s 2014 Report.....2

▶ Rules to Remember.....2

▶ Highlight: JSE Rule Appendix 3, Listing Agreement 14 (a), (b), (c).....2

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

# Inside the



**Editor's Note.**

In Issue 13 of “*Inside the RMOD*” a comprehensive look is provided at the High Ranking for the JSE’s Regulatory Activities in 2014/2015 Global Competitiveness Report and a summary of the Regulatory Market Oversight Division Market Surveillance and Compliance activity for 2014. In addition, pictorial highlights are presented on participation in listing ceremonies and seminars. Readers are further provided with details as to the JSE’s Rule Appendix 3, Listing Agreement 14 (a), (b), (c). For our regular recurring feature RMOD Chairman, Mr. Livingstone Morrison is featured. To our readers we welcome you to this issue of “*Inside the RMOD*” and hope that you enjoy!



## High Ranking for JSE's Regulatory Activities In 2014/2015 Global Competitiveness Report

The 2014/2015 Global Competitiveness Report by the World Economic Forum scored Jamaica 5 out of 7 in the category Regulation of Securities Exchange, and gave the country a ranking of 28 out of the 144 countries surveyed. With this ranking Jamaica placed first in the English speaking Caribbean. In the 2007/2008 report Jamaica scored 4.8 and was ranked 61 out of 134 countries.

The World Economic Forum represented in its 2007/2008 report that it measures regulation of securities exchanges as: Regulation of securities exchanges in a country from 1 to 7, with 1 being not transparent, ineffective and subject to undue influence from industry and government; and 7 being transparent, effective and independent of undue influence from industry and government.

The question to be answered is what factors may have led the World Economic Forum to rank Jamaica so high in the survey. In determining the answer one must trace what has happened at the Jamaica Stock Exchange (JSE) in relation to regulation since 2007/2008 to present that represent being independent from undue influence from industry and government, as well as transparent and effective.

### The Independence of JSE’s Regulatory Operations

Developments that the World Economic Forum would have noticed in relation to the independence of JSE’s regulatory operations would include:

1. JSE’s Board decision in the last quarter of 2007 to cede all its regulatory responsibilities to a new sub-committee called

the Regulatory and Market Oversight Committee (RMOC) which comprised of only Independent Directors of the Board.

2. JSE’s Board decision in making all decisions of the RMOC final and binding on the entire market.
3. The formation of the Regulatory & Market Oversight Division (RMOD) on April 1, 2008, a new division within the JSE, which reports directly to the RMOC.

This new structure separated JSE’s regulatory operations from its commercial functions.

### Transparency of JSE’s Regulatory Operations

It is safe to say that the Global Competitiveness Report would have recognized JSE’s regulatory transparency as evidenced by the RMOD’s link on JSE’s website which provides access to regulatory information concerning the Exchange. Since 2009 the RMOD has been making disclosures on JSE’s website on various matters which include its newsletter entitled “Inside the RMOD.” Also, since February 2013 the Division has been publishing a monthly regulatory report.



### JSE’s Regulatory Operations Effectiveness

The activities at the JSE that are standouts for its regulatory operational effectiveness that may have positively contributed to the high ranking in the 2014/2015 Global Competitiveness Report would include:

1. RMOD’s 3-day turnover in reviewing Prospectuses and listing documents.
2. The RMOC’s institution of over 36 new rules.
3. RMOD’s operations as represented in the table below:

Activity	2008	2013
Enforcement Actions	8	40
Listed Company Timely Filing of Audited Statements	64%	91%
Listed Company Timely Filing of Unaudited Statements	75%	89%



138 Student Living Jamaica Company Secretary Orientation



Listing Ceremony: Derrimon Trading



Listing Ceremony: JMMB Group



RMOD Member-Dealer Workshop 2015

## The RMOD's 2014 Report

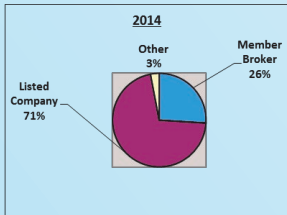
For the 2014 calendar year the Regulatory & Market Oversight Division (RMOD) handled two-hundred and thirty-eight (238) regulatory issues which formed its Market Surveillance and Compliance Log. In 2013 the Division handled one-hundred and eighty-one (181) regulatory issues. 2014 increase is attributed to new processes that were adopted by the Division. Table 1 below provides a summary of the activities:

**Table 1 - Regulatory Issues by Type & Group (2014/2013)**

Year	2014	2013
Nature of Infraction	Total	
Complaints against Member-dealers	1	0
Complaints against Listed Companies	0	0
Compliance & Mkt. Surveillance- Member-dealers	62	37
Compliance & Mkt. Surveillance -Listed Company	170	136
Other Compliance & Mkt. Surveillance Issues.	5	8
<b>Total</b>	<b>238</b>	<b>181</b>

### Listed Companies

During the 2014 calendar year Listed Companies' regulatory issues accounted for one hundred and seventy (170) or 71% of the total number of issues identified and handled by the Division (See Table 1 and 2014 Pie Chart). Of the 170 issues, one hundred and eleven (111) related to Main Market Listed Companies, while fifty-nine (59) related to Junior Market Listed Companies.



For the Main Market companies the primary issues related to **JSE Rule 407 – Quarterly Financial Statements, JSE Appendix 3 – Listing Agreement, and JSE Rule 414 – Corporate Governance Guidelines**. When taken together these issues accounted for eighty-four (84) or 49% of the matters handled for Main Market companies. For Junior Market companies the primary regulatory issues during 2014 related to late financial filings and discrepancies in the financial statements.

### Functional Activities

A comparative summary of RMOD's functional activities is presented in the table below:

Activity	2013	2014
Member-dealers' financials reviewed	188	297
No. of Exception Reports	16	14
No. of Listed Co. filings reviewed	1,038	1,092
No. of Enforcement Actions	13	31

### Inside the RMOD features Mr. Livingstone 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 (RMO). 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 spearheaded 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.



Kindly send feedback to

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)

### Appendix 3 Listing Agreement : 14 (a), (b), (c):

14 (a):  
The Board of the Listed Company should establish an Audit Committee comprised of at least three (3) members who should be non-executive directors, the majority of whom should be identified by the Board as Independent.

(b):  
The Company shall immediately notify the JSE of the resignation(s) of a member or members of the Audit Committee and disclose whether the resignation(s) is/are related to any disagreement in respect of accounting principles or practices, financial statement disclosure or any other material issue impacting on the Audit Committee or the member's ability to properly carry out the functions delegated by the Board.

(c):  
Listed Companies will be required to disclose the composition and functions of their Audit Committee in their Annual Reports.

#### RMOD Objectives

1. Monitor the adequacy and effectiveness of the Exchange's regulatory program 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.