



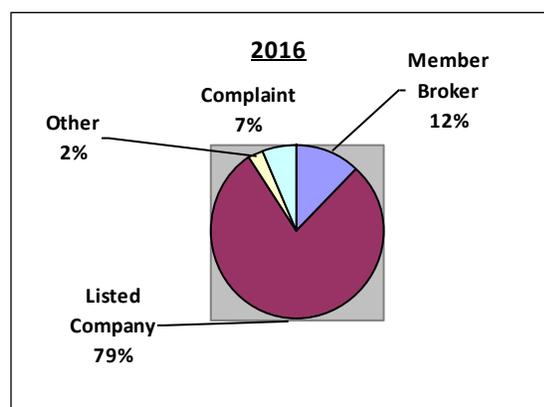
The Regulatory & Market Oversight Division Market Surveillance & Compliance Report For the Period January 2016 – June 2016

For the period January 2016 to June 2016 the Regulatory and Market Oversight Division (RMOD) of the Jamaica Stock Exchange (JSE) handled one hundred and sixty-nine (169) regulatory issues which formed its Market Surveillance and Compliance Activities. The total number of issues handled over the comparative period in 2015 was ninety-six (96). Table 1 below provides a tabulation of the regulatory issues over the current and comparative periods.

Table 1 - Regulatory Issues by Type & Group (2016/2015)

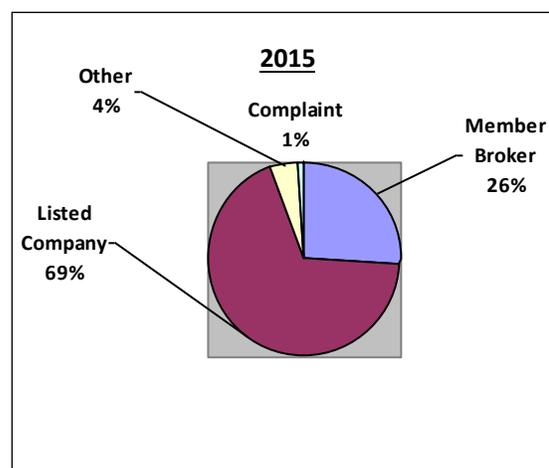
Year	2016	2015
Nature of Infraction	Total	
Complaints on Member-dealers	4	0
Complaints on Listed Companies	7	1
Compliance & Mkt. Surveillance- Member-dealers	21	25
Compliance & Mkt. Surveillance -Listed Company	133	66
Other Compliance & Mkt. Surveillance Issues.	4	4
Total	169	96

Pie Chart - 2016



For the first six months of 2016 Listed Companies' regulatory issues accounted for one hundred and thirty-three (133) or 79% of the total number of issues identified and handled by the Division (**See Table 1 and 2016 Pie Chart**). Of the one hundred and thirty-three (133) issues, one hundred (100) related to Main Market Listed Companies, while thirty-three (33) related to Junior Market Listed Companies. For the Main Market Companies the primary regulatory issues related to JSE

Appendix 3 – Listing Agreement, JSE Rule 407 – Quarterly Financial Statements, JSE Rule 414 – Corporate Governance Guidelines, JSE Rule 408 – Audited Financial Statements, and JSE Rule 409 – Annual Report. Together these issues accounted for sixty-seven (67) or 67% of the matters handled. Of the sixty-seven (67) issues, twenty-two (22) were in relation to JSE Appendix 3, twenty (20) were in relation to JSE Rule 407, and twelve (12) were in relation to Corporate Governance Guidelines. Matters pertaining to JSE Rule 408 amounted to seven (7) and six (6) issues were for JSE Rule 409. The main area of violation for JSE Appendix 3 was late notices for Executives and Senior Managers dealings in Listed Securities. It should be noted that within the sub-total of Main Market Listed Companies' issues that were handled by the RMOD five (5) or (5%) related to disclosure in accordance with JSE Appendix 8 – Policy Statement on Timely Disclosure, and equally, five (5) were for JSE Appendix 7 – Model Code for Securities Transactions. Also, 22% of regulatory issues handled by the RMOD related to compliance matters arising from the Division's Market Surveillance Activities regarding dealings in listed securities on the JSE by Executives and Senior Managers of Listed Companies.



For Junior Market Companies the primary regulatory issues for the period were in relation to late financial filings, which resulted in a breach of JSE Junior Market Rule Appendix 2, Part 4 – Requirement for Financial Report. The other major regulatory breach for Junior Market Companies was in relation to non-filing of shareholders' lists with financial submissions. There were thirty-three (33) regulatory issues for Junior Market Companies of which twelve (12) or 37% related to the late filing of Financial Reports, seven (7) or 21% related to discrepancies in the Financial Statements, six (6) or 18% related to the Renewal of Mentor Agreements, five (5) or 15% related to breaches of the Junior Market Model Code, while the remaining three (3) or 9% were concerning late notification to the JSE, late filing of a Share Register, and the appointment of a Mentor.

Member-dealers

For the period under review the Division handled twenty-one (21) regulatory matters concerning member-dealers, which represented a decrease of 16% when compared with the 2015 comparative period. Fifty-two percent (52%) of the regulatory issues for member-dealers related to late financial filings. Twenty-four percent (24%) of member-dealers regulatory issues related to JSE Rule 311 & Securities Act – Section 40. Twenty-four percent (24%) of member-dealer regulatory issues related to untimely update regarding Insurance renewal as per JSE Rule 225, and errors and omissions in financial statement filings in accordance with JSE Rule Appendix 12 – Member-dealers' Report and Financial Information.

Other Compliance and Market Surveillance Issues

The “Other Compliance and Market Surveillance Issues” category amounted to four (4). They were in relation to two (2) matters concerning JSE’s Market Operations & Trading Department adherence Trading Policies and Procedures. The other two (2) matters had to do with investors satisfying the notification requirements under JSE’s Takeovers & Mergers rule, and the timely holding of an Annual General Meeting in keeping with the Companies Act of Jamaica. For the 2015 comparative period the number of regulatory issues in the “Other” category also amounted to four (4).

Complaints against Listed Companies and Member-Dealers

There were Eleven (11) complaints reported against Listed Companies and member-dealers for the January 2016 to June 2016 period. Seven (7) complaints were against Listed Companies, while four (4) were for member-dealers. Regarding the seven (7) complaints against Listed Companies, three (3) were in relation to Financial Statements, two (2) related to Corporate Announcements, and the remaining two (2) were related to Takeover & Mergers and Annual Reports. The four (4) issues concerning member-dealers were in relation to trading activities on the JSE. Arising from RMOD’s Dispute Resolution processes of the nine of the eleven complaints were resolved as at June 30, 2016. For the 2015 comparative period there was one (1) complaint against a Listed Company and none against member-dealers.

Reminder Letters to Listed Companies

For the half year January 2016 to June 2016 there was an increase of 1% in the number of reminder notices sent to Listed Companies when compared to the corresponding 2015 period. One hundred and sixty-four (164) reminder notices were sent to Listed Companies for the first half of the year 2016 versus one hundred and sixty-two (162) sent for the first half of the year 2015.

Summary Conclusion

For the period January 2016 to June 2016 the number of regulatory issues identified amounted to one hundred and sixty-nine (169), which represents an increase of seventy-three (73) or 76% when compared to the corresponding period in 2015. Listed Companies had largest increase in regulatory issues when compared to the 2015 comparative period. It should be noted Listed Companies’ regulatory issues include the RMOD’s request of twenty (20) Listed Companies to provide additional information in a particular financial account for their Unaudited Interim filings. Further, RMOD’s Market Surveillance & Compliance activities treated with some member-dealers’ contravention of elements of JSE Rule 311 and the Securities Act of Jamaica, Section 40.

In closing, the RMOD wishes to state it continues to realize a high closure rate for regulatory issues handled. The number of regulatory issues closed by the RMOD as at June 30, 2016 amounted to one hundred and fifty-nine (159) or 94% of the one hundred and sixty-nine (169) issues that were handled. For the comparative 2015 period the closure rate was 95%.