

# Inside the

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**Editor's Note**

In Issue 18 of “Inside the RMOD” we present a summary of the Regulatory Market Oversight Division’s Market Surveillance and Compliance activities for the six months period January to June 2017. In addition, we also provide pictorial highlights of RMOD’s involvement in activities since our last issue. In our feature - Market Watch, we look at the procedure for stock splits. We also profile Mr. Garth Kiddoe in our recurring feature to introduce members of the Regulatory and Market Oversight Committee (RMOc) of the JSE. To our readers we welcome you to this issue of “Inside the RMOD” and hope that you enjoy!

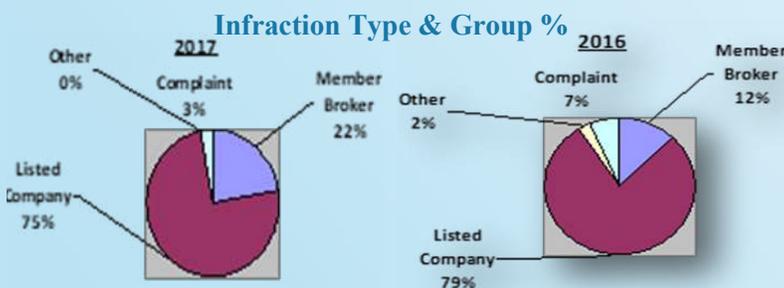
## The RMOD’s Market Surveillance & Compliance Report For January to June 2017

For the period January 2017 to June 2017 the Regulatory and Market Oversight Division (RMOD) of the Jamaica Stock Exchange (JSE) handled one hundred and sixty-two (162) regulatory issues which formed its Market Surveillance and Compliance Activities. The total number of issues handled over the comparative period in 2016 was one hundred and sixty-nine (169). Table 1 below provides a tabulation of the regulatory issues over the current and comparative periods.

**Table 1 - Regulatory Issues by Type & Group (2017/2016)**

Year	2017	2016
<b>Nature of Infraction</b>	<b>Total</b>	
Complaints on Member-dealers	-	4
Complaints on Listed Companies	5	7
Compliance & Mkt. Surveillance- Member-dealers	36	21
Compliance & Mkt. Surveillance -Listed Company	121	133
Other Compliance & Mkt. Surveillance Issues.	-	4
<b>Total</b>	<b>162</b>	<b>169</b>

For the period January 2017 to June 2017 the number of regulatory issues identified amounted to one hundred and sixty-two (162), which represents a decrease of seven (7) or 4% when compared to the corresponding period in 2016. The Division, through its market surveillance operations, has employed a strategy of proactively engaging Listed Companies since May 2017 regarding dealings by insiders and the required time for providing notifications. Through this activity the Division anticipates heightened vigilance and prompt filing of trade notifications for market disclosure by Listed Companies. The RMOD intends on applying this strategy for the remainder of 2017 and onwards to foster a culture of transparency and compliance.



In closing, the RMOD wishes to state that for the period January 2017 to June 2017 it recognized a higher closure rate for regulatory issues handled when compared with the prior comparative period. The number of regulatory issues closed by the RMOD as at June 30, 2017 amounted to one hundred and fifty-seven (157) or 97% of the one hundred and sixty-two (162) issues that were handled. For the comparative 2016 period the closure rate was 94%.

## RMOD Activities & Pictorial Highlights

Since the last issue of “Inside the RMOD,” the Division participated in three (3) listing ceremonies and conducted six (6) JSE Rules Orientation Sessions for Company Secretaries and Mentors. In the six months, the RMOD conducted JSE Rules Orientation Sessions with company secretaries and mentors for the Jamaica Stock Exchange, AMG Packaging & Paper Company Limited, GraceKennedy Limited, Caribbean Cement Company, Stationery & Office Supplies and Cable Bahamas Limited.



Over the period the RMOD also participated in listing ceremonies for Stationery and Office Supplies Limited, Productive Business Solutions and Sagcor Bank Jamaica.

In 2017, we have observed that many companies have exercised the option of conducting a stock split. In a stock split, a company divides its existing shares into multiple shares, thus increasing its total number of shares, however, the total dollar value of shares remains the same. The standard market practice for stock splits in Jamaica are as follows:

- (1) Notification of Board Meeting to consider stock splits.** The first activity for listed companies who are considering a stock split is to notify the Exchange that a stock split will be considered at a Board Meeting at least one week before the Board Meeting.
- (2) Notification of Board's decision.** The company should immediately after the Board meeting submit notification to the JSE and by extension the market that its Board had passed a resolution to split stocks. Additionally, the notice should advise that the resolution is to be voted on by shareholders at a general meeting in accordance with the **Companies Act, Section 65**.
- (3) Notification of a General Meeting to vote on stock split.** Given that shareholders must vote on a stock split at a general meeting, the company is required in keeping with the **Companies Act, Section 129**, to submit a notice of

the general meeting at least twenty-one (21) days before an annual general meeting and fourteen (14) days before any other general meeting. The notice should disclose the date of the meeting and any available details of the stock splits, such as the ratio.

**(4) Resolution from General Meeting - Declaration of stock split.**

Once shareholders approve the stock split, the company is required to issue a notice within 5 days in accordance with **JSE Rule Appendix 8 (d) - Developments to be disclosed and JSE Rule Appendix 3, Section 18**, of the decision. The notice should disclose the ratio, the ex stock split date and the effective (record) date.

**(5) Alteration of Articles of Association/Incorporation.**

Subsequent to a stock split, a company may have to alter its articles to reflect the new stock amount. If this is the case, a certified copy of the amendment to the Articles of Association should be filed promptly to the Exchange in accordance with **JSE Rule Appendix 3 - Listing Agreement, Section 3**.

**In the next issue of "Inside the RMOD," we will provide information on the standard market practice for Rights Issue.**



### Inside the Presents: Mr. Garth Kiddoe



Mr. Kiddoe is an Enterprise Consultant, with experience in Corporate Governance, Accounting, Management, Accreditation Systems and Procedures and Electrical Engineering. He is also a trained Family Business Consultant. He is a part-time lecturer in Business and Professional Ethics at the University of Technology (UTECH), Jamaica and is a former UTECH Enhancement Project team member and Dean at the university. He is also a former Chief Financial Officer at the Jamaica Public Service Company Limited.

Mr. Kiddoe is a member of the Board of Directors of the Jamaica Stock Exchange (JSE) representing the Institute of Chartered Accountants of Jamaica (ICAJ), Chairman of the Board of the Jamaica Central Securities Depository Ltd., a subsidiary of the JSE, Chairman of the Board of Governors of the JSE e-Learning Campus, a member of the Public Accountancy Board (PAB) and of the Professional Engineers Registration Board (PERB).

He is Chairman of the Practice Monitoring Committee of the PAB and serves on a number of the sub-Committees of the Board of the JSE, including the Regulatory and Market Oversight, Audit and Corporate Governance Committees.

He is very active in his church - the Church of the Ascension, Mona and is a part time student at the United Theological College of the West Indies (UTCWI).

### 311 Contract Notes

A. Member/Dealers may transact business as principals or as agents, but they must clearly state the capacity in which they are transacting such business.

- (i) either prior to or at the time of entering into the contract, and;
- (ii) in the document embodying the contract relative to the transaction.

B. Every transaction entered into by a member/dealer, whether as principal or agent, shall be evidenced by a contract note:

- (i) where member/dealer is acting in the capacity of a principal, every contract note issued therefore shall so state;
- (ii) where a member/dealer is acting in the capacity of an agent, every contract note issued therefore shall state the price at which the bargain has been done and the commission charged in respect thereof.

C. Every contract note shall bear the words "member of the Jamaica Stock Exchange".

D. Member/Dealers who effect any sale or purchase of any listed security shall within two (2) business days after the sale or purchase make and transmit a contract note of the transaction to its principal.

### 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 Exchanges rules by market participants and Listed Companies.
5. Monitor member dealers trading activities, investigation of trading activities and enforcement of the Exchange's Rules.

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

1. Email as an attachment to [RMOD@jamstockex.com](mailto:RMOD@jamstockex.com)
2. Fax to 876-967-3275
3. 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.

