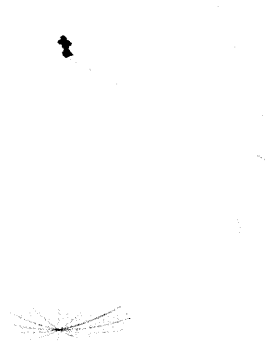




GBC
2016
Annual Report

“Promoting integrity, stability, orderliness and confidence in the local securities market.”



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PREPARATION OF ANNUAL REPORT

Section 20 of the Securities Industry Act 1998 states:

(1) The Council shall within four months of the end of each financial year send an annual report to the Minister who shall cause it to be laid in the National Assembly within thirty days after he receives it.

(2) Copies of an annual report shall be available to the public on or before the expiration of fourteen days after it is required to be laid in the National Assembly under subsection (1).

Presented herein is the Guyana Securities Council's 2016 Annual Report as sent to the Minister of Finance, pursuant to Section 20 of the Securities Industry Act, 1998.

OTHER INFORMATION

Our Bankers

Bank of Nova Scotia
Robb Street, Georgetown

Republic Bank (Guyana) Ltd,
38-40 Water Street, Georgetown

Financial Analysts

Ram and McRae
157 'C' Waterloo St, Georgetown

Nizam Ali and Company
215 'C' Camp Street, Georgetown

Auditors

Nizam Ali and Company
215 'C' Camp Street, Georgetown

The Audit Office of Guyana
63 High St., Georgetown

Legal Counsel

Fraser Housty and Yearwood
260 Middle St., Georgetown

C. A. Nigel Hughes
62 Hadfield & Cross Sts., Georgetown

Abiola Wong-Innis
'Denning Chambers' Lot 1 Croal St, Georgetown

Transmittal Letter

20th April, 2017

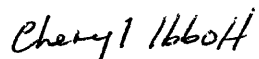
Mr. Winston Jordan, M.P
The Honourable Minister of Finance
Ministry of Finance
Main & Urquhart Streets
Georgetown

Dear Honourable Minister

Re: 2016 Annual Report | Guyana Securities Council

As required under section 30 (5) of the Securities Industry Act No. 21 of 1998, I have the honour of submitting to you the Guyana Securities Council's Annual Report for 2016, together with the Statements of Revenue and Expenditure, Financial Position and Cash Flows as prepared by the External Auditors.

Yours sincerely



Cheryl Ibbott
Chief Executive Officer

About the Council

OUR VISION

To promote integrity, stability, orderliness and confidence in the local Securities Market.

MISSION STATEMENT

The Guyana Securities Council is an independent autonomous body established with a mission to ensure the orderly growth and development of the securities market within a dynamic regulatory framework that facilitates the mobilization of capital in the national interest and in a transparent, efficient, fair and competitive manner.

FUNCTIONS OF THE COUNCIL

The principal functions of the Council, under Section 5 of the Securities Industry Act 1998 (S.I.A), are to:

- (a) advise the Minister of Finance on all matters relating to securities;
- (b) maintain surveillance over the securities market and ensure orderly, fair and equitable dealings in securities;
- (c) register, authorize or regulate, in accordance with the Securities Industry Act 1998, self regulatory organization, securities companies, securities intermediaries, brokers, dealer, traders, underwriters, issuers and investment advisers, and control and supervise their activities with a view to maintaining proper standards of conduct and professionalism in the securities business;
- (d) protect the integrity of the securities market against abuse arising from the practice of insider trading;
- (e) create and promote such conditions in the securities market as it may seem necessary, advisable or appropriate to ensure the orderly growth and development of the capital market.

POWERS OF THE COUNCIL

Under Section 6 of the Securities Industry Act 1998 (S.I.A), the Council has the power to:

- (a) deal with such matters as may be referred to it by any person registered with the Council under the S.I.A from time to time;
- (b) formulate principles for the guidance of the securities industry;
- (c) monitor the solvency of registrants and take measures to protect the interest of customers where the solvency of any such registrant is in doubt;
- (d) adopt measures to supervise and minimize any conflict of interests that may arise in the case of brokers or dealers;
- (e) review, approve and regulate take-overs, amalgamations and all forms of business combinations in accordance with the S.I.A or with written law in all cases in which it considers its expedient or appropriate to do so;
- (f) review the contents of prospectuses, offering circulars or any form of solicitation, advertisement or announcement by which securities are offered for sale to the public; review the contents of prospectuses, offering circulars or any form of solicitation,
- (g) take action against persons registered or required to be registered under the S.I.A for failing to comply therewith;
- (h) undertake such other activities, including the making of regulations, as are necessary or expedient for giving full effect to the S.I.A .
- (i) do all things which may be necessary or expedient or are incidental or conducive to the discharge of any of its functions and powers under the S.I.A.

About the Council

The Guyana Securities Council is an independent autonomous body established by Section 4 of the Securities Industry Act 1998.

The Securities Industry Act 1998 is an Act that provides for the registration of securities brokers and dealers, self-regulatory organizations, and issuers of securities. It also provides for the regulation of securities issuances; with the purpose of encouraging capital formation and the growth of efficient securities markets, while protecting purchasers of securities and promoting ethical behavior in the securities industry.

There is a proposed re-write to the Securities Industry Act, which will address the deficiencies therein, and as a result will strengthen the legislative structure of the Securities Industry. In addition to the re-write of the principal legislation, the Council is also proposing to have its Corporate Governance Guidelines formed into regulations. Also proposed is the review and implementation of the Collective Investment Schemes Bill.

LEGISLATIVE FRAMEWORK

The Council is principally mandated to administer the following legislations:

- Securities Industry Act 1998
- Securities Industry Regulations 2002
 - Securities Industry (Registration of Market Participants) Regulations
 - Securities Industry (Conduct of Business) Regulations
 - Securities Industry (Accounting and Financial Statements) Regulations
 - Securities Industry (Advertisements) Regulations
 - Securities Industry (Disclosure by Reporting Issuers) Regulations
 - Securities Industry (Prospectus) Regulations
 - Securities Industry (Registration of Issuer of Securities) Regulations
- Anti-Money Laundering and Countering the Financing of Terrorism Act 2009
- Anti-Money Laundering and Countering the Financing of Terrorism (Amendment) Act 2015
- Anti-Money Laundering and Countering the Financing of Terrorism Regulations 2010
- Anti-Money Laundering and Countering the Financing of Terrorism Regulations 2015

Members of the Council

The Guyana Securities Council's Board of Directors is comprised of four (4) Council Members, including the Chairman.

During the 2016 fiscal year, Mr. Keith Cholmondeley, Dr. Terrence Smith, Deputy Governor of the Bank of Guyana, Madam Justice Ret'd Claudette Singh, and Mrs. Donna Levi, served as members of the Board. Mr. Cholmondeley served as the Chairman.

Effective 1st January, 2017, a new Board was

appointed by Cabinet. The new members are: Mr. Rawle Lucas, Dr. Terrence Smith, Deputy Governor of the Bank of Guyana, Madam Justice Ret'd Claudette Singh, and Mrs. Debra Roberts. Mr. Lucas is currently serving as Chairman.

As the previous Board was dissolved as of 31st December, 2016, the new Board reviewed and approved the GSC's 2016 Audited Financial Statements, in place of the former Board, with Mr. Lucas signing as the Chairman.



Mr. Keith Cholmondeley,
Chairman



Madam Justice Ret'd
Claudette Singh, Member



Mrs. Donna Levi,
Member



Dr. Terrence Smith,
Member

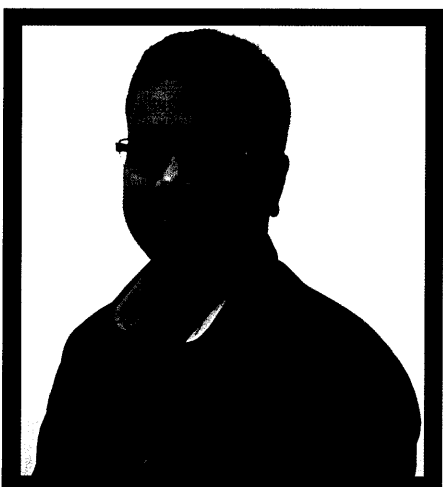
Staff of the Council



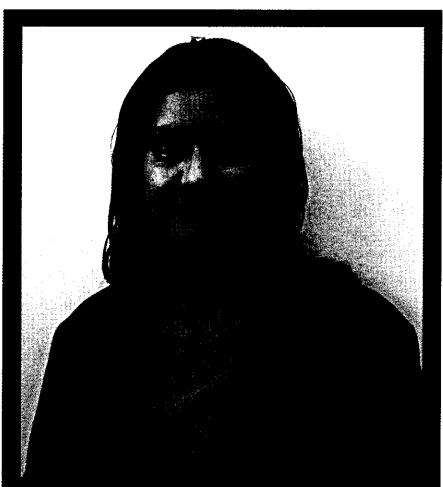
Ms. Cheryl Ibbott,
General Manager / Chief Executive Officer



Mr. Shaun Allicock,
Legal Counsel / Corporate Secretary



Mr. Vivakhanand Permanand,
Surveillance & Systems Coordinator



Mrs. Gina Layne
Administrative Officer



Ms. Krystal Pereira,
Office Clerk / Typist



Mr. Melroy Griffith,
Office Assistant

Activities of the Council

SUMMARY OF OPERATIONS

The Guyana Securities Council in executing its mandate under Sections 5 (a) – (e) and 6 (a) – (i) of the Securities Industry Act 1998, performs the following fundamental duties, among others:

1. Registration of all public companies;
 - a. Registration of Annual Registration Statements;
2. Analyze all company's Annual Reports and Interim Reports for:
 - a. Disclosure obligations relating to the delivery of accounts;
 - b. Review the information in the accompanying director's report;
 - c. Review the acquisition or disposal of major assets;
 - d. Review transactions with related parties and companies;
 - e. Review information with regards to shareholders, substantial shareholdings, board meetings, board discussions and notifications to the Council;
3. Register all Treasury Bills issued by the Bank of Guyana;
4. Register and publish by 31st March, each year, a list of all valid registrants, by class of registration;
5. Maintaining actual register for all Market Participants and registrants registered by the Council;
6. Surveillance of the Securities Market; oversight of the Self-Regulatory Organisation (SRO), the Guyana Association of Securities Companies and Intermediaries (GASCI);
7. Monitor the Stock Exchange for:
 - Protection of investors and public interest;
 - Fostering of corporation and coordination among persons who clear, settle, regulate and process information to facilitate trading in securities;
 - Ensuring the fair representation of the SRO members;
 - Prevent deceptive and manipulative practices from occurring in the securities market;
 - Ensure both on and off platform trades are done using fair trading practices
 - Review and analyze the SRO's and Market Participant's Annual Reports;
 - Investigate unfair pricing of securities – the Council is currently investigating the pricing of several Reporting Issuers shares used by attorneys to settle deceased persons estates;
 - Monitor the registered Market Participants for independence, material interest, ensuring their customers understand the risks, customer agreements and after market transactions.

This type of monitoring is done on a continuous basis with the SRO and Market Participants;

The Council's functions and powers are mandated by the Securities Industry Act 1998 and Regulations thereto, and the actions the Council undertakes is reactive to the misconduct and non-compliance of the Registrants, Market

Activities of the Council

Participants, Reporting Issuers and other Stakeholders of the Securities Industry.

ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM

The Council also has a secondary mandate as a Supervisory Authority under the Anti-money Laundering and Countering the Financing of Terrorism Act 2009. Section 22 (c) of the AML/CFT Act 2009 gives the Council the responsibility as a Supervisory Authority for reporting entities who perform the business activities specified in the Fourth Schedule of the Act, which are enumerated below:

1. Trading for own account or for account of customers in money market instruments (such as cheques, bills, certificates of deposit), foreign exchange, financial futures and options, exchange and interest rate instruments, and transferable securities.
2. Underwriting share issues and participation in such issues.
3. Advice to undertakings on capital structure, industrial strategy and related questions, and advice and services relating to mergers and the purchase of undertakings;
4. Money-broking;
5. Portfolio management and advice;
6. Safekeeping and administration of securities;
7. Venture risk capital;
8. Unit trusts;

During 2016, the Council continued on-site examinations of all its Market Participants for the 2015 fiscal year.

The reports of these examinations were sent to the Financial Intelligence Unit for review and further action.

The Council has limited human and financial resources, however with its current compliment of staff, the Council is fulfilling its mandate under the Anti-Money Laundering and Countering the Financing of Terrorism Act 2009.

WORKSHOPS AND TRAINING

The Council conducts annual training sessions for its Market Participants under the Securities Industry Act and its reporting entities under the AML/CFT Act annually.

These training programs are highly beneficial to the stakeholders involved, as they increase the awareness of the requirements to ensure compliance with the various pieces of legislation, as well as to identify any risks that may be existing in their operations, and how they can mitigate those risks.

The agencies that benefit from the Council's training are all the stakeholders of the Securities Industry, including all Market Participants. The Reporting Issuers are also invited to attend. Other agencies that are invited are the

Activities of the Council

Bank of Guyana, Guyana Police Force, Special Organised Crime Unit and the State Asset Recovery Unit.

BUDGET AND FUNDING

The Guyana Securities Council is funded through subvention allocations from the Ministry of Finance. Illustrated below is a brief summary of the Council’s budgetary allocations over the past 5 years and its total spending on annual expenditure, extracted from the Audited Financial Statements for each year.

Year	Subvention Received	Annual Expenditure
2012	45,888,580	51,118,902
2013	48,025,960	54,911,486
2014	69,227,076	68,116,036
2015	72,695,304	70,269,267
2016	76,264,000	69,506,039

During the years 2011 - 2013, the subvention deficit was financed by the Council’s deferred revenue. Any excess of revenue over expenditure is transferred to the deferred revenue, to be utilized during the next financial year.

The Council can have other methods of financing available, i.e. registration fees for new market participants and Reporting Issuers. However, these fees are nominal, and are only paid once on registration. In the proposed legislation, the fee structure can be re-worked to facilitate annual registration fees for all registrants and issuers, including all Market Participants, Reporting Issuers and Government Agencies which issue securities (e.g. Treasury Bills, etc.)

REGIONALLY AND INTERNATIONALLY

The Council is a member of several organisations within the region, namely the Caribbean Group of Securities Regulators (CGSR), the Council of Securities Regulators of the Americas (COSRA) and the Caribbean Regional Technical Assistance Centre (CARTAC). These organisations host several meetings and workshops annually which the Council is required to participate in. Among the issues being discussed is the Regional Choice of Law and Rule of Law Guidelines.

The Council in September 2005, applied to become a

member of the International Organisation of Securities Commissions (IOSCO). The IOSCO Multilateral Memorandum of Understanding on Cooperation and Consultation and the Exchange of Information (the MMoU), provides a global framework for enforcement co-operation between securities regulators, thereby helping to ensure effective global regulation and to preserve the strength of securities markets. It is a critical IOSCO work-stream, and is rightly regarded as the benchmark for international co-operation in enforcement matters. The main impediments preventing Guyana from becoming a signatory to the MMoU are as follows:

- The Council does not have direct access to bank records, depending on the Bank of Guyana to obtain this information when a bank is not a market participant or a reporting issuer. Additionally, Guyana’s legislation is not specific with respect to how to acquire information from banks;
- The Bank of Guyana is limited in its sharing information, depending on the Finance Minister or any lawful order of Court for obtaining the information.

The MMoU envisages that signatories will provide to each other comprehensive assistance in the investigation and prosecution of securities-related crime and misconduct.

Activities of the Council

In increasingly globalised markets, the ability to obtain information and exchange it with overseas counterparts, as facilitated by the MMoU, is critical to Regulators' success in this field. MMoU signatories, and the markets to which they belong, benefit from international recognition in that they adhere to robust standards in the investigation of cross-border crime, and that they are participants in a global enforcement regime, which contributes to maintaining fair and efficient markets. That recognition may inform the perceptions of international organisations involved in global regulation. For example, the Financial Stability Board and other standard-setters use the MMoU as a benchmark when conducting their own assessments. Moreover, whether or not a jurisdiction is a signatory to the MMoU may influence the perceptions of international investors as to market credibility.

There are now 91 signatories to the MMoU, representing approximately 94% of the world's securities markets, and IOSCO is determined to ensuring global coverage. It is therefore becoming essential for all regulators to sign the MMoU, not only to ensure effective international enforcement, but for their reputation, and the economic health of the jurisdictions to which they belong.

Currently, becoming an ordinary IOSCO member is conditional upon signing the MMoU, a prerequisite of which is the ability to obtain, and disclose to other regulators, certain specific information that may be critical to enforcement cases. Very often, acquiring that ability may require significant legislative change within an applicant's jurisdiction.

However, the benefits of becoming an IOSCO member are numerous. There are reputational advantages and, for example, other international organisations such as the IMF

and the World Bank refer not only to the IOSCO MMoU, but to the IOSCO Objectives and Principles of Securities Regulation and the IOSCO Assessment Methodology when conducting their own jurisdictional assessments. Domestic markets may experience more tangible benefits, such as increased capital flows, which will derive from increased investor confidence. In addition, there are hugely significant benefits in terms of the IOSCO Education and Training Program, and other IOSCO capacity building initiatives.

All Securities Commissions were required to be IOSCO compliant, however this benchmark has been shifted to Country compliance.

This condition should be satisfied by the re-write of the Securities Industry legislation, and the possible amendments to the Financial Institutions Act to allow for the sharing of information.

Litigation Summary

Case Name: **Re: GUYANA SECURITIES COUNCIL: v APPLICATIN BY GBTI et anor 34M/2015**

Nature of Claim: Claim for Mandamus to force issue of Prospectus receipts

Status: Awaiting notification of fixture for decision.

Case Name: **Re: GUYANA SECURITIES COUNCIL: ESTTATE OF WEBSTER v 908/2014**

Nature of Claim: Claim to allow estate to proceed except the shares subject matter of Action No. 91CD/2014

Status: By Consent order granted in May 2015

Case Name: **GUYANA SECURITIES COUNCIL v : BANKS DIH, FULL COURT APPEAL, APPEAL NO.**

Nature of Claim: On appeal from the interlocutory decision of a Judge in Chambers Originating Summons proceedings No. 705-SA/2011

Status: Awaiting notification of fixture for appeal.

Case Name: **GUYANA SECURITIES COUNCIL: EVANS V 376-W/2012**

Nature of Claim: The plaintiff claims in the aforementioned matter that the second-named defendant wrongfully and unlawfully, and without lawful authority purported terminated her employment as secretary of Guyana Securities Council.

Status: Judgment granted against the Defendant Council on the 30th December, 2015 in the sum of \$2,208,328 (two million two hundred and eight thousand, three hundred and twenty eight dollars) together with interest thereon at the rate of 6% per annum from the 24th day of September, 2012 to 30th day of December 2015.

Case Name: **GUYANA SECURITIES COUNCIL: DDL Action No. 489/W/2010**

Nature of Claim: Claim for declaration and other orders re the filing of order in the Court Registry on 18th November, 2009, books in contempt of court and in violation of the orders of Insanally J on the 23rd November, 2009.

Status: Matter taken off the list pending the determination of 149M of 2009.

Litigation Summary

Case Name: GUYANA SECURITIES COUNCIL: TRUST COMPANY (GUYANA) LTD, ACTION NO.157/W/2010

Nature of Claim: Various declarations relating to the relationship between Guyana Securities Council and Trust Co.

Status: Awaiting call over date.

Case Name: GUYANA SECURITIES COUNCIL A.B. AND CHERYL IBBOTT V DEMERARA DISTILLERS LIMITED, COURT OF APPEAL, APPEAL NO.41/2004

Nature of Claim: An appeal from the decisions of the learned Chief Justice to the Full Court in Action no. 384/04/W.

Status: Mater may be abandoned.

Case Name: BANKS DIH -v- GUYANA SECURITIES COUNCIL CIVIL APPEAL, APPEAL NO.22/07

Nature of Claim: Appeal from refusal of Prerogative writ to quash the decision of the Guyana Securities Council to appoint an investigator to investigate the applicant pursuant to section 133 (1) Securities Industries Act 1988.

Status: Matter is still pending.

Case Name: GUYANA SECURITIES COUNCIL: APPLICATION BY BANKS DIH, ACTION NO.20/06-M

Nature of claim: Application for Prerogative Writ of Certiorari of Prohibition directed against Guyana Securities Council with regards to their finding that Banks DIH Ltd was in contravention of regulation 6 (d) (1) of the Securities Industry (disclosure by reporting issuers) Regulation 2002.

Status: Awaiting notification of fixture (last heard on the 27th October, 06)

Case Name: GUYANA SECURITIES COUNCIL: APPLICATION BY BANKS DIH, ACTION NO.200/06/SA

Nature of claim: Originating Summons issued by Banks DIH seeking interpretation of Section 199 (6) of the Companies Act no. 29 of 1991 and section 6 (d) 1 of the Securities Industries (disclosure by reporting issuers) Regulation no. 8 of 2002.

Status: Decision given against the Guyana Securities Council, matter appealed

Litigation Summary

Case Name: GUYANA SECURITIES COUNCIL v: BANKS DIH, COURT OF APPEAL, APPEAL NO.

Nature of Claim: On appeal from the interlocutory decision of a Judge in Chambers in Originating Summons proceedings No. 200-SA/2006 DEMERARA.

Status: Awaiting notification of fixture for appeal.

Case Name: GUYANA SECURITIES COUNCIL: APPLICATION BY DEMERARA DISTILLERS LIMITED, ACTION NO.149/M/09

Nature of Claim: Judicial Review of Guyana Securities Council's imposition fine as penalty for the Demerara Distillers Limited contravention of Regulations under the SI Act 1998.

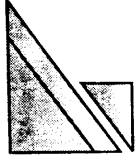
Status: Awaiting Notification of date for continuation.

Case Name: Re: GUYANA SECURITIES COUNCIL v ON ENERGY & CGX, ACTION NO. 893/CD/2014

Nature of Claim: Take over Bid

Status: Matter if fixed for the 9th day of March, 2017, before the Honourable Madam Justice Dian Insanally

AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2016



Nizam Ali & Company
Chartered Accountants
215 'C' Camp Street
North Cummingsburg
Georgetown

Tel: (592)-227-8825
Tele/Fax: (592)-225-7085
E-mail: nizamali@gol.net.gy

**AUDITORS' REPORT
TO THE COUNCIL MEMBERS
GUYANA SECURITIES COUNCIL**

We have audited the financial statements of Guyana Securities Council which comprise the statement of financial position as at December 31, 2016 and the statements of revenue and expenditure and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Council as of December 31, 2016 and its financial performance and its cash flows for year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Council in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Guyana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they can reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Council to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Council audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

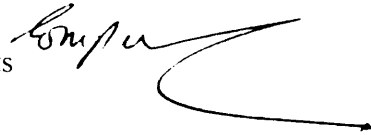
Auditor's Responsibilities for the Audit of the Financial Statements, continued

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period.

Report on Other Legal and Regulatory Requirements

The financial statements comply with the requirements of the Securities Industry Act 1998.

Nizam Alia Gimpu
Chartered Accountants
Georgetown, Guyana
April 20, 2017



GUYANA SECURITIES COUNCIL

Statement of Financial Position

As at December 31, 2016


With comparative figures for December 31, 2015

(Expressed in Guyana Dollars)


	Notes	2016 \$	2015 \$
Non - current assets			
Furniture, equipment and books	7	262,845	516,847
		<u>262,845</u>	<u>516,847</u>
Current assets			
Cash and bank	5	25,977,383	20,017,860
Accounts receivable	11	41,440	-
		<u>26,018,823</u>	<u>20,017,860</u>
Total current assets		<u>26,018,823</u>	<u>20,017,860</u>
Total assets		<u><u>26,281,668</u></u>	<u><u>20,534,707</u></u>
Liabilities			
Deferred revenue	10	25,596,168	18,738,207
Accounts payable and accrued charges	9	685,500	1,796,500
		<u>26,281,668</u>	<u>20,534,707</u>
Total liabilities		<u><u>26,281,668</u></u>	<u><u>20,534,707</u></u>



Chairman



Member



Member

The accompanying notes form an integral part of these financial statements

GUYANA SECURITIES COUNCIL

Statement of Revenue and Expenditure
For the year ended December 31, 2016
With comparative figures for December 31, 2015
 (Expressed in Guyana Dollars)

	Notes	<u>2016</u>	<u>2015</u>
		\$	\$
Revenue			
Subvention	4	76,264,000	72,695,304
Transfer to deferred income	10	<u>(6,857,961)</u>	<u>(2,566,037)</u>
		69,406,039	70,129,267
Fines and fees	12	100,000	140,000
Total income		<u><u>69,506,039</u></u>	<u><u>70,269,267</u></u>
Expenditure			
Council members' fees	6	6,534,000	6,534,000
Salaries and short term benefits		50,276,755	46,377,795
Professional fees		4,886,660	10,078,000
Communication		438,137	405,924
Stationery		442,690	236,801
Advertising and publication		98,804	60,533
Depreciation		301,702	707,347
Audit fees		570,000	599,875
Conference and training expenses		5,256,303	4,475,423
Miscellaneous		680,593	773,174
Insurance		20,395	20,395
		<u><u>69,506,039</u></u>	<u><u>70,269,267</u></u>

The accompanying notes form an integral part of these financial statements

GUYANA SECURITIES COUNCIL

Statement of Cash Flows
For the year ended December 31, 2016
With comparative figures for December 31, 2015
(Expressed in Guyana Dollars)

	<u>2016</u>	<u>2015</u>
	\$	\$
Cash flow from operating activities		
Expenditure	(69,506,039)	(70,269,267)
Other income	100,000	140,000
	<u>(69,406,039)</u>	<u>(70,129,267)</u>
Adjustments for:		
Depreciation	301,702	707,347
Change in accounts receivable	(41,440)	41,680
Change in accounts payable and accrued charges	(1,111,000)	777,665
	<u>(70,256,777)</u>	<u>(68,602,575)</u>
Cash flow from investing activities		
Purchase of furniture and equipment	(47,700)	(218,554)
	<u>(47,700)</u>	<u>(218,554)</u>
Cash flow from financing activities		
Subvention	76,264,000	72,695,304
	<u>76,264,000</u>	<u>72,695,304</u>
Net increase in cash and cash equivalents	5,959,523	3,874,175
Cash and cash equivalents as at the beginning of year	<u>20,017,860</u>	<u>16,143,685</u>
Cash and cash equivalents as at end of year	<u><u>25,977,383</u></u>	<u><u>20,017,860</u></u>
Cash at bank as at end of year	<u><u>25,977,383</u></u>	<u><u>20,017,860</u></u>

The accompanying notes form an integral part of these financial statements

GUYANA SECURITIES COUNCIL

Notes to Financial Statements

December 31, 2016

(Expressed in Guyana Dollars)

1. Entity identification and principal function

The Guyana Securities Council (the 'Council') is a statutory body created by the Securities Industry Act 1998 and brought into existence by Ministerial Order No 5 of 2000 by the Minister of Finance with effect from December 16, 2000. The Council commenced activities on September 24, 2001.

The members of the Council serving in 2016 were:

Period served: 1st Jan. - 31st Dec., 2016

Mr. Keith Cholmondeley - Chairman

Ms. Donna Levi - Member

Ms. Claudette Singh - Member

Dr. Terence Smith - Member

The principal functions of the Council are to:

- (a) advise the Minister of Finance on all matters relating to securities,
- (b) maintain surveillance over the securities market and ensure orderly, fair and equitable dealings in securities,
- (c) register, authorize or regulate, in accordance with the Securities Industry Act 1998, self regulatory organization, securities companies, securities intermediaries, brokers, dealers, traders, underwriters, issuers and investment advisers, and control and supervise their activities with a view to maintaining proper standards of conduct and professionalism in the securities business,
- (d) protect the integrity of the securities market against abuse arising from the practice of insider trading,
- (e) create and promote such conditions in the securities market as it may seem necessary, advisable or appropriate to ensure the orderly growth and development of the capital market.

2. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for the year ended December 31, 2016 and have not been applied in preparing these financial statements. None of these will have a significant impact on the financial statements of the Council.

3. Significant accounting policies

(a) *Accounting convention*

The financial statements have been prepared in accordance with International Financial Reporting Standards adopted by the Institute of Chartered Accountants of Guyana.

The Members of the Council approved these financial statements for issue on April 20, 2017

GUYANA SECURITIES COUNCIL

Notes to Financial Statements

December 31, 2016

(Expressed in Guyana Dollars)

3. Significant accounting policies continued(b) *Subvention*

Subvention that compensate the Council's costs are recognized in the statement of revenue and expenditure in the period that these costs are incurred.

Subvention relating to purchase of equipment is credited to the statement of revenue and expenditure on a straight line basis over the expected lives of the related assets.

(c) *Registration fees*

Registration fees are collected from reporting issuers upon submission of the registration statement to the Council as required under Sections 56 and 57 of the Securities Industry Act 1998. The registration fees are recognized in the statement of revenue and expenditure in the period that related registration statements are submitted to the Council.

(d) *Foreign currency transactions*

Foreign currency transactions are translated at the exchange rates prevailing at the dates of these transactions. At the statement of financial position date, any monetary assets and liabilities denominated in foreign currencies are translated to Guyana Dollars at the prevailing rates at that date. Exchange differences on foreign currency transactions are recognized in the statement of revenue and expenditure.

(e) *Expense recognition*

Expenses are recognized on an accrual basis.

(f) *Furniture, equipment and books*

Furniture, equipment and books are stated at cost less accumulated depreciation. Depreciation is calculated on a straight line basis at rates estimated to write off the assets over their expected useful lives. The current annual rates of depreciation are:

Furniture	10%
Equipment	20%
Books	10%

(g) *Deferred revenue*

Deferred revenue are unrestricted funds which are available for use at the discretion of the Council in furtherance of the principal functions of the Council and which have not been designated for other purposes.

GUYANA SECURITIES COUNCIL

Notes to Financial Statements

December 31, 2016

(Expressed in Guyana Dollars)

4. Subvention

The Council received a subvention of G\$76,264,000 (2015 - G\$72,695,304) Guyana Dollars from the Government of Guyana during the year to cover operating costs.

Unused funds are carried forward to future periods and accounted for as deferred revenue.

5. Cash resources

	<u>2016</u>	<u>2015</u>
	\$	\$
Bank of Nova Scotia	19,974,453	14,114,330
Republic Bank (Guyana) Limited	<u>6,002,930</u>	<u>5,903,530</u>
	<u>25,977,383</u>	<u>20,017,860</u>

6. Council members' fees

	<u>2016</u>	<u>2015</u>
	\$	\$
B. James	-	1,386,000
B. Pollard	-	808,500
L. Gossai	-	808,500
L. Glen	-	1,155,000
K. Cholmondeley	2,376,000	990,000
D. Levi	1,386,000	577,500
C. Singh	1,386,000	577,500
T. Smith	<u>1,386,000</u>	<u>231,000</u>
	<u>6,534,000</u>	<u>6,534,000</u>

GUYANA SECURITIES COUNCIL

Notes to Financial Statements

December 31, 2016

(Expressed in Guyana Dollars)

7. Furniture, equipment & books

2016	Furniture \$	Equipment \$	Books \$	Total \$
Costs				
As at beginning of year	3,398,011	2,531,187	2,608,711	8,537,909
Additions	-	47,700	-	47,700
As at end of year	<u>3,398,011</u>	<u>2,578,887</u>	<u>2,608,711</u>	<u>8,585,609</u>
Depreciation				
As at beginning of year	(2,945,388)	(2,474,186)	(2,601,488)	(8,021,062)
Charges for the year	(273,889)	(20,590)	(7,223)	(301,702)
As at end of year	<u>(3,219,277)</u>	<u>(2,494,776)</u>	<u>(2,608,711)</u>	<u>(8,322,764)</u>
Net book value				
As at end of year	<u>178,734</u>	<u>84,111</u>	<u>-</u>	<u>262,845</u>
2015	Furniture \$	Equipment \$	Books \$	Total \$
Costs				
As at beginning of year	3,179,457	2,531,187	2,608,711	8,319,355
Additions	218,554	-	-	218,554
As at end of year	<u>3,398,011</u>	<u>2,531,187</u>	<u>2,608,711</u>	<u>8,537,909</u>
Depreciation				
As at beginning of year	(2,609,479)	(2,363,619)	(2,340,617)	(7,313,715)
Charges for the year	(335,909)	(110,567)	(260,871)	(707,347)
As at end of year	<u>(2,945,388)</u>	<u>(2,474,186)</u>	<u>(2,601,488)</u>	<u>(8,021,062)</u>
Net book value				
As at end of year	<u>452,623</u>	<u>57,001</u>	<u>7,223</u>	<u>516,847</u>

8. Key management compensation

Seven (7) individuals are considered key management personnel. The remuneration paid to key management personnel for the year was as follows :

	<u>2016</u> \$	<u>2015</u> \$
Salaries and short term benefits	<u>50,874,318</u>	<u>48,762,528</u>

GUYANA SECURITIES COUNCIL

Notes to Financial Statements

December 31, 2016

(Expressed in Guyana Dollars)

9. Accounts payable and accrued charges	2016	2015
	<u>\$</u>	<u>\$</u>
Professional fees	-	900,000
Audit Fee	570,000	580,000
Other Payables	115,500	316,500
	<u>685,500</u>	<u>1,796,500</u>
	<u>\$</u>	<u>\$</u>
10. Deferred revenue	2016	2015
	<u>\$</u>	<u>\$</u>
Balance at beginning of year	18,738,207	16,172,170
Transfer from statement of revenue and expenditure	6,857,961	2,566,037
	<u>25,596,168</u>	<u>18,738,207</u>
	<u>\$</u>	<u>\$</u>
11. Accounts receivable	2016	2015
	<u>\$</u>	<u>\$</u>
Prepayments	41,440	-
	<u>41,440</u>	<u>-</u>
	<u>\$</u>	<u>\$</u>
12. Other income	2016	2015
	<u>\$</u>	<u>\$</u>
Fines and Registration fees	100,000	140,000
	<u>100,000</u>	<u>140,000</u>

13. Financial instruments

The Council's financial instruments comprise of cash and bank balances, accounts receivable, accounts payable and accrued charges.

(i) Credit Risk

Credit Risk on accounts receivable is limited as accounts receivable are shown net of provision of bad debts. Management believes that there is no additional risk beyond amounts provided for collection losses.

GUYANA SECURITIES COUNCIL**Notes to Financial Statements****December 31, 2016**(Expressed in Guyana Dollars)

(ii) Liquidity risk

Liquidity risk is the risk that the Council is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and availability of funds through an adequate amount of committed credit facilities.

(iii) Fair values

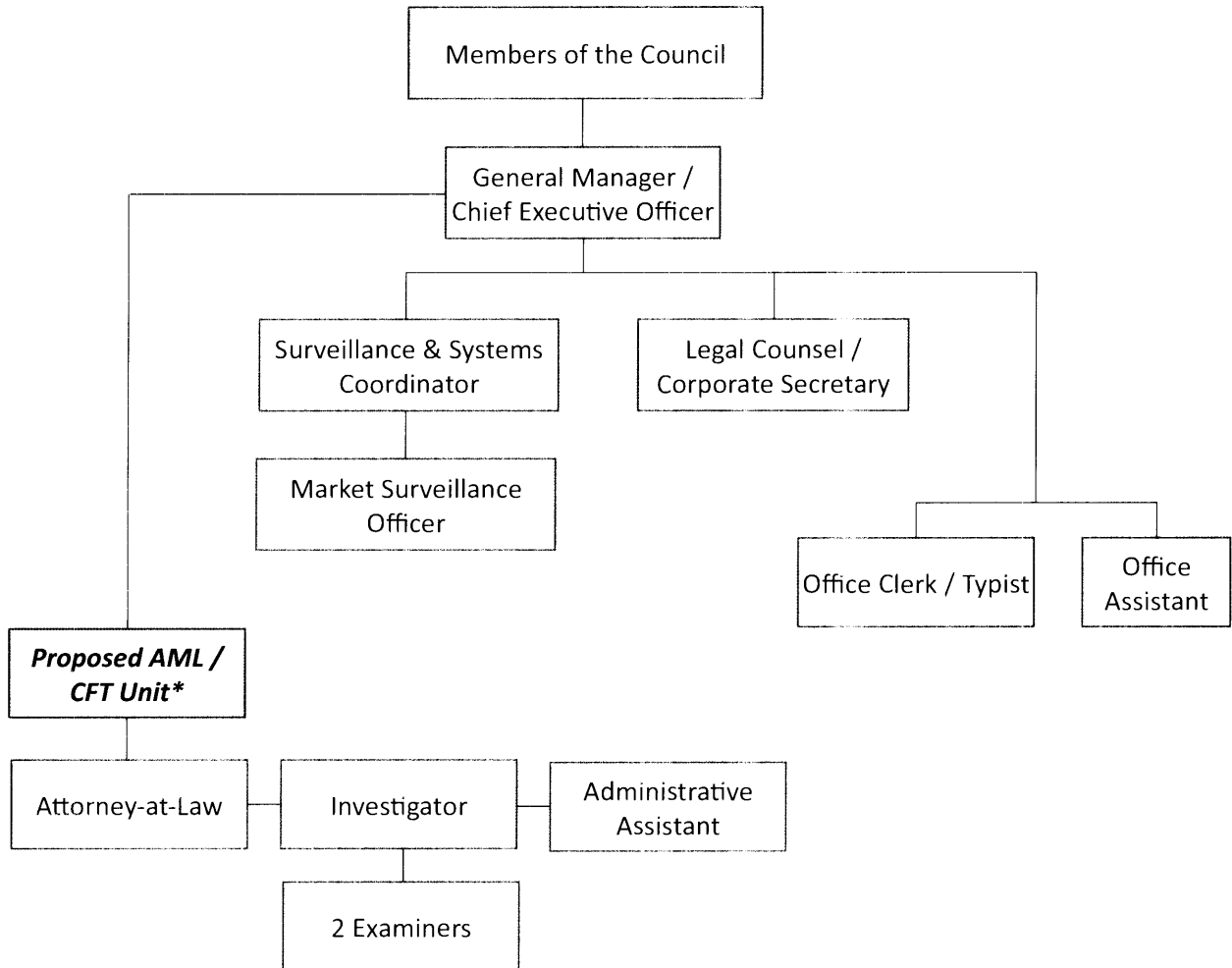
The fair values of cash and bank balances, accounts receivable, accounts payable and accrued charges are not materially different from their carrying amounts.

14. Contingencies

In the ordinary course of operation the Council is involved in legal proceedings. In the Members' opinion, after taking legal advice, the outcome of these matters will not give rise to significant loss.

Appendices

ORGANISATIONAL CHART



* - Funds were allocated in the 2017 Budget for the establishment of this unit, and staff recruitment is ongoing.

Appendices

G.A.S.C.I

GASCI is the abbreviation for the Guyana Association of Securities Companies and Intermediaries Inc. This company is the local stock exchange that organises and supervises the stock market in Guyana.

GASCI is a “Self-Regulatory Organisation” (SRO) which was formed for the purpose of developing a Stock market in Guyana. It is the result of earlier work undertaken by the Adam Smith Institute funded by the UK Department for International Development.

GASCI consists of four member firms which trade (i.e. provide broker services for customers who wish to buy and sell shares) on the stock market and these are Trust Company (Guyana) Ltd, Guyana Americas Merchant Bank Inc, Beharry Stockbrokers Ltd and Hand-in-Hand Trust Corporation Inc (formerly GNCB Trust Corporation Inc). Trust Company (Guyana) Ltd, Beharry Stockbrokers Ltd and Hand-in-Hand Trust Corporation Inc are also represented on the Board of Directors of GASCI. The member firms of GASCI are registered as Brokers with the Guyana Securities Council.

REGISTERED REPORTING ISSUERS OF THE COUNCIL

- Banks DIH Ltd.
- Caribbean Container Inc.
- Citizens Bank Guyana Inc.
- City Jewelers and Pawnbrokers Ltd.
- Demerara Bank Ltd.
- Demerara Distillers Ltd.
- Demerara Tobacco Company Ltd.
- Guyana Bank for Trade and Industry Ltd.
- Guyana Stockfeeds Inc.
- Guyana Stores Ltd.
- Humphrey and Company Ltd.
- J. P. Santos & Company Ltd.
- National Engineering Company
- ON Energy Inc.
- Property Holdings Inc.
- Republic Bank (Guyana) Ltd.
- Rupununi Development Company Ltd.
- Sterling Products Ltd.

REGISTERED MARKET PARTICIPANTS

BROKERS

- Trust Company (Guyana) Limited
- Hand-in-Hand Trust Company Limited
- Guyana Americas Merchant Bank Incorporated
- Beharry Stockbrokers Limited

DEALERS AND UNDERWRITERS

- Guyana Americas Merchant Bank Incorporated

INVESTMENT ADVISERS

- Guyana Americas Merchant Bank Incorporated
- Pollards et Filles (Guyana) Inc.

Appendices

MARKET CAPITALISATION

Issuer	2012	2013	2014	2015	2016
Banks DIH Limited	16,900,000	20,000,000	19,500,000	20,100,000	22,600,000
Caribbean Container Inc	1,520,000	1,520,000	1,433,708	1,368,000	1,368,000
Citizens Bank Guyana Inc	4,164,391	19,334,673	8,566,747	8,566,747	8,566,747
City Jewelers and Pawnbrokers Limited	-	-	-	-	-
Demerara Bank Limited	12,555,000	14,400,000	14,625,000	16,200,000	15,975,000
Demerara Distillers Limited	9,779,000	14,322,000	17,710,000	17,710,000	18,480,000
Demerara Tobacco Company Ltd	19,305,000	25,737,660	23,868,000	23,751,000	24,277,500
Guyana Bank for Trade and Industry	18,400,000	24,000,000	23,400,000	18,800,000	17,920,000
Guyana Stockfeeds Incorporated	1,605,711	1,605,711	1,605,711	1,605,711	1,605,711
Humphrey & Company Limited	-	-	-	-	-
J.P. Santos & Company Limited	-	-	-	380,088	380,088
Property Holdings Inc	870,000	820,000	820,000	500,000	500,000
Republic Bank (Guyana) Limited	36,600,000	37,500,000	36,900,000	33,300,000	27,000,000
Rupununi Development Company Limited	183,892	183,892	183,892	183,892	275,838
Sterling Products Limited	1,527,132	1,985,272	2,290,698	2,443,411	2,458,683
TOTAL	123,410,126	161,409,207	150,903,756	144,908,850	141,407,567

Thousands of dollars

Source: GASCI

EARNINGS PER SHARE AND DIVIDEND YIELD

Issuer	2012		2013		2014		2015		2016	
	EPS	Div. Yield	EPS	Div. Yield	EPS	Div. Yield	EPS	Div. Yield	EPS	Div. Yield
Trinidad Cement Limited	(48.11)	-	(13.02)	-	6.45	-	1.23	-	N/A	N/A
Banks DIH Limited	2.78	3.60%	2.93	3.20%	2.66	3.30%	2.75	3.40%	4.47	2.93%
Caribbean Container Inc	0.17	-	0.20	0.80%	0.03	0.80%	0.29	1.10%	1.25	2.22%
Citizens Bank Guyana Inc	15.49	3.10%	15.82	0.70%	17.74	1.70%	15.84	1.70%	8.05	1.25%
City Jewelers and Pawnbrokers Limited	-	-	-	-	46.38	-	46.38	-	(115.57)	-
Demerara Bank Limited	2.32	2.20%	2.88	2.20%	3.71	2.80%	3.78	2.80%	2.95	2.63%
Demerara Distillers Limited	2.06	3.80%	1.87	3.00%	2.22	2.60%	2.41	2.60%	2.41	2.63%
Demerara Tobacco Company Ltd	64.85	8.60%	71.84	7.40%	74.66	6.80%	71.15	7.50%	66.37	6.68%
Guyana Bank for Trade and Industry	37.06	2.80%	51.85	2.70%	56.49	3.10%	51.77	3.60%	45.54	3.79%
Guyana Stockfeeds Incorporated	2.80	-	0.97	-	2.73	-	2.50	-	3.68	-
Humphrey & Company Limited	-	-	-	-	9.92	-	24.72	-	26.67	-
J.P. Santos & Company Limited	10.40	-	7.76	-	8.91	-	2.10	5.00%	6.61	20.00%
Property Holdings Inc.	0.59	26.20%	(0.09)	-	(0.09)	-	(0.09)	-	(0.19)	-
Republic Bank (Guyana) Limited	6.71	2.40%	7.85	2.40%	7.80	2.80%	9.39	3.50%	9.01	3.85%
Rupununi Development Company Limited	(14.93)	-	(14.93)	-	3.94	-	(26.51)	-	(11.15)	-
Sterling Products Limited	8.45	3.50%	12.27	3.50%	11.42	3.30%	12.08	3.30%	11.10	3.73%

Source: GASCI

Appendices

NUMBER OF TRADES

Issuer	2012	2013	2014	2015	2016
Banks DIH Limited	217	197	212	230	237
Caribbean Container Inc	9	6	14	19	16
Citizens Bank Guyana Inc	1	6	15	-	-
City Jewelers and Pawnbrokers Limited	-	-	-	-	-
Demerara Bank Limited	106	75	88	33	49
Demerara Distillers Limited	144	92	83	109	97
Demerara Tobacco Company Ltd	26	110	108	127	103
Guyana Bank for Trade and Industry	48	98	65	58	74
Guyana Stockfeeds Incorporated	-	-	-	-	-
Humphrey & Company Limited	-	-	-	-	-
J.P. Santos & Company Limited	-	-	-	1	-
Property Holdings Inc	3	4	4	3	1
Republic Bank (Guyana) Limited	31	62	63	73	84
Rupununi Development Company Limited	12	-	-	-	3
Sterling Products Limited	28	37	42	5	3
TOTAL	625	687	694	658	667

Source: GASCI

QUANTITY OF SHARES TRADED

Issuer	2012	2013	2014	2015	2016
Banks DIH Limited	3,281,746	5,819,443	4,448,528	3,930,207	7,515,238
Caribbean Container Inc	211,964	52,700	75,300	55,920	43,451
Citizens Bank Guyana Inc	25,000	25,530	10,282	-	-
City Jewelers and Pawnbrokers Limited	-	-	-	-	-
Demerara Bank Limited	1,808,190	2,163,728	3,050,640	540,858	1,091,791
Demerara Distillers Limited	1,788,845	1,678,722	1,531,856	1,468,410	3,110,508
Demerara Tobacco Company Ltd	37,790	60,175	40,181	64,713	69,793
Guyana Bank for Trade and Industry	57,850	144,631	112,457	97,675	216,728
Guyana Stockfeeds Incorporated	-	-	-	-	-
Humphrey & Company Limited	-	-	-	-	-
J.P. Santos & Company Limited	-	-	-	15,000	-
Property Holdings Inc	10,000	12,900	17,000	110	5
Republic Bank (Guyana) Limited	128,586	415,030	1,197,491	1,042,290	353,152
Rupununi Development Company Limited	151,088	-	-	-	840
Sterling Products Limited	47,056	42,853	43,465	4,500	1,608
TOTAL	7,548,115	10,415,712	10,527,200	7,219,683	12,403,114

Source: GASCI

Appendices

TOTAL CONSIDERATION (VALUE) OF TRADES

Issuer	2012	2013	2014	2015	2016
Banks DIH Limited	50,667,675	108,331,492	88,100,801	76,847,049	156,847,137
Caribbean Container Inc	1,019,977	473,450	733,980	405,060	404,509
Citizens Bank Guyana Inc	1,750,000	2,672,250	1,674,858	-	-
City Jewelers and Pawnbrokers Limited	-	-	-	-	-
Demerara Bank Limited	48,852,255	63,609,381	94,635,593	18,592,341	40,439,144
Demerara Distillers Limited	20,200,595	27,362,368	32,673,833	36,232,646	72,986,662
Demerara Tobacco Company Ltd	19,874,385	63,860,348	41,567,210	65,306,018	70,610,750
Guyana Bank for Trade and Industry	20,553,665	65,469,776	66,629,162	53,863,019	93,869,331
Guyana Stockfeeds Incorporated	-	-	-	-	-
Humphrey & Company Limited	-	-	-	-	-
J.P. Santos & Company Limited	-	-	-	300,000	-
Property Holdings Inc	86,300	86,380	83,400	664	25
Republic Bank (Guyana) Limited	12,283,431	53,135,522	148,636,745	124,471,168	36,692,932
Rupununi Development Company Limited	75,544,000	-	-	-	534,000
Sterling Products Limited	4,020,712	5,487,850	6,409,850	691,500	258,888
TOTAL	254,852,995	390,488,817	481,145,431	376,709,465	472,643,377

Source: GASCI