



2014

No. 53

**BULLETIN OF ACTS,  
ORDERS AND DECREES OF  
THE REPUBLIC OF SURINAME**

**ACT of May 20, 2014, containing rules governing regulation of the Capital Market  
(Capital Market Act 2014)**

**THE PRESIDENT OF THE REPUBLIC OF SURINAME,**

Having considered that the development of a regulated capital market will require the introduction of rules and regulations specifically for stock brokerage firms and stock exchanges;

Having consulted the State Council, and following approval by the National Assembly, has ratified the Act below:

**CHAPTER I  
GENERAL PROVISIONS**

**Article 1**

The following definitions shall apply in this Act and the related provisions:

- (a) **the Minister:** the Minister of Finance;
- (b) **the Bank:** the Central Bank of Suriname;
- (c) **capital market:** the market in which securities with an initial maturity of more than one year are traded;
- (d) **money market:** the market in which securities with an initial maturity of one year or less are traded;
- (e) **financial market:** the market in which financial products are traded and where buyers and sellers of assets conduct their trading;
- (f) **securities:**
  - stocks, bonds, and other debt instruments, profit sharing and participating stakes;

- rights arising from contracts for settlement of differences in exchange rates or prices and similar negotiable rights and values stocks, stakes or participating interests in collective investments in securities, including investment companies;
  - certificates and provisional certificates for such securities as referred to above;
  - any other instrument which has been approved by the Bank and which may be traded on the regulated market.
- (g) **stock brokerage firm:** a limited liability company incorporated under Surinamese law or a corporate legal entity incorporated under the laws of a member state of the Caribbean Community with a structure similar to a limited liability company and a business structure that is acceptable to the Bank, which moreover must meet the following requirements: the stock brokerage firm must act professionally as an intermediary in the trading of securities or for asset management purposes conduct transactions in securities on behalf of third parties.
- (h) **stock exchange:** a limited liability company incorporated under Surinamese law, or a corporate legal entity incorporated under the laws of a member state of the Caribbean Community with a structure similar to a limited liability company and a business structure that is acceptable to the Bank, which moreover must meet the following requirements: it must be a regulated market that brings together the supply of and demand for securities.
- (i) **qualified holding:** a direct or indirect interest of at least five per cent of the share capital stock of a legal entity, or the ability to exercise, directly or indirectly, at least five per cent of the voting rights in a legal entity, or the ability to exercise, directly or indirectly, a similar control over a legal entity.
- (j) **external auditor:** an independent auditor established in Suriname, who is listed in the register of the Royal Netherlands Institute of Registered Accountants or by another recognized professional organization which in the opinion of the Bank, is subject to an equivalent code of conduct, professionalism and disciplinary regime and which has at least five years of professional experience as an external auditor. Established
- (k) **representative organization:** an organization which for the purposes of this Act, having consulted the Bank, has been assigned as a representative organization for a group of stock brokerage firms or stock exchanges;
- (l) **financial services** under the terms of this Act cover the following activities:
- trading in securities, as an intermediary or as a principal;
  - issuing of placement guarantees in respect of securities;
  - management of investment portfolios, whether conducted on a discretionary or nondiscretionary basis;
  - management of collective investments in securities;
  - management of assets of third parties, the value of which is based on securities;
  - provision of investment advice in respect of securities;
  - trading in foreign currency when this is in connection with securities.
- (m) **insider trading:** knowledge of specific inside information which has a direct or indirect bearing on a securities-issuing institution whose securities are traded on the stock exchange for which the holder has been granted a license, or which pertains to trading in such securities,
- where such information has not been brought into the public domain,
  - the disclosure of such information would impact significantly on the price of the securities or on the price of securities deriving therefrom.

- (n) **market manipulation:**
- transactions or trade orders which give incorrect or misleading signals or are likely to do so in relation to the supply of securities, the demand for securities or the price of same, or where one or more persons act in concert to maintain the price of a security at an abnormal or artificial level,
  - transactions or trade orders which rely on the use of improper schemes or any other form of fraud or deception;
  - the dissemination of information through the media, including the Internet, or through other channels, which provides incorrect or misleading signals or is likely to do so in relation to securities, including the dissemination of false rumors and false or misleading reports in respect of which the person who disseminated the information knew or must have known that said information was incorrect or misleading.
- (o) **market participants:** parties who participate in the capital market.

## **CHAPTER II DECLARATION OF NO OBJECTION AND LICENSING**

### **Article 2**

1. The Minister is authorized to grant a license to legal entities wishing to carry out the business of a stock brokerage firm or stock exchange in Suriname after receipt of a declaration of no objection from the Bank.
2. It is prohibited to carry on the business of a stock brokerage firm or to operate a stock exchange unless licensed to do so in advance by the Minister.
3. In the event that either the declaration of no objection or the license is officially withdrawn, the legal consequence of this with immediate effect shall be the prohibition to carry out the business of a stock brokerage firm or to operate a stock exchange.
4. The Bank shall issue declarations of no objection depending on the type of financial services to be provided by the legal entities. The activities that are authorized per category shall be determined by the Bank in accordance with its guidelines.
5. (a) The Bank may impose restrictions at any time with respect to issued declarations and may lay down regulations in the interests of developing and maintaining a properly functioning capital market or for the purpose of protecting the interests of investors and future investors in the capital market.  
(b) The Minister may impose restrictions at any time with respect to issued licenses and may lay down regulations in the interests of developing and maintaining a properly functioning capital market or for the purpose of protecting the interests of investors and future investors in the capital market.

### Article 3

1. A legal entity intending to operate a stock brokerage firm or a stock exchange shall first apply in writing by registered letter to the Bank for a declaration of no objection. If the declaration of no objection is issued by the Bank, the applicant shall then apply in writing by registered letter to the Minister for a license.
2. The application for the declaration of no objection shall contain the following information:
  - (a) the name and address of the applicant(s);
  - (b) the deed of incorporation or the articles of association of the legal entity;
  - (c) the number, identity, and antecedence of the persons responsible for determining the day-to-day policy of the legal entity;
  - (d) the number, identity, and antecedence of the members of the board of supervisory directors of the legal entity;
  - (e) the identity and antecedence of the persons who have a qualified holding in the legal entity, as well as the size of the relevant qualified holding;
  - (f) the financial statements or opening balance sheet, accompanied by a statement concerning the faithfulness of the particulars contained therein, certified authenticated and signed by an external auditor;
  - (g) if the applicant is an existing legal entity, the application must also include the financial statements of the last three years, certified and signed by the applicant's external auditor and these financial statements must give a true and fair view of the financial position or, if applicable, of the consolidated financial position of the legal entity;
  - (h) if the applicant is a foreign stock brokerage firm or an external stock exchange, a written declaration from the authority charged with supervising said foreign stock brokerage firm or external stock exchange, duly approving the incorporation of a branch, subsidiary or agency in Suriname;
  - (i) a description of the proposed administrative organization of the applicant including the accounting and internal control mechanisms, the total business capacity, and its risk management procedures;
  - (j) if the applicant wishes to carry on the business of a stock brokerage firm, a summary of the investment services that will be provided;
  - (k) if the applicant wishes to operate a stock exchange, a detailed summary of the rules drawn up by the stock exchange which are applicable to trading on this market;
  - (l) a business plan;
  - (m) the proposed address for service from where the applicant's activities will be executed.
3. The license application must include the following details:
  - (a) declaration of no objection from the Bank;
  - (b) declaration of nationality of the board of executive directors of the applicant;
  - (c) extract from the register of population of the board of executive directors of the applicant;
  - (d) if the applicant is an alien, a copy of the residence permit.
  - (e) a receipt for administrative expenses and stamp duties paid;
  - (f) a receipt for the licensing fee paid;

- (g) extract from the Chamber of Commerce and Industry.
4. The Minister shall decide within one month from the date of receipt of a complete application. Any decision to reject the application shall state the reasons on which it is based.
  5. The Bank may require the applicant to provide further particulars in connection with the declaration of no objection.
  6. The Bank shall assess charges for processing the application for a declaration of no objection. The amount shall be stipulated by guideline.
  7. For the application for a declaration of no objection a statement of the Attorney General of the Court of Justice must be submitted with the application, attesting to the antecedents of the executive directors, Board of supervisory directors and shareholders with a share of five percent or more. The Bank is authorized to request or to seek to obtain from any party applying for a declaration of no objection whatever information it may deem necessary in order to verify the accuracy and the completeness of the information accompanying the application for the declaration.
  8. The Bank shall decide within three months from the date of receipt of a complete application. If the Bank has availed itself of the option provided in paragraph 4, the three-month period shall commence from the date of receipt of the additional particulars.
  9. The Bank's decision shall be communicated promptly in writing to the applicant. Any decision to reject the application shall state the reasons on which it is based.
  10. The Bank is authorized to issue additional guidelines in relation to the conditions governing the obtainment of a declaration of no objection. These guidelines shall be published in the Official Gazette of the Republic of Suriname.

#### **Article 4**

1. The Bank shall issue a declaration of no objection to any legal entity that has demonstrated to its satisfaction that it has complied with the associated requirements pursuant to this Act, having due regard to the interests of the development and maintenance of a properly functioning capital market and the position of investors on this market.
2. The Bank shall refuse a declaration of no objection as referenced in Article 2 paragraph 1 if:
  - (a) the legal entity fails to comply with the provisions set out in Articles 5 and 6;
  - (b) the Bank is of the opinion that the expertise of one or more persons charged with determining the day-to-day policy of the legal entity does not meet the standards required for carrying on the business of a stock brokerage firm or for operating a stock exchange;
  - (c) the Bank, having regard to the intentions or the antecedents of one or more persons charged with determining or co-determining the policy of the legal entity, is of the opinion that the interests of investors or future investors could be seriously endangered;
  - (d) the Bank, based on the intentions or the antecedents of one or more persons who exercise a significant level of control over the legal entity by means of share-related voting rights in the general meeting of shareholders or via a

similar route, is of the opinion that an undesirable influence is or could be brought to bear;

- (e) the declaration pursuant to Article 3 paragraph 2 (g) is a declaration other than to the effect that the financial statements or opening balance sheet provide a true and fair view of the extent and composition of the financial position of the legal entity;
  - (f) the Bank, based on the particulars provided in Article 3 paragraph 2, is of the view that the legal entity will not have the capacity to execute their plans or to meet the relevant supervision requirements;
  - (g) the Bank, having regard to the objective stated in the bylaws, has grounds for assuming that the legal entity may become involved in activities in areas that are incompatible with the area of operation of a stock brokerage firm or stock exchange and therefore may represent a threat to the sound policy of the stock brokerage firm or stock exchange;
  - (h) the Bank is of the view that the granting of a declaration of no objection would or could lead to an undesirable development within the capital market.
3. The Bank may refuse to issue the declaration of no objection if it has grounds for assuming that the legal entity has applied for a declaration as a means of evading the laws or regulations governing supervision of the capital market in another country or if the structure of the group of which a legal entity is part is such that the Bank will be unable to adequately and effectively supervise the stock brokerage firm or stock exchange.
  4. The Bank may refuse to issue the declaration of no objection if it is of the view that the granting of the requested declaration is or could be contrary to the development or maintenance of a properly functioning capital market or to the detriment of investors or future investors in a stock brokerage firm or a stock exchange.

#### **Article 5**

1. The day-to-day policy of a stock brokerage firm or a stock exchange shall be determined by one or more executive directors.
2. The board of executive directors shall execute its tasks in a thorough and reliable manner in a way that ensures that the general interests of the capital market, of investors and of future investors are safeguarded.
3. A stock brokerage firm or a stock exchange shall have a Board of Supervisory Directors with an uneven number of at least three members.
4. The executive directors and supervisory directors shall conduct themselves in accordance with the provisions of the bylaws and the regulations of the stock brokerage firm or stock exchange and in conformity with the rules deriving from or pursuant to this Act.
5. In regulating the conduct of the executive directors and the Board of Supervisory Directors, the Bank is authorized to issue additional rules by way of guidelines.

#### **Article 6**

1. A stock brokerage firm or a stock exchange must have at its disposal a minimum amount of authorized capital which has been fully paid up in cash in legal

Surinamese tender or in an international convertible currency. The Bank shall set this minimum amount by guideline.

2. A stock brokerage firm must be adequately solvent. The Bank shall issue guidelines containing additional rules for stock brokerage firms regarding the minimum size of this solvency, the composition and the valuation of the assets which may be taken into account for solvency purposes and of the values which shall serve to cover this solvency.
3. Owners of a stock exchange must have sufficient financial resources at their disposal to ensure that the market operates in an orderly fashion. The Bank shall issue guidelines containing additional rules governing the amount of the financial resources.

### **CHAPTER III SUPERVISION**

#### **Article 7**

1. All market participants within the capital market are under the supervision of the Bank. Compliance with the provisions of this Act shall be monitored by the Bank in the interest of a properly functioning capital market.
2. The Bank shall be authorized to issue guidelines for stock brokerage firms and stock exchanges regarding the rules that shall apply, the enforcement thereof, and the monitoring of compliance with these rules.
3. Reasons shall be given for all decisions taken by the Bank within the context of the duties referred to in paragraph 1.

#### **Article 8**

1. In executing its supervisory tasks, the Bank shall at any time be entitled to:
  - (a) have unrestricted access to all books, records, documents, and other data carriers, pertaining to a stock brokerage firm or stock exchange, that are in the possession of or managed by each director, supervisory director, external auditor, or employee of a stock brokerage firm or stock exchange;
  - (b) require each director, supervisory director, external auditor, or employee of a stock brokerage firm or stock exchange to provide the relevant information or books, records, documents or other data carriers in their possession or managed by or which may be required within reason for the execution of their tasks, and which have a bearing on the activities of a stock brokerage firm or stock exchange.
2. The Bank is authorized to seek information and to carry out inspections at each stock brokerage firm or each stock exchange as often as it may deem necessary in order to assess the financial condition and activities and consequences of the business management and financial affairs of a stock brokerage firm or stock exchange. Based on the findings and information it has obtained during the inspection, the Bank may require the stock brokerage firm or stock exchange to take

whatever measures are deemed necessary for the promotion of prudent business operations.

3. The Bank may, in the performance of its duties as set forth in this article, appoint persons who during the inspection of a stock brokerage firm or stock exchange shall be authorized to investigate the activities of said institutions and to request that all books, records, accounts, texts, and documents be handed over.
4. A stock brokerage firm or stock exchange and each executive director, supervisory director or employee of these institutions is obliged to hand over to the person assigned pursuant to paragraph 3, all books, records, accounts, texts, documents, and other information which may be necessary for the performance of the tasks referred to in paragraphs 1 and 2.
5. In monitoring compliance with the rules issued under or pursuant to this Act, the Bank is authorized to request information from any person or party.
6. In the conduct of their supervisory duties, all officials shall produce their Bank-issued proof of identity.

#### **Article 9**

1. The Bank may conduct a special investigation into the activities of a stock brokerage firm or a stock exchange if:
  - (a) the Bank suspects that a stock brokerage firm or stock exchange:
    - (i) is carrying out activities in an unsound and unsafe manner;
    - (ii) is violating the provisions of this Act or of an order or guideline issued under the terms of this Act;
  - (b) a stock brokerage firm or stock exchange notifies the Bank of the strong likelihood that it will become insolvent or that it will be unable to meet its commitments on time;
  - (c) the Bank is of the opinion that such an investigation is necessary in the interest of maintaining a properly functioning capital market.
2. In exercising this authority, paragraphs 3 and 4 of Article 8 shall be equally applicable.
3. Where an inspection is conducted under the terms of this article, the fees and charges arising in connection therewith may be passed on by the Bank to the relevant stock brokerage firm or stock exchange.

#### **Article 10**

1. The Bank may issue guidelines in relation to the administrative and management organization of a stock brokerage firm or stock exchange, including the financial administration and the internal control. The guidelines for the operational management shall also contain rules governing a sound operational management which, in any case, will include regulations regarding:
  - (a) the prevention of a conflict of interest
  - (b) the prevention of involvement by directors, supervisory directors or employees in offenses and activities which would be deemed socially unacceptable to the extent that it would be damaging in general to confidence in the stock brokerage firm or stock exchange or in the financial markets;

- (c) the combating of money laundering and financing of terrorism;
  - (d) guarantee a sound provision of services and reliable financial dealings;
  - (e) control the business processes and business risks;
  - (f) control the financial risks and other risks which may affect the trustworthiness of a stock brokerage firm or stock exchange, while also ensuring that the requisite financial guarantees are maintained;
  - (g) orderly and transparent financial market processes , proper relations between market parties and prudent dealings with clients.
2. The guidelines referred to in paragraph 1 shall be issued or amended following consultation with the relevant stock brokerage firm or stock exchange or with the relevant representative organization. Consultations aimed at amending the guidelines may be initiated either by the Bank, the stock brokerage firm or stock exchange or by a relevant representative organization.

### **Article 11**

1. Where it comes to the Bank's attention that a stock brokerage firm or stock exchange is in violation of the guidelines issued under Article 10, or if the Bank becomes aware of other developments which in its opinion may endanger the equity capital, liquidity or solvency, prudent management or sound operational management of the legal entity, the Bank may instruct the relevant institution by registered letter to take the required measures or to follow a particular line of conduct on a number of specific points.
2. Where no satisfactory reply is received by the Bank from the relevant stock brokerage firm or stock exchange within the time frame set by the Bank or if in its opinion the instructions referred to in paragraph 1 have been ignored or insufficiently complied with, the Bank may notify the relevant institution by registered mail that, as of a particular date, all or certain bodies may only exercise their powers subject to the approval of one or more persons assigned by the Bank and with due regard to the instructions of such persons. Such notifications shall take effect immediately.
3. Where the Bank becomes aware of developments in a stock brokerage firm or stock exchange which in its opinion endanger the equity capital, liquidity or solvency position, thus necessitating prompt action to be taken, it may ignore the provisions of paragraph 1 and implement the provisions of paragraph 2 forthwith.
4. No such notification issued to a stock brokerage firm or stock exchange pursuant to paragraphs 1 and 3 shall amount to a breach of the agreements between the relevant company and third parties.
5. Under the provisions of paragraphs 2 and 3, the organizational bodies of the stock brokerage firm or stock exchange must provide all assistance to the persons assigned by the Bank.
6. The remuneration payable to the persons assigned in accordance with paragraph 2 shall be borne by the relevant company.

## Article 12

1. No person shall be permitted to be an executive director, a supervisory director or holder of a qualified holding in a stock brokerage firm or stock exchange, where such person:
  - (a) has violated any national or international law or regulations which are designed to protect the community against financial loss due to dishonesty, incompetence or dishonest practices on the part of persons involved in the provision of banking services, investment services, financial services or in the management of companies;
  - (b) has been convicted, in Suriname or in another jurisdiction, regardless of whether the conviction is unconditional or conditional, in respect of any offense or other asset-related infraction or due to a breach of trust;
  - (c) has been subject to a criminal investigation or criminal proceedings in Suriname or in another jurisdiction in connection with a financial or economically-related offense or other crime, regardless of whether further prosecution has been or will be averted by virtue of payment of a sum of money to the competent judicial authorities;
  - (d) has been placed under guardianship by virtue of an official procedure pursuant to legal regulations in Suriname or in another jurisdiction;
  - (e) is or has been involved in business practices which may be regarded as being misleading and unsuitable or which otherwise bring his or her manner of doing business into disrepute;
  - (f) has a track record which gives rise to the impression that the person has behaved improperly in representing the interests of his or her employer;
  - (g) was involved in or associated with business practices which raise doubts about his or her competence and judgment;
  - (h) is a doubtful debtor.
2. Any person who is a director or a supervisory director of a stock brokerage firm or stock exchange shall step down and must be replaced forthwith, where:
  - (a) facts have been disclosed which, had they been known to the stock brokerage firm or stock exchange prior to such person's appointment, said person would not have been appointed or employed;
  - (b) such person has been declared bankrupt or has been granted a suspension of payments or has come to an arrangement with his or her creditors;
  - (c) such person has been convicted of an offense or another capital-related infraction or due to a breach of trust in Suriname or in another jurisdiction, regardless of whether the conviction was unconditional or conditional;
  - (d) such person has been subject to a criminal investigation or criminal proceedings in Suriname or in another jurisdiction in connection with a financial or economically-related offense or other crime, regardless of whether further prosecution has been or will be averted by virtue of payment of a sum of money to the competent judicial authorities.
  - (e) has been placed under guardianship by virtue of an official procedure pursuant to legal regulations in Suriname or in another jurisdiction;
3. No person who has been an executive director, a supervisory director, or qualified holder or has been directly or indirectly involved in the management of a stock

- brokerage firm or stock exchange whose license has been revoked shall be authorized in the absence of written consent from the Bank to be an executive director or supervisory director or otherwise be directly involved in the board of directors of a stock brokerage firm or stock exchange.
4. The Bank is authorized issue guidelines containing additional rules which shall be obligatory for executive directors, supervisory directors, and holders of a qualified holding in a stock brokerage firm or stock exchange.

### **Article 13**

1. In the absence of prior written consent from the Bank, it shall be prohibited for a stock brokerage firm or stock exchange to:
  - (a) amend the stock exchange rules and control mechanisms referred to in Article 3 paragraph 2 (k);
  - (b) appoint new executive directors who shall determine the day-to-day policy or to appoint new persons for the Board of Supervisory Directors;
  - (c) hold, acquire, or increase a qualified holding in another stock brokerage firm or stock exchange;
  - (d) acquire the entire or a significant portion of the assets and liabilities of another company or institution;
  - (e) reduce its equity capital by way of repayment or by distribution of reserves or dividends;
  - (f) enter into a merger with another company or institution;
  - (g) to proceed with a financial or company reorganization;
  - (h) open branches, sub offices or cash points under any name;
  - (i) amend its articles of association ;
  - (j) offer new securities to the public;
  - (k) appoint an external auditor;
  - (l) change its place of business.
2. In order to uphold a properly functioning capital market and the position of investors therein and in order to implement certain international conventions and treaties, the Bank shall issue guidelines for the stock exchange in relation to the rules applicable to said stock exchange, the enforcement thereof and the monitoring of compliance with these rules.
3. In the absence of a prospectus approved by the Bank, it shall be prohibited to offer securities to the public or to allow securities to be issued for trading on the stock exchange.
4. The Bank may attach conditions to the authorization referred to in paragraphs 1 and 2.
5. If it becomes evident that a stock brokerage firm or stock exchange has been involved in any of the activities referred to in paragraph 1 without the Bank's authorization, said legal entity shall be obliged on the instructions of the Bank to cancel said activity in as much as is possible, notwithstanding the provisions of Article 33.

#### **Article 14**

1. Each stock brokerage firm and stock exchange shall be obliged to submit periodic reports to the Bank regarding its business operations before the deadline set for this purpose.
2. The format in which the statements referred to in paragraph 1 must be prepared, the consecutive periods which they should relate to, and the deadlines for the submission of same shall be determined by the Bank following consultation with the stock brokerage firms, stock exchanges, or representative organization.
3. If it deems this necessary for purposes of effective supervision, the Bank may instruct a stock brokerage firm or stock exchange to:
  - (a) submit the statements referred to in paragraph 1 outside the deadlines and periods cited in paragraph 2;
  - (b) submit a statement from an external auditor attesting to the accuracy of the statements referred to in paragraph 1.

#### **Article 15**

1. Each stock brokerage firm and stock exchange shall be obliged to submit each year to the Bank no later than in the month of May with their financial statements for the previous fiscal year, comprising at least a balance sheet, an income statement, and a cash flow statement with accompanying explanatory notes, in a format to be approved by the Bank.
2. The financial statements referred to in paragraph 1 must be accompanied by an audit certificate from an external auditor attesting to the accuracy of the financial statements.
3. Each stock brokerage firm or stock exchange shall be obliged when arranging the audit of the financial statements accounts and submission of the statements required by the Bank on a periodic basis pursuant to Article 14 paragraph 1 and paragraph 3 (a), to authorize the external auditor as follows:
  - (a) having notified the commissioning stock brokerage firm or stock exchange hereof, the external auditor shall be authorized to furnish forthwith to the Bank a copy of the auditor's report or a copy of the authority to disclose the audit certificate and the financial statements appertaining thereto, a copy of the management letters and correspondence which have a direct bearing on the audit opinion accompanying the financial statements or, as the case may be, accompanying the statements to be submitted periodically to the Bank, if and in so far as this may be required by the Bank;
  - (b) having notified the commissioning stock brokerage firm or stock exchange hereof, the external auditor shall notify the Bank forthwith in writing of any circumstances which might adversely affect the issuance of an unqualified audit opinion with the financial statements or, as the case may be, accompanying the statements to be submitted to the Bank. The external auditor shall forward to the relevant commissioning stock brokerage firm or stock exchange a copy of all documents submitted to the Bank;
  - (c) if deemed necessary by the Bank, the external auditor shall provide an oral explanation in regard to the documents referred to under subparagraphs (a) and (b).

4. If the external auditor is required pursuant to paragraph 3 (c), to provide an oral explanation in regard to the documents referred to under subparagraphs a and b, the Bank shall afford the relevant commissioning stock brokerage firm or stock exchange the opportunity to be present during the discussion with the external auditor.
5. The Bank may require the relevant stock brokerage firm or stock exchange bodies to follow a certain line of conduct in order to ensure that the conditions provided under or pursuant to this article are met within a deadline to be determined by the Bank, or in order to ensure that the statement referred to in paragraph 2 of this article confirms that the relevant financial statements accurately reflect the extent and composition of the assets of the stock brokerage firm or stock exchange and of the result for the fiscal year in question, if:
  - (a) the stock brokerage firm or stock exchange fails to meet the conditions provided under or pursuant to this article, or;
  - (b) the statement referred to in paragraph 2 of this article contains information that is not commensurate with the annual accounts referred to in paragraph 1 of this article, thereby not accurately reflecting the extent and composition of the assets of the stock brokerage firm or stock exchange and of the result for the fiscal year in question.
6. Each stock brokerage firm or stock exchange shall be obliged each year within a period to be determined by the Bank, to ensure that the annual accounts referred to in paragraph 1:
  - (a) are published in the Official Gazette of the Republic of Suriname, in at least one newspaper, and on its website;
  - (b) are available and accessible for the public to inspect at every office.

#### **Article 16**

1. The Bank is authorized to acquire all of the information for every person, company or institution which it, on the grounds of facts and circumstances, suspects is carrying on any activity which on the basis of this Act is reserved for a stock brokerage firm or a stock exchange, information which may reasonably be deemed to be necessary in order to evaluate this suspicion. The Bank will request the desired information to be sent by registered letter. The information requested by the Bank or that party acting on the Bank's instructions must be sent to the Bank or that party acting on the Bank's instructions by the party applying to the Bank, in writing, and within one month of the receipt of the registered letter.
2. The person, company or institution referred to in paragraph 1 must provide the Bank or the party acting on the Bank's instructions with the opportunity to ascertain the accuracy and completeness of the information provided by the person, company or institution, and also grant its full cooperation in such on the basis of its records, documents and other data carriers.
3. If it appears that the person, company or institution is operating as a stock brokerage firm or stock exchange without a declaration of no objection from the Bank, this organization is required, at the Bank's instructions and without prejudice to the provisions in Article 34, to immediately cease business operations and to reverse any actions it may have taken within a period to be determined by the Bank and under the Bank's supervision.

4. The Minister is authorized to request from the Subdistrict Court in the first instance that the person, company or institution ceases its activities, if this party continues to operate the business of a stock brokerage firm or stock exchange after the instructions from the Bank referred to in paragraph 3.

### **Article 17**

1. The Minister shall revoke the license, in the event that a stock brokerage firm or stock exchange:
  - (a) requests this by registered letter;
  - (b) is declared bankrupt;
  - (c) is dissolved;
  - (d) ceases its activities.
2. The Minister may revoke the license in the event that:
  - (a) a stock brokerage firm or stock exchange fails to meet the conditions governing the license;
  - (b) the information or records submitted to obtain the license subsequently appear so inaccurate or incomplete that a different decision about the request for granting a license would have been taken, if the accurate circumstances had been fully known at the time of the judgment about the request.
3. The Bank shall revoke the declaration of no objection if a stock brokerage firm or stock exchange fails to comply with the provisions set forth in Article 21.
4. The Bank may revoke the declaration of no objection if:
  - (a) a stock brokerage firm or stock exchange has ignored or has insufficiently complied with the provisions of Article 11 paragraph 2;
  - (b) a stock brokerage firm or stock exchange has not conducted any business for a period exceeding six months;
  - (c) a stock brokerage firm or stock exchange is affected by circumstances such as those referred to in Article 4 paragraph 2 (a) through (h), or Article 4 paragraph 3;
  - (d) a stock brokerage firm or stock exchange fails to comply with the conditions provided under or pursuant to Article 15 paragraphs 1, 2, 3, and 5;
  - (e) the statement referred to in Article 15 paragraph 2 is a statement that has a content other than the fact that the financial statements or opening balance sheet present a true and fair view of the size and composition of the assets of the stock brokerage firm or stock exchange;
  - (f) the information or records submitted to obtain the declaration of no objection subsequently appear so inaccurate or incomplete that a different decision about the request for granting a declaration of no objection would have been taken, if the accurate circumstances had been fully known at the time of the assessment of the request;
  - (g) a stock brokerage firm or stock exchange fails to meet the conditions governing the declaration of no objection;
  - (h) a stock brokerage firm or stock exchange fails to comply with the guidelines issued by the Bank;
  - (i) based on an investigation into the integrity of one of the persons referred to in Article 12 paragraph 1, or on the grounds of the company's business

operations or the administrative organisation, it believes that the integrity of the financial system is adversely affected or it is plausible that this could be adversely affected;

5. A decision to revoke a license or a declaration of no objection shall state the grounds on which it is based and shall be communicated promptly to the stock brokerage firm or stock exchange by means of a process server's notification.
6. An order to revoke a license or a declaration of no objection on one or more of the grounds stated in paragraphs 1 and 3 shall come into effect as soon as the period of two months referred to in Article 33 paragraph 1 has expired. From the date on which the order becomes irrevocable, notice thereof shall be given by the Minister in the Official Gazette of the Republic of Suriname and by the Bank in at least two newspapers.
7. The stock brokerage firm or stock exchange shall be obliged as of the date referred to in paragraph 6 to terminate forthwith all current agreements and to settle matters within a period to be determined by the Bank. If deemed necessary, the Bank may extend this period.
8. Notwithstanding the provisions of paragraphs 4 and 5, the legal entity shall for the duration of this settlement period be considered equivalent for the purposes of this Act to a stock brokerage firm or stock exchange that has been licensed as referred to in Article 2 paragraph 1.
9. Notwithstanding the provisions of paragraph 4, an order revoking a license or a declaration of no objection on one of the grounds referred to in paragraphs 3 and 4 (a) shall have immediate effect where in the opinion of the Minister and the Bank an immediate revocation of the license or declaration of no objection is necessary in the interest of maintaining a properly functioning capital market. In such circumstances, the provisions of paragraphs 5 and 6 shall have immediate effect.
10. The Minister shall decide within three months after receiving the application referred to in paragraph 1 (a).

## **CHAPTER IV THE REGISTER**

### **Article 18**

1. The Bank shall keep a register of stock brokerage firms and stock exchanges. The register shall be arranged in a manner to be determined by the Bank.
2. All stock brokerage firms and stock exchanges shall be listed in the register, as well as all deletions of registration.
3. The inclusion of a stock brokerage firm or stock exchange in the register and the deletion of entries in the register shall be published by the Bank in at least two newspapers within one month of the date on which the entry or deletion took place.
4. In the month of January of each year, the Bank shall publish the names of all stock brokerage firms and stock exchanges listed in the register as at December 31 of the previous year in at least two newspapers.
5. The register shall be available for inspection by any party at the office of the Bank.

**CHAPTER V  
MARKET ABUSE**

**Article 19**

1. It is prohibited for any person who has inside information to make use of said inside information for one's own benefit or for the benefit of third parties in order to acquire, dispose of, or to attempt to acquire or dispose of, directly or indirectly, the securities relating to this inside information.
2. The provisions of paragraph 1 are applicable to every person who has obtained such information in connection with:
  - (a) his capacity as a member of the issuer's board of executive directors, management or supervisory bodies;
  - (b) his participation in the issuer's capital;
  - (c) the fact that one has access to said information because of his work, profession, or position, or for other reasons;
  - (d) criminal activities.

**Article 20**

It is prohibited for any person to whom the prohibitory provision referred to in Article 19 is applicable:

- (a) to provide inside information to a third party, unless this occurs in the normal course of their work, profession, or position;
- (b) based on inside information, to recommend to a third party or to incite same to acquire or to dispose of any securities relating to such inside information, or to acquire or dispose of by another person.

**Article 21**

1. It is prohibited for any person to become involved in market manipulation.
2. Stock brokerage firms and stock exchanges shall put structural arrangements in place in order to prevent and to expose market manipulation.

**CHAPTER VI  
SPECIAL PROVISIONS**

**Article 22**

The Minister is authorized to apply to the Subdistrict Court to dissolve any stock brokerage firm or stock exchange whose license has been revoked.

### **Article 23**

Neither the supervisory directors, nor the governor, nor any employee of the Bank shall be held liable for damages arising from any act or omission in the performance of their tasks under the provisions of this Act, except in the event of bad faith as adjudicated by the court.

This provision shall apply in full to the Minister and the employees of the Ministry of Finance.

### **Article 24**

1. Without prejudice to the provisions of Article 25, all data and information regarding individual stock brokerage firms and stock exchanges, whether obtained or made available in accordance with or pursuant to the provisions of this Act, shall be confidential.
2. It is prohibited for any person who in accordance with or further to the provisions of this Act or who by virtue of decisions taken under this Act performs or who has performed any task, to make further or other use of any data or information that was furnished under the provisions of this Act or obtained from a body as referred to in Article 25 or of data or information obtained during the inspection of books of account, records or other data carriers or to disseminate same for any purpose other than in the performance of their tasks or as required under this Act.
3. The provisions of paragraph 2 shall be without prejudice to the obligation to appear in accordance with the Code of Criminal Procedure as a witness or expert in criminal proceedings and to make a declaration thereat in regard to data or information obtained in the performance of one's duties pursuant to this Act.
4. The provisions of paragraph 2 shall also be without prejudice to one's obligation to make a declaration in accordance with the Code of Civil Procedure in regard to data or information obtained in the performance of one's duties pursuant to this Act, on the understanding that said obligation applies only with respect to a stock brokerage firm or stock exchange that has been declared bankrupt or has been dissolved by virtue of a court decision.
5. Notwithstanding paragraphs 1 and 2, the Bank is authorized to disclose data or information obtained in the performance of its duties pursuant to this Act provided always that this cannot be inferred to appertain to individual stock brokerage firms or stock exchanges.

### **Article 25**

1. The Bank is authorized to provide any data or information obtained in the performance of its duties pursuant to this Act to a supervisory authority or other body which has been charged under or pursuant to the law with the supervision of other capital markets in any country, provided that:
  - (a) such provision does not or could not within reason prejudice the interests which this Act purports to uphold;
  - (b) the Bank ascertains the purpose for which the data or information is to be used;

- (c) there is a sufficient degree of certainty that the data or information will not be used for any purpose other than that for which it was provided, except where advance authorization has been obtained from the Bank to make use of same for such purpose;
  - (d) the confidentiality of the data or information is satisfactorily guaranteed;
  - (e) the information and data provided by the Bank contain no names of individual investors or depositors of the relevant stock brokerage firm or stock exchange;
  - (f) such data and information can be exchanged on the basis of reciprocity.
2. The Bank shall enter into an information-exchange agreement with the relevant authority or body for the purpose of this article.

#### **Article 26**

The executive board of a stock brokerage firm or stock exchange is obliged to keep an adequate account of the financial position of the stock brokerage firm or stock exchange and of all work performed by them and to retain the books of account and records and other data carriers appertaining thereto for a period of at least 10 years.

#### **Article 27**

1. To meet the expenses relating to supervision of the stock brokerage firms and stock exchanges the Bank shall charge each stock brokerage firm or stock exchange a contribution established by guideline.
2. Every stock brokerage firm and stock exchange is required to comply with the contribution set forth in paragraph 1 within a period and in a manner stipulated by the Bank by means of a guideline.
3. In the event that a stock brokerage firm or stock exchange fails to comply with the obligation set forth in paragraph 2 the Bank may issue a writ at the expense of the offender by process server's notification representing an enforceable document as defined in Book Two of the Code of Civil Procedure.

#### **Article 28**

The Bank shall provide the Minister with a written report each year with regard to the activities performed by the Bank in accordance with the regulations arising under this Act and with regard to its findings during the previous year.

#### **Article 29**

Each stock brokerage firm or stock exchange shall be obliged to strictly observe the provisions of the Disclosure of Unusual Transactions Act and the Act on the Identification Requirements for Service Providers.

#### **Article 30**

1. All shares pertaining to stock brokerage firms and stock exchanges must be registered.

2. Each stock brokerage firm and stock exchange is obliged to keep a register of shareholders.
3. Each stock brokerage firm and stock exchange shall notify the Bank in writing in the month of July each year of the identity of each natural person or legal entity holding a qualified participating interest in the stock brokerage firm or stock exchange.

### **Article 31**

Each stock exchange must have reliable systems and operational regulations in place in order to guarantee that information it obtains is appropriately processed, stored, and protected against unauthorized access so that this data will not be subject to unauthorized use, loss, or unauthorized disclosure.

## **CHAPTER VII APPEAL PROCEDURES**

### **Article 32**

1. If an application is rejected, the applicant may submit an appeal to the Minister or the Bank with the request to reconsider its decision.
2. A Board of Appeal is charged with hearing the appeal cases referred to in paragraph 3 of this Article. The Board comprises of three independent external experts to be appointed by the Minister and the Bank. The Minister and the Bank appoint the experts. Additional rules pertaining to the procedures and term of office of the Board of Appeal shall be may be laid down by state decree.
3. Where an application for a license and a declaration of no objection referred to in Article 2 of this Act has been refused, the applicant may file an appeal with the Board of Appeal within 30 days of receiving notification of the refusal. The appeal shall be filed on receipt of the notice of appeal by the Board, a copy of which must be sent to the Minister and the Bank by registered letter.
4. The notice of appeal must be signed and at the very least contain the following:
  - (a) the name and address of the applicant;
  - (b) the date;
  - (c) a summary of the decision against which the appeal is being made;
  - (d) the grounds of appeal.
5. The Board decides, having consulted the Minister and the Bank, within two months of the date of receipt of the notice of appeal. The decision of the Board is substantiated with reasons and is brought immediately to the attention of the Minister, the Bank, and the applicant.
6. If the Minister and the Bank have no objection to the decision of the Board, it shall process the application once more within fourteen days of receiving the decision taking the decision into consideration.
7. If the Minister and the Bank do have an objection to the decision of the Board, as referred to in paragraph 5, the Minister and the Bank may submit this objection in writing within fourteen days to the President of the Republic of Suriname. The objections of the

Minister and the Bank shall be communicated forthwith to the Board and by registered letter to the applicant.

8. The President of the Republic of Suriname decides within two months after being notified of the objection of the Minister or the Bank to the decision of the Board, having afforded the Minister and the Bank the opportunity to make an oral presentation. The decision of the President shall be announced in the Official Gazette of the Republic of Suriname.

### **Article 33**

1. Any person whose interest is directly affected by a resolution adopted pursuant to this Act may apply to the Subdistrict Court.  
Such an appeal may be lodged within two months of receipt of the written notification from the Bank regarding the resolution against which the appeal shall be lodged.
2. If the ruling from the Subdistrict Court extends to annul a resolution in whole or in part against which an appeal was lodged, the Bank shall, to the extent necessary, again tend to the matter with due observance of the aforesaid decision.
3. The appeal shall not suspend the effect of the resolution against which it is lodged, unless expressly stipulated otherwise in this Act.
4. As soon as the ruling has become irrevocable, the Minister shall make an announcement regarding the ruling in the Official Gazette of the Republic of Suriname and at the same time the Bank shall give notice in at least two daily newspapers.

## **CHAPTER VIII PENALTY PROVISIONS**

### **Article 34**

1. The offenses cited in Article 2 paragraph 2, and Articles 19, 20, and 21 are deemed to be criminal offenses.  
The offenses cited in Article 8 paragraph 4, Article 13 paragraphs 1 and 3, and Articles 24 and 26 are deemed to be infractions.
2. Any person who commits an offense as defined in this Act shall be liable to a maximum custodial sentence of two years and to a fine of the seventh category of the General Fines Act (S.B. 2002 no. 73), or to one of these penalties.
3. Any person who commits an infraction as defined in this Act shall be liable to a short term of imprisonment not exceeding six months and to a fine of the sixth category of the General Fines Act (S.B. 2002 no. 73), or to one of these penalties.
4. Proceedings shall be filed in accordance with this article at the instigation of the Bank or, in the case of an infraction of Article 24 paragraph 2, at the instigation of the stock brokerage firm or stock exchange whose interests have been prejudiced.
5. If applicable, each sentencing shall also result in the confiscation of the assets or of the value of the assets that were acquired wholly or in part via the acts that constitute an offense under this Act. The same shall apply in regard to any financial benefit accruing to the offender or another person.

### **Article 35**

- 1 Notwithstanding the provisions of Article 34, the Bank may impose a fine of the event that a stock brokerage firm or stock exchange fails to comply wholly or in part or timely with the provisions of Articles 9 and 13.
- 2 Where a stock brokerage firm or stock exchange acts in violation of the articles referred to paragraph 1, the stock brokerage firm or stock exchange shall be issued with a notification from the Bank requesting them to remedy the breach within a period to be determined by the Bank. The notification shall also make reference to the imposition of a fine in the event that the violation is not remedied within the due period by the stock brokerage firm or stock exchange. The amount of the fine shall be decided by order and may in any event not exceed 25 percent of the annual profit as recorded in the last available financial statements certified by the external auditor for the stock brokerage firm or stock exchange subject to the fine.
3. The Bank is authorized in accordance with paragraph 1 of this article to recover the fine and the costs of collection by means of a writ of execution to be issued by the Bank. The writ of execution together with the service thereof may pertain to different infractions.
- 4 The writ of execution shall be served by means of bailiff's notification at the expense of the offender and represents an enforceable document as defined in Book Two of the Code of Civil Procedure.
5. The proceeds of the fine referred to in this article shall make a contribution towards the costs associated with the supervisory duties arising from this Act.
6. The Bank shall impose the fine by order. The stock brokerage firm or stock exchange shall have the right to lodge an appeal against this order.
7. The submission of an appeal does not suspend the effect of the decision being appealed.

## **CHAPTER IX TRANSITIONAL AND FINAL PROVISIONS**

### **Article 36**

1. After publications of this Act, a commission shall be formed by the Minister for the purpose of establishing a new stock exchange.
2. The Association for Securities Trading in Suriname remains in existence following the entry into force of this Act for a period of two years, or until a new stock exchange is established in accordance with this Act.
3. The shares held by stock brokerage firms and stock exchanges which remain unregistered at the date of entry into force of this Act must be registered within a period of two years after the Act comes into force.
4. From the date on which a new stock exchange is established, notice thereof shall be given by the Minister in the Official Gazette of the Republic of Suriname and by the Bank in at least two newspapers.

**Article 37**

1. This Act may be referred to as: Capital Market Act 2014
2. It shall be published in the Official Gazette of the Republic of Suriname.
3. The Act shall enter into force on the day following its publication.
4. The Minister of Finance is charged with implementing this Act.

Done at Paramaribo, on May 20, 2014

**DESIRÉ D. BOUTERSE**

Published at Paramaribo, on May 20, 2014

The Minister of the Interior

**E.F. LEILIS**

**ACT dated May 20, 2014 containing rules governing regulation of the Capital Market  
(Capital Market Act 2014)**

**EXPLANATORY MEMORADUM**

**General Considerations**

In the context of the privatization policy of the government every endeavor shall be made to organize and develop the capital market. The government tries to accomplish this by introducing legislative and regulatory reforms which meet international standards. It is important in the formulation of economic policy that the capital market and, in conjunction with this, a well-functioning stock exchange are included. After all, it has been shown that properly functioning capital markets contribute to economic growth and development. This means that the development of the capital market must be actively pursued.

This policy of the Government is in line with to the duties conferred upon the Bank pursuant to Article 9 of the Banking Act 1956 (Prevailing Text S.B. 2010 No. 173).

The purpose of the Capital Market Act 2014 is to regulate and supervise the capital market with the objective of having properly functioning stock exchanges while safeguarding the position of investors. Investor protection fits within the Bank's policy which focuses on promoting the confidence of investors and savers in the Surinamese financial sector, thereby contributing to efficient price formation and allocation of resources. Gaining the confidence of the public is a crucial factor in market development. Without continuous participation and support of the public, the market would collapse. The present Act provides the Bank with a legal basis for supervision of the capital market and its market participants, while the Minister is responsible for granting licenses. The Bank is charged with supervision, given that it already has expertise and ample experience in the area of supervision of the financial sector.

The capital market is the part of the financial market which trades in securities with an original maturity of over one year. The parties operating on the capital market have long-term or permanent cash surpluses and cash deficits. The platform on which the securities are traded is the stock exchange. The main duties of a stock exchange include the organization, management, monitoring, maintenance, and development of the exchange of securities. A stock exchange provides for trading systems and also ensures the maintenance of these systems.

A well-developed capital market offers financial flexibility for buyers and sellers of assets, including companies, banks, institutional investors, asset managers, investment companies, and governments. In addition to the traditional banking products, further financing and/or investment opportunities will be available to those seeking and those offering capital. A well-developed capital market will, on the one hand, serve as an investment option for those offering capital and, on the other hand, as a financing option for those seeking capital.

The capital market is the part of the financial market which trades in securities with an original maturity of over one year. The parties operating on the capital market have long-term or permanent cash surpluses and cash deficits. Where market participants trade in short-

term securities with a maturity of less than one year, these shall also come under the scope of the present Act with the exception of treasury paper.

Important for the functioning of capital markets is the existence of stock brokerage firms and stock exchanges. A stock brokerage firm professionally intermediates or trades in securities or, in the context of asset management, executes transactions on behalf of third parties.

A stock exchange is a platform where buyers and sellers meet to trade in securities. The main duties of a stock exchange include the organization, management, monitoring, maintenance and development of the trading of securities. A stock exchange provides for trading systems and also ensures the maintenance of these systems.

Stock exchanges shall be given self-regulatory status, meaning that they can establish their own rules on a private law basis and verify whether their affiliated institutions comply with the rules. It is not unusual that stock exchanges themselves are allowed to set rules. After all, it is in the interest of both the stock exchanges and the stock brokerage firms affiliated to them that trading runs smoothly and that the stock exchanges' reputation with investors and listed companies remains intact. Self-regulation reaches its limits where the stock exchange as a private law organization affects the public interest, namely the interest attached to a fair and well-functioning market within Suriname's financial sector, and the protection of the investors' position. The involvement of the Bank starts on this interface, which creates the necessity of proper supervision.

Emphasis will be placed on certain aspects of the stock exchange by supervision. The first issue to be discussed is the organization of the stock exchange, where the supply of and demand for capital meet according to a fixed pattern, will be addressed. In order to promote investors' confidence in the operation of the market, trading must be well organized allowing transactions to be carried out smoothly and obligations to be met. Secondly the internal regulations of the stock exchange will be examined. This will regard, among other things, the admission of stock brokerage firms, the quality standards for market participants on the stock exchange, and monitoring of trading and stock exchange members. As far as their financial position is concerned, the internal regulation shall cover communications, handling of investor and market participant complaints, dispute settlement, and possible disciplinary measures. The third issue is the relation among investors. Proper investor protection includes having rules which prevent certain investors from enriching themselves with dishonest practices at the expense of other investors. An example of this is the rules on market abuse.

In addition, this Act also places stock brokerage firms under supervision since they act as agents on the capital market on behalf of others. The public, and more specifically the investor, must be protected in this respect.

On an international level, capital markets must comply with the principles issued by the International Organization of Securities Commissions (IOSCO). These principles act as guidance for supervisors of stock exchanges and stock brokerages firms. These standards must be reflected in the national legislation and include the following basic principles: investor protection, ensuring fair, efficient, transparent, and regulated markets, and reducing system risks. These conditions constitute the basis for a properly functioning capital market.

### **Licensing and the Declaration of No Objection**

Operating a stock brokerage firm or a stock exchange is subject to a license issued by the Minister and a declaration of no objection issued by the Bank. Operating a stock brokerage firm or a stock exchange without a license from the Minister and a declaration of no objection from the Bank is therefore prohibited. The issuance of a declaration of no objection is subject to conditions related to, among other things, the reliability, business integrity, and administrative organization of a stock brokerage firm or a stock exchange. The conditions also refer to the integrity and expertise of directors, supervisory directors, and qualified shareholders.

### **Supervision**

This Act confers the supervisory duties and powers on the Bank. Bringing the capital market under supervision contributes to the further regulation of the financial sector, thereby increasing confidence in the sector. Capital markets are an important tool for economic growth.

Placing the capital market under supervision promotes direct financing and gives direct access to companies to the resources they need to realize their goals. Supervision also increases trust in the sector, which could encourage more investors to participate in funds listed on the stock exchange. Greater participation of investors will have a positive influence on price formation on the stock exchange.

The Bank may also at any time request information from the stock brokerage firms and stock exchanges under its supervision and undertake a review not only to ensure the necessary compliance with the conditions of the declaration of no objection and the guidelines issued under this Act, but also to verify the accuracy of the periodic reports. Every stock brokerage firm and every stock exchange must prepare financial statements which shall include an audit or assessment statement of accuracy pertaining to the financial statements that is issued by an external auditor.

### **Reporting**

Stock brokerage firms and stock exchanges are required to file company information and records with the Bank. In addition to the financial statements which also must be submitted to the Bank, such information and records provide the Bank with the basic information required to fulfill its supervisory duty. Stock brokerage firms and stock exchanges must also provide the Bank with any supplementary information required for supervision and the Bank is authorized to conduct investigations on-site (the so called "on-site inspection").

### **Market Abuse**

Market integrity is an important condition for a properly functioning capital market. The proper functioning of the stock exchanges and public confidence in these stock exchanges are prerequisites for economic growth and prosperity.

Market abuse harms the integrity of the capital markets and damages public confidence in securities trading. Market abuse includes insider trading and market manipulation. These two forms of market abuse may obstruct the realization of complete and proper market

transparency. Consequently, it is necessary to make insider trading and market manipulation punishable under this Act.

### **Fines**

The present Act enables the Bank to impose fines on negligent stock brokerage firms or negligent stock exchanges in order, to a certain extent, to force stock brokerage firms and stock exchanges to submit timely reports,

### **Undisclosed Custody**

If the stock brokerage firm or the stock exchange fails to comply with the policy or takes the measure in an insufficient or untimely manner, the Bank can resort to this form of special administration. The undisclosed custody entails that the stock brokerage firm of the stock exchange can only conduct business subject to prior approval by the Bank. However, it is not necessary and also not desirable to disclose this because the situation can still be rectified.

### **Confidentiality**

Any individual or body charged with the implementation of this Act may only use the information obtained within this context to perform the duties imposed by law. This strict confidentiality does not apply if the provisions of the Code of Criminal Procedure and the Code of Civil Procedure apply. The duty of confidentiality is also not applicable in the event that an information exchange agreement has been entered into between the Bank and a supervisory authority of another country.

## **EXPLANATORY NOTES ON THE ARTICLES**

**Article 2.** The second paragraph of this article prohibits the operation of a stock brokerage firm or a stock exchange in Suriname without a prior license from the Minister and a declaration of no objection from the Bank. The provisions of paragraph 5 are also intended to remove any doubt that the Minister and the Bank, once the license has been granted and the declaration of no objection has been issued, are authorized to attach further conditions or restrictions to the license or declaration in the interest of both the development and maintenance of a healthy capital market as well as the protection of the interests of investors and future investors. These conditions and restrictions must be substantiated by the Minister and the Bank.

**Article 3.** This article establishes the procedural aspects of applications for a license or a declaration of no objection. In accordance with the minimum requirements for effective supervision, this article covers the information which must be included in the application for a declaration of no objection.

When filing an application for a declaration of no objection for a stock exchange, the applicant shall submit all required documents, including the articles of association, funds rules, and a member policy. He shall also submit a description of an appropriate monitoring mechanism to be applied to the affiliated stock brokerage firms and the regulated market which is to be established.

The application shall also include the arrangements regarding any technical infrastructure, the delivery and clearing of securities, as well as a proper monitoring mechanism for the established rules.

When filing an application for the declaration of no objection, the stock brokerage firm or the stock exchange must have an opening balance certified by an external auditor. The opening balance must indicate, among other things, the amount of the starting balance of the institution and also that actual payment on shares has taken place.

By submitting a business plan the aim is to give the Bank the opportunity, before issuing a declaration of no objection, to form an opinion of some key aspects relating to the operation of the stock brokerage firm or stock exchange. The Bank may also obtain information from the business plan, on the one hand, about the viability of the legal entity in an economic sense, and, on the other hand, about the required structure and resources with a view to ascertain whether this legal entity would be able to comply with the requirements laid down under this Act.

Based on the meaning of the term "business plan", any such document must explain which activities the company intends to develop. These may include, among other things, the services to be provided, how risks related to these services will be controlled, how record keeping will be handled, and what the composition of the staff will be.

It is emphasized that the Bank does not intend by any means to take on the responsibilities of the stock brokerage firm or stock exchange when assessing the business plan. It will only assess the extent to which the intentions of a new stock brokerage firm or a new stock exchange are achievable.

The financial institutions that are under supervision and that are already trading in securities are only exempt from the requirement to set up a limited liability company for the purpose of operating a stock brokerage firm.

**Article 4.** This article includes grounds on which the Bank may refuse to issue a declaration of no objection.

The provisions of paragraph 2 (c) and (d) of this article state that the Bank must avoid issuing a declaration of no objection to an institution in which individuals who (co)direct the business and individuals with a significant amount of control over the institution could exercise undue influence on the institution.

"Control" not only refers to direct voting rights attached to shares, but also indirect voting rights, for example attached to voting agreements.

Apart from these specific grounds for refusing a declaration of no objection, paragraph 2 (h) also includes a provision authorizing the supervisor to decline a declaration of no objection when a broader general interest is involved. The review criterion "undesirable development of the capital market" may refer to, among other things, an excessive concentration of economic power in one or more market participants or a conflict of interest.

**Article 5.** Reference is made to the Bank's legal responsibility of supervision of the financial sector, which also includes an implied responsibility for the reliability of the directors. When issuing a declaration of no objection for the operation of a stock brokerage firm or stock exchange, the Bank shall review whether the daily management meets the criteria, including

those in respect of expertise and integrity. Expertise is measured on the basis of training and experience relating to the operation of a stock brokerage firm or stock exchange.

**Article 8.** An essential part of the supervision includes the option to perform an additional on-site inspection at a stock brokerage firm or stock exchange. This means in essence that the Bank can perform a complete inspection at a stock brokerage firm or a stock exchange as often as it deems necessary. Such a tool contributes in multiple respects to the exercise of proper supervision. It also allows the Bank to monitor whether a stock brokerage firm or a stock exchange conducts its business in a manner which does not violate the guidelines and rules issued by the Bank. It is also a good means to further clarify the practical application of the guidelines, where necessary, and to ensure and promote a uniform interpretation of the guidelines. Furthermore, the on-site presence will provide the Bank with more insight into the existing administrative organization and internal control procedures of a stock brokerage firm or stock exchange.

One of the powers under this article relates to obtaining any information available to any director, supervisory director, external auditor, or employee of a stock brokerage firm or stock exchange. For the sake of clarity, it must be noted that this article applies to both natural persons and any legal persons that are not stock brokerage firms or stock exchanges, but whom the Bank suspects of holding information about a supervised stock brokerage firm or stock exchange. Examples are administrative offices, accountants, auditors, and attorneys. Pursuant to paragraphs 1, 2, and 4, the Bank is also authorized to conduct inspections at any stock brokerage firm or stock exchange, holding company, subsidiary or other affiliate of a stock brokerage firm or a stock exchange. The information and results obtained from the inspections which have been carried out shall be used to verify, among other things, the financial condition and activities of a stock brokerage firm or stock exchange and the impact of company management and the financial relations with its affiliated companies. In these inspections, the Bank may seek the assistance of an external auditor or other expert, or have the inspection performed by an external auditor or other expert altogether.

**Article 9.** This article cites a number of specific circumstances under which the Bank may conduct a special investigation. Further investigation may follow on the basis of the observations. The cost of such inspections may be charged by the Bank to the relevant stock brokerage firm or stock exchange.

**Article 10.** The purpose of the guidelines on administrative organization is, among other things, to ensure that the disclosure and the reporting obligations under this Act can be met and to allow for monitoring thereof. This expressly includes the option to order that the administrative organization must be set up in a manner which allows the Bank to perform a proper audit.

The management guidelines the Bank may issue also include corporate integrity guidelines. These guidelines covering, among other things, employee credibility checks, the implementation of the provisions of the Disclosure of Unusual Transactions Act and the Act on Identification Requirements for Service Providers, as well as the guidelines on the prevention of intentional or unintentional contribution to the financing of terrorist activities, are issued to enhance the integrity of the financial sector.

**Article 11.** If the Bank is of the opinion that a particular development has endangered or may endanger the liquidity or solvency of a stock brokerage firm or a stock exchange, the Bank shall bring this to the attention of the relevant stock brokerage firm or stock exchange and also request them to take the necessary measures or to follow a procedure prescribed by the Bank. Paragraph 2 introduces the provision for guardianship. This “undisclosed custody” is not made public because the situation can still be remedied. It is clear in this context that the “undisclosed custody” cannot have legal consequences for third parties.

The provisions of paragraph 3 have been added for those cases where the problems of a stock brokerage firm or stock exchange appear to be greater than first suspected and where this situation appears to be rapidly deteriorating. In such cases, it is not justified to lose precious time by following a procedure involving the Bank issuing a request and setting a deadline before resorting to a guardianship. For those cases, it is considered appropriate to authorize the Bank to also take the measures related to the "undisclosed custody" without having to respect deadlines. The criteria based on which the Bank may use this power follow those of paragraph 1 of this article. It is due to the serious nature of this power, that the requirement of a development arising at the stock brokerage firm or the stock exchange concerned which requires immediate intervention has been added.

In the absence of such a situation, the Bank must follow the procedure described in paragraphs 1 and 2 of this article.

**Article 12.** This article allows for the reviewing of the integrity of the executive directors, the members of the supervisory board, and holders of a qualified holding in a stock brokerage firm or stock exchange. The integrity check shall take into consideration, among other things, various aspects such as untainted antecedents with regard to criminal and financial records, and ethical standards. The financial position of a stock brokerage firm or a stock exchange is determined in large part by the qualities and involvement of the organization's directors, management, and supervisory body. Practice has shown that failure to meet the basic requirements can seriously jeopardize the institution's financial position.

The rules to be established under paragraph 4 shall cover, among other things, the integrity requirements for executive directors, supervisory directors, and holders of a qualified holding.

**Article 13.** Securities trading is becoming increasingly international given that institutional investors increasingly invest more of their assets outside their own country. Furthermore, companies now use international financial markets more than before to attract financing. Securities transactions are also increasingly carried out on international markets and no longer mainly on the home market of the company in question. International cooperation in supervision of the securities markets has become very important under these circumstances. Cooperation may enhance the effectiveness of domestic supervision rules because it prevents evasive behavior. International efforts are directed as far as possible toward harmonization of supervision rules, which may, in turn, lower the costs of access to financial markets and help to counteract competitive disparities resulting from sharply differing supervisory regimes.

The provisions of paragraph 2 state that the Bank shall issue guidelines for a specific stock brokerage firm or stock exchange within the context of cooperation with other institutions charged with the supervision of stock exchanges. The Bank shall only issue or amend such

guidelines after prior consultation with the stock brokerage firm concerned or the stock exchange concerned, or with the representative organization involved.

The prospectus referred to in paragraph 3 shall include all information that is important to form an informed opinion about the assets, financial position, results, and prospects of the issuing institution, given the nature of the issuing institution and of the securities offered to the public or admitted for trading on the stock exchange.

**Article 15.** Paragraph 3 indicates that a stock brokerage firm or stock exchange is required to, in the event an external auditor is engaged, authorise this person to ensure the information relevant for supervision is provided to the Bank, on his own initiative. Subparagraph a includes a provision that specifies the periodic data of a general nature that must be provided under normal circumstances. In addition, subparagraph b contains a provision that imposes the requirement on the external auditor to, if he is aware of circumstances that could jeopardise the issue of an unqualified auditor's report or the periodic statements to be submitted to the Bank, immediately notify the Bank of this, on his own initiative, after having first notified the stock brokerage firm or stock exchange that has commissioned the auditor. The concept 'circumstances' is also understood to include factors that exert a negative influence on the financial status of the stock brokerage firm or stock exchange involved. Furthermore, pursuant to the provisions under subparagraph c, the Bank is entitled to demand an oral explanation from the auditor of the documents he has submitted.

**Article 16.** The Bank is permitted to undertake monitoring in the event that a person, company, or institution carries out any activity that is not permitted under this Act for a stock brokerage firm or stock exchange without a license granted by the Minister and a valid declaration of no objection. If a person, company, or institution carries out activities without a license from the Minister and a declaration of no objection issued by the Bank, such person, company, or institution is required, in accordance with paragraph 3, to cease immediately at the instruction of the Bank and to cancel any actions already carried out in this context. Where a person, company, or institution, despite the instruction of the Bank, or after initially canceling specific actions on the instruction of the Bank, nevertheless continues to carry out the activities of a stock brokerage firm or operate a stock exchange without the necessary license and declaration of no objection, the Minister is authorized under the provisions of paragraph 4 to request the Subdistrict Court to prohibit the person, company, or institution in question from carrying out the activities of a stock brokerage firm or stock exchange.

**Article 18.** The Bank is responsible for setting up and maintaining a register, in which all stock brokerage firms and stock exchanges are recorded. The register shall be open for any person to inspect at the Bank. In January of each year, the names of all stock brokerage firms and stock exchanges listed in the register as at December 31 of the previous year shall be published by the Bank in at least two local newspapers. This allows the public to verify whether a stock brokerage firm or a stock exchange is operating with a license or not.

**Article 19.** Inside information is any information of an exact nature which has not been disclosed and which directly or indirectly relates to one or more issuers of securities or to one or more derivatives thereof and could have a material influence on price formation and price development on a regulated market.

Such information may include information indirectly related to one or more issuers of securities or one or more derivative securities thereof.

As regards insider trading, account should be taken of cases where inside information originates not from a profession or function but from criminal activities, the preparations or execution of which could have a material impact on the price of one or more securities or on price formation in the regulated market.

Use of inside information can consist of the acquisition or disposal of securities by a person who knows, or should know, that the information possessed is inside information. In this respect, the competent authorities must determine what a normal and reasonable person knows or should have known in the given circumstances. Furthermore, the mere fact that market participants, entities acting as counterparty, or persons authorized to act on behalf of third parties, who have inside information, shall be limited in the first two cases to the legitimate buying and selling of securities. In the latter case, properly carrying out an order shall not in itself be considered use of inside information.

**Article 21.** The definition in Article 1 (m) distinguishes between three types of prohibited market manipulation, as follows:

- (a) manipulation based on transactions which affect the demand, supply, and the price of securities or keep the price of a security at an artificial level, unless the person entering into the transactions or placing the exchange orders shows that his motives to enter into the transactions or to place the orders are justified and that the transactions and exchange orders comply with the acceptable market practice in the regulated market concerned;
- (b) manipulation through fraud;
- (c) manipulation through the distribution of false and misleading information.

The above definition can be illustrated with a few examples. A situation in which one or more persons act in concert to secure a dominant position over the supply of or demand for a security, resulting in fixing, directly or indirectly, purchase or sale prices or creating other unfair trading conditions.

For example, securities could be bought or sold at the close of the market in order to mislead investors acting on the basis of closing prices.

Another example is taking advantage of occasional or regular access to traditional or electronic media by spreading an opinion about securities (or indirectly about their issuer) while previously having taken positions in these securities and subsequently profiting from the impact this opinion has had on the price of these securities, without simultaneously properly and effectively disclosing this conflict of interest.

**Article 24.** The employees of the Bank, or those designated by the Bank to perform certain tasks, as well as the Bank itself in its capacity as an institution, are under an obligation of confidentiality in respect of any data and information obtained in the implementation of this Act.

The Bank is authorized to report any suspected criminal acts. In that case, the Bank is also authorized to disclose confidential data and information to the legal authorities. This authority is one of the exceptions to the aforementioned obligation of confidentiality.

The Bank may publish for the purpose of its quarterly and annual statements aggregated data and information obtained in the course of its supervisory duties. This provision is also an exception to the aforementioned obligation of confidentiality.

**Article 34.** Article 76 of the Criminal Code, S.B. 2002 No. 68 provides for an extension in respect of the imposition of sanctions against legal persons.

This extension provides that, if a legal person commits a crime or an infraction, either the legal person or those having ordered the action or those who were in actual charge of the prohibited act(s) or negligence, or both together, shall be prosecuted and sentenced.

**Article 35.** Proper, effective supervision requires the Bank, among other things, to be informed by stock brokerage firms or stock exchanges in a timely manner and as comprehensively as possible. For example, a stock brokerage firm or a stock exchange could do this by submitting monthly statements and reports. Therefore, this article has been included in this Act in order to ensure timely or prompt compliance with the provisions under or by virtue of this Act.

The tool of an administrative fine, which has both a preventive and a repressive effect, will enable the Bank to deal effectively with the offending stock brokerage firm or stock exchange. The imposition of an administrative fine is supported by adequate safeguards. For example, the amount of the various fines shall be laid down in an order. Furthermore, remediation deadlines shall be provided, including a prior warning that a fine may be imposed raised in case of failure to comply. An option for appeal is also provided.

**Article 36.** Upon approval of the Act, a Commission shall be established by the Minister tasked with the establishment of a new stock exchange. This Commission shall be composed of representatives from both the public and the private sector. This Commission shall be set up for a certain term, preferably six months, and shall submit monthly reports to the Minister.

Paramaribo, May 20, 2014,

**DESIRÉ D. BOUTERSE**