

CIRCULAR ON PERIODIC COMPLIANCE REPORTS BY BROKER-DEALERS AND INVESTMENT ADVISERS

The following is issued to assist broker-dealers and investment advisers with the submission of their compliance reports. The Commission is of the view that dealers and investment advisers who rely on information technology systems should have established procedures to safeguard the physical security of the software and hardware of their IT systems both onsite and offsite. Such safeguards are expected to ensure accurate and continued processing of information protection of master files and transaction information and a documented disaster recovery programme, amongst others.

The Commission is of the view that the occurrence of computer breakdowns is not an acceptable excuse or reason for the late submission of periodic compliance reports.

All licensees are directed to utilize their disaster recovery and back-up methods as stipulated in the 'SEC Compliance Manual for Dealers, Investment Advisers and Representatives' pgs. 55 & 56 Item 6; in order that they submit the relevant reports as they fall due.

The commission has also noted that the lack of necessary back up systems affects the ability of broker-dealers to effect settlement of their transactions on the market at the close of business. The necessary arrangements IT systems safeguards should therefore be put into place to enable broker-dealers to effect prompt and quick settlement of transactions on behalf of investors.