

SR-GUID-14/10-0023



GUIDELINES:

Minimum Transaction Sizes for Retail Repurchase Agreements

**The Financial Services Commission
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Introduction

1.0 The Financial Services Commission (“the Commission”) is proceeding to implement securities sector reforms aimed at mitigating the risks to investors engaged in retail repurchase agreements (retail repos). One critical element of the reform is the establishment of a minimum transaction size for retail repos. Accordingly, the Commission has established minimum transaction sizes for retail repos denominated in J\$ and US\$ currencies, which will be implemented on a phased basis, that will ultimately establish limits at J\$1,000,000 and US\$10,000 respectively, effective December 31, 2015. The Commission will introduce additional reporting requirements which will facilitate timely and accurate information gathering in order to determine the level of compliance with the established minimum transaction sizes.

2.0 Minimum Transaction Size Implementation Schedule

2.1 As per our previous instruction to licensed securities dealers engaged in retail repos business, EFFECTIVE OCTOBER 1, 2014, the minimum transaction size for retail repos shall be J\$100,000 (for J\$ currency contracts) and US\$1,000 (for US\$ currency contracts).

2.2 The minimum transaction size will be increased on a phased basis as outlined in the following implementation schedule:

Effective Date	Minimum Transaction Size	
	J\$ Currency	US\$ Currency
October 1, 2014	J\$100,000	US\$1,000
January 1, 2015	J\$250,000	US\$2,500
April 1, 2015	J\$500,000	US\$5,000
October 1, 2015	J\$750,000	US\$7,500
December 31, 2015	J\$1,000,000	US\$10,000

2.3 As of each effective date, all new retail repo contracts shall be of an amount not less than the minimum transaction size in effect, provided that such minimum transaction size may be varied from time to time by notice issued by the Commission.

2.4 As of each effective date, only retail repo contract amounts of not less than the minimum transaction size in effect shall be reinvested.

3.0 Reporting to the Commission

3.1 Securities dealers engaged in retail repos with clients shall keep records in such form and containing such particulars as may be prescribed in relation to these transactions and report to the Commission in such manner as the Commission may require.

4.0 Applicability

4.1 This Guideline applies to all securities dealers engaged in offering retail repos to clients.

5.0 Compliance with Minimum Transaction Value

5.1 Securities Dealers must comply with the minimum transaction size as implemented today October 1, 2014 and the implementation schedule and shall put in place such operational mechanisms as are necessary to achieve compliance with the FSC's directive on the minimum transaction size.

5.2 Licensees are advised that, in monitoring the industry, the FSC shall have regard to its previous instructions and this Guideline when determining whether a licensee is engaged or is about to engage in an unsafe or unsound practice in conducting its securities business. Failure to comply with this Guideline may expose licensees to enforcement action. We refer to the Financial Services Commission Act and the Securities Act, in this regard. Licensees and their responsible officers must be guided accordingly.

5.3 The FSC expressly reserves the right to revise the minimum transaction size at any time to amounts higher than those stated in the Implementation Schedule, and/or to vary the dates in the Implementation Schedule. The FSC will continue its practice of dialogue with its licensees throughout this process.