

The Stock Exchange Corner

Sanctions that may be applied by the Guyana Securities Council

by George Edwards

Last week when we looked at Section 11 of Regulation No.8 of 2002, we saw that it referred to sections 126 and 127 of the Companies Act 1991. In order to give you a better understanding of the meaning of this section, we shall quote the two sections from the Companies Act.

Companies Act 1991

Section 126

- (1) A person who is a substantial shareholder in a company shall give notice in writing to the company stating his name and address and giving full particulars of the shares held by him or his nominee (naming the nominee) by virtue of which he is a substantial shareholder.
- (2) A person required to give a notice under subsection (1) shall do so within fourteen days after that person becomes aware that he is a substantial shareholder.
- (3) The notice shall be so given notwithstanding that the person has ceased to be a substantial shareholder before the expiration of the period referred to in subsection (2).
- (4) This section shall apply only to shareholders of a public company.

Section 127

- (1) A person who ceases to be a substantial shareholder in a company shall give notice in writing to the company stating his name and the date on which he ceased to be a substantial shareholder and giving full particulars of the circumstances by reason of which he ceased to be a substantial shareholder.
- (2) A person required to give notice under subsection(1) shall do so within fourteen days after he becomes aware that he has ceased to be a substantial shareholder.

Now that we have looked at some of the Regulations governing disclosures required to be made by Reporting Issuers, we shall look at the Sanctions that

may be applied by the Guyana Securities Council. We shall again quote from Regulations No.8 of 2002.

Securities Industry Act 1998 - Regulation No. 8 of 2002

Section 18

- (1) Where the Council considers that an issuer has contravened any of these Regulations, the Council may take one or more of the following actions –
 - (a) censure the issuer;
 - (b) publish the fact that the issuer has been fined or censured for contravening these Regulations;
 - (c) suspend trading in or discontinue the listing or admission to dealing of the issuer's securities.
- (2) In the event of contravention of these Regulations by an issuer, the issuer commits an offence and is liable on summary conviction to a fine of two hundred and fifty thousand dollars and imprisonment for two years.

Section 19

- (1) Where the Council considers that a contravention of these Regulations by an issuer is due to a failure by all or any of its directors to discharge their responsibilities, the Council may, in addition to any action it may take against an issuer under regulation 18, take one or more of the following actions –
 - (a) privately censure the relevant directors;
 - (b) publish the fact that these directors have been fined or censured;
 - (c) in the case of wilful or persistent failure by a director to discharge his or her responsibilities, state publicly that in its opinion the retention of office by the director is prejudicial to the interests of investors;
 - (d) if the director remains in office following a public censure by the Council under sub paragraph (c), suspend trading in or discontinue the listing or admission to dealing of the issuer's securities.
- (2) In the event of contravention of these Regulations by a director, the director commits an offence and is liable on summary conviction to a fine of two hundred and fifty thousand dollars and imprisonment for two years.

Section 20

Unless the Council considers that maintenance of an orderly market, or the protection of investors otherwise requires, where the Council proposes to take action under regulation 18 or 19, the Council shall, in relation to the party concerned –

- (a) give advance notice of the Council's proposed action;
- (b) invite the making of representations to the Council either in writing or in person;
- (c) advise of the decision as soon as practicable after it is made; and
- (d) advise in writing of the reasons for any decision that is unfavourable.

Next Week: Disclosures required in Interim Reports

N.B. – More information may be accessed on our website: www.gasci.com