

Date: May,30 2019

To: All Licensees and Potential licensees

RE: GUIDELINE ON PARTICULARS OF BUSINESS PLAN MODELS SUBMITTED DURING THE LICENCE REVIEW PROCESS BY LICENSED MARKET INTERMEDIARIES AND PROPOSED NEW LICENSEES.

Regulations 15(d), 29(1)d and 39(2)d respectively of the *Capital Markets (Licensing Requirements) (General) Regulations, 2002 (the Licensing Regulations)* provide for the particulars of a business plan to be submitted to the Authority during the licensing period.

A Business Plan should provide the Authority with the opportunity to assess the sustainability of an applicant's business model over a period of three years considering in detail the products and services to be provided, strategy, existing and possible distribution channels and clients.

Most business model plans submitted to the Authority by intermediaries and new applicants have been found to be vague, incomplete and do not make requisite and adequate disclosures. Towards this end and in addition to the requirements of a Business Plan as provided for under Regulations 15(d), 29(1) d and 39(2) d of the *Capital Markets (Licensing Requirements)(General) Regulations 2002*, below is a guideline to applicants for licenses and already licensed entities on content of Business Plans;

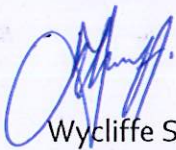
1. A full explanation of the capital markets related business, its background (including its legal structure and creation) and what it is intending to do.
2. The company's target market and clientele i.e. whether a firm has identified a specific business opportunity or customer base. Further the firm should identify and acknowledge the existing competition
3. The business model to be adopted by the company. Disclosure on how it will earn revenue whether by charging agency commission, management fee, profit sharing etc. and disclosure of how revenue is earned whether per transaction, per annum, percentage of transaction etc.

4. The company's objectives both short term and long-term (for example, intended market share, aims and assets under management).
5. Any long-term strategy and expansion plans.
6. A clear view on the company's target market, key customers, distribution, products and pricing.
7. The expected customer experience of the business from day one.
8. Details of the company's intended investment strategies, fee and remuneration policies, governance framework and key personnel
9. What experience the company's principals have of the type of regulated activities it plans to conduct.
10. The employment background, experience and relevant qualifications of all individuals who will be performing significant influence controlled functions and how this will help them with their role.
11. Financial projections (income statement and balance sheet) for three years,(these can be sent separately with the financial accounts) including working capital requirements which should include the supporting rationale behind the key line items projected and a demonstration of when the business is expected to break even.
12. Any other activity that the company may engage in that reasonably could have a material impact on net capital within the first twelve months of business operations.
N/B (This can however be sent separately with the financial accounts).
13. Any key dependencies and business risks.
14. Exit arrangements in case the company wishes to discontinue business .Disclosure of how clients will be refunded and transfer of assets etc.
15. The company's marketing strategy.
16. Details of any outsourcing plans or other key operational matters.
17. An analysis of key conduct risks.

In addition, applicants for licenses and licensees of the Authority should ensure that business plans are clear and are updated in the event there are any changes in their business plans relating to products and services offered, strategy, existing and possible distribution channels and clients and financial projections.

The Authority as part of implementing its supervisory mandate shall be analysing licensee's business performance as against the submitted Business Plans. Any variances noted by the Authority shall be discussed with respective licensees for purposes of understanding capital markets business trends and ensuring business plans are implemented as disclosed.

Yours sincerely,



Wycliffe Shamiah

DIRECTOR, MARKET OPERATIONS

in accordance with the provisions of the relevant laws and regulations.

It is hereby declared that the above information is true and correct.

Witness my hand and seal this 15th day of 2024.

Director of Market Operations


The authority of the Director of Market Operations is hereby confirmed.

Witness my hand and seal this 15th day of 2024.

Authority shall be exercised with respect to the matters of market operations.

Witness my hand and seal this 15th day of 2024.

2024



William S. Smith

DIRECTOR OF MARKET OPERATIONS