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THE CAPITAL MARKETS AND SECURITIES ACT, 1994

(NO. 5 OF 1994)

REGULATIONS

Made under Section 147 (2) (c) and (e)

THE CAPITAL MARKETS AND SECURITIES (ACCOUNTING AND FINANCIAL REQUIREMENTS AMENDMENT) REGULATIONS, 2003

- Citation
- G.N. No:
14 of 1997
- Amendment
of
regulation
5
- Amendment
of
regulation
6
- Amendment
of
regulation
8
1. These Regulations may be cited as the Capital Markets and Securities (Accounting and Financial Requirements Amendment) Regulations 2003 and shall be read as one with the Capital Markets and Securities (Accounting and Financial Requirements) Regulations 1997 (in these regulations referred to as the ‘principal regulations’).
 2. Regulation 5 of the principal regulations is amended by deleting the words “every two months” appearing therein and substituting for them the words “each month”.
 3. Regulation 6 of the principal regulation is amended by deleting the words “Tanzania Statement of Standard Accounting Practice” and substituting for them the words “Tanzania Financial Accounting Standards”.
 4. Regulation 8 of the principal regulations is amended-
 - (a) in paragraph (a), by deleting the word “and” at the end of that paragraph;
 - (b) adding immediately after paragraph (b) the following new paragraph:
 - “ (c) a cash flow statement for the financial year;

Amendment
of
regulation
9

5. Regulation 9 of the principal regulations is amended by-

- (a) inserting the words “,cash flow statement” between the words “account” and “and” in the fourth line of sub regulation (1),
- (b) inserting the words “ or cash flow statement” between the words “account” and “or” in the third line of sub regulation (2).

Amend-
ment of
regulation
11

6. Regulation 11 of the ‘principal regulations’ is amended by:

- (i) making the contents of Regulation 11, as regulation 11 (1);
- (ii) inserting the word “annual” between the word “Every” and “financial” appearing at the beginning of the renumbered, regulation 11 (1);
- (iii) adding immediately after the renumbered regulation 11 (1), the following new sub-regulations:

“(2) Every dealer and every broker shall, at the end of each quarter of the financial year, submit quarterly reports to the Authority and the Stock Exchange indicating the financial performance of the company during that particular quarter.

(3) The quarterly financial statements that are required to be prepared and submitted under this regulation shall comply with the provision of the Appendix 1, 2 and 3 of the Schedule to these Regulations and shall indicate in separate column, the financial position at the current quarter, previous quarter and the year to date position.

(4) The quarterly financial statement submitted in accordance with sub regulation (2) shall be submitted to the Authority within thirty days after the end of the relevant quarter.

(5) Where a broker or a dealer is unable for any reason to meet the deadline required in this regulation, he shall, within three working days

before the submission date, notify the Authority in writing indicating the reasons for such inability and the Authority may extend the submission date as it deems fit.

(6) Any person who contravenes the requirements of this regulation commits an offence and the Authority shall, where the delay is for a period-

- (a) not exceeding 30 days after due date, issue a warning letter and require the payment of Tshs 25,000 for each day the submission is delayed;
- (b) of more than 30 days but not exceeding 60 days, require the payment of Tshs 50,000 per day, for each day the submission is delayed;
- (c) of more than 60 days but less than 90 days after the due date, suspend the licence;
- (d) of more than 90 days after the due date, revoke the licence.”

(7) The penalties referred to in subsection (6) shall apply in the case of contravention or delays in respect of submissions of annual financial statements.”

Amend-
ment of
Regulation
12

7. Regulation 12 of the ‘principal regulations’ is amended-

- (a) in sub-regulation (1), by deleting the word “addressed” which appears in the first line, and substitute for it the word “copied”.
- (b) by adding immediately after paragraph (c) the following new paragraph:
 - “(d) in the case of the cash flow statements, a true and fair view is given of cash position during the financial year.”

(c) by renumbering paragraphs (d) to (h) as (e) to (i) respectively.

(d) in the renumbered paragraph (g), by deleting the word “and” appearing between the words “sheet” and “the” in the first line and substituting for it the comma and inserting between the words “account” and “are” appearing in the first line the words “and cash flow statements”;

Addition
of new
regulation
14

8. The principal regulations are amended by-

(a) adding immediately after regulation 13, the following new regulation:

“Duty to prepare reports on the operations of business **14.** A Dealer shall, in respect of his securities business, prepare for each financial year a directors report in the operations of the business.

(b) renumbering regulations 14 to 19 as 15 to 20 respectively.

Amendment
of
regulation
17

8. The re-numbered regulation 18 of the principal regulations is amended by deleting sub regulation (2) and substituting for it the following provision:

“(2) In this regulation, the expression net capital means the sum of total assets les total liabilities.”

Amendment
of
regulation
18

9. The re-numbered regulation 19 of the principal regulations is amended –

(a) by deleting the figure “17” appearing therein and substituting for it the figure”18”;

(b) by making the content of that regulation as 19(1) and adding immediately thereby the following provisions:

“(2) For the purpose of this regulation, liquidity margin shall be obtained by determining the liquid capital as a percentage of minimum capital requirement.

(3) For avoidance of doubt, liquid capital shall be defined as current assets after deducting the following items:

- (a) current liabilities
- (b) unsecured loans and advances included in current assets;
- (c) amount due from staff, directors and associates;
- (d) any deficit in clients account;
- (e) any prepayments.”

Amend-
ment
of the
Schedule

10. The Schedule to the ‘principal regulations’ is amended-

(a) in paragraph 1 of the PART 1, by adding immediately after paragraph (b) the following new paragraph:

“(c) in the case of the cash flow statement items listed in the cash flow statement, format set out in Appendix 3 to this Schedule.”

(b) in paragraph 3 of PART 2-

- (i) by deleting the word “and” appearing in the second line between the word “sheet” and “profit” and inserting a comma (,);
- (ii) by inserting the words “and cash flow statements” between the word “account” and “shall” in the second line of that paragraph.

(c) by adding immediately after Appendix 2, the following new Appendix 3:

CASH FLOW STATEMENT

DESCRIPTION OF ITEMS (Classification)

A	1	CASH FLOWS FROM OPERATING ACTIVITIES
	I	Profit/Loss for the period
	II	Adjustment for Non Cash items
	III	Depreciations
	IV	Other non cash items
	2	Operating profit before adjustment in working capital
	I	Increase (decrease) in debtors
	II	Increase (decrease) in stocks
	III	Increase (decrease) in debtors
	IV	Increase (decrease) in prepayments
	V	Increase (decrease) in creditors
	VI	Increase (decrease) in accrued charges
	3	CASH FLOW GENERATED FROM OPERATION
B		CASH FLOW FROM INVESTING ACTIVITIES
C		CASH FLOW FROM FINANCING ACTIVITIES
D		INCREASE IN CASH AND CASH EQUIVALENT
		Cash and Cash Equivalents at Beginning of the quarter/Year
		Cash and Cash Equivalents at end of the quarter/Year”

Dar es Salaam
..... July, 2002

Basil P. Mramba
Minister for Finance