

Directive 28

18 Dec 1987

Directives to Merchant Banks

## Accounts

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28(a) A dealer shall in relation to its business of dealing in Government securities maintain and keep records which :-

- (i) are kept in sufficient detail to show particulars of :
  - (A) all monies received or paid by the dealer, including monies paid to, or disbursed from, a trust account;
  - (B) all purchases and sales of Government securities made by the dealer, the charges and credits arising from them, and the names of the buyer and seller, respectively, of each of those Government securities;
  - (C) all income received from commissions, interest, and other sources, and all expenses, commissions, and interest paid, by the dealer;
  - (D) all the assets and liabilities (including contingent liabilities) of the dealer;
  - (E) all securities that are the property of the dealer, showing by whom the securities, or the documents of title to the securities, are held and, where they are held by some other person, whether or not they are held as security against loans or advances;
  - (F) all securities that are not the property of the dealer and for which the dealer or any nominee controlled by the dealer is accountable, showing by whom, and for whom, the securities or the documents of title to the securities are held and the extent to which they are either held for safe custody or deposited with a third party as security for loans or advances made to the dealer;
  - (G) all repurchases and reverse repurchases of Government securities made by the dealer and all charges (including interest) arising from them; and
  - (H) all arbitrage transactions in Government securities entered into by the dealer;
- (ii) are kept in sufficient detail to show separately particulars of every Government securities transaction by the dealer;
- (iii) specify the day on which or the period during which each Government securities transaction by the dealer was entered into and its settlement date; and
- (iv) contain copies of acknowledgements of the receipt of securities or of documents of title to securities received by the dealer from clients for sale or safe custody clearly showing the name or names in which the particular securities are kept.

(b) Without affecting the operation of Directive 28(a), a dealer shall keep records in sufficient detail to show separately particulars of all Government securities transactions by the dealer with, or for the account of:

- (i) clients of the dealer;
- (ii) the dealer himself; and

(iii) employees of the dealer.

(c) An entry in the accounting and other records of a dealer required to be kept in accordance with this Directive shall be deemed to have been made by, or with the authority of, the dealer.

(d) The Authority may in any particular case exempt a dealer from complying with all or any of the requirements of Directive 28(a) to (c) so long as the dealer complies with such other requirements relating to the keeping of books, accounts and records as may be directed by the Authority.

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