

Background:

Our Advisory Unit from time to time will advise and arrange for clients to issue securities in the Jamaican market. This may be by way of a public issue or by way of an exempt distribution.

The Financial Services Commission (the 'FSC' or the 'Commission') recognizes that there are issuers, dealers and investment funds that want to target selected financial product offerings to a qualified investor base. We seek flexibility so that we can develop products that are more suitable for the knowledge level, risk profile and financial standing of those investors. By restricting our investor base to accredited investors, we would not have to meet the full registration, reporting and examination requirements of the FSC. However, the FSC has made it mandatory for us to certify and keep records of the accredited investor status. The FSC has also relied more on full disclosure than prescriptive regulations for investor protection purposes.

With specific reference to the exempt distribution, the FSC has provided guidelines in their **GUIDELINES FOR EXEMPT DISTRIBUTIONS (GUIDELINES SR-GUID-08/05-0016)** document, which came into effect on June 15, 2008. In summary, the guidelines specify four means by which an issue can qualify under the exempt distribution guidelines as follows:

1. Accredited investor
2. Minimum purchase
3. Highly rated debt security
4. Private Issuer

This document will outline the procedures as it relates to verifying that a potential investor meets the criteria for an accredited investor.

Below are the due diligence steps required according to the criteria that qualifies the client to be an accredited investor.

An "accredited investor" means any person who the issuer and, if applicable, the licensed dealer or the selling security holder (as the case may be) involved in the distribution, reasonably believes after diligent inquiry, comes within any of the following categories at the time of the distribution of the securities to that person –

- a) any governmental authority or public statutory corporation constituted under any written law in Jamaica, or company, a majority of the voting shares of which are owned by the Government of Jamaica (GOJ);

Verification procedures:

1. Review the appropriate Act
2. If the company is majority owned by the GOJ arrange to view the share register or obtain a letter under seal confirming the ownership status of the GOJ.

- b) a bank as defined in the Banking Act, an insurance company registered under The Insurance Act, 2001,

a company licensed under the Financial Institutions Act or a building society registered under the Building Societies Act;

Verification procedures:

1. Confirm with the appropriate regulatory body
- c) an approved retirement scheme, approved superannuation fund or specified pension fund, as defined in The Pensions (Superannuation Funds and Retirement Schemes) Act, 2004;

Verification procedures:

1. Confirm with the appropriate regulatory body
- d) any officer or general partner of the issuer, or any officer of a general partner of the issuer;

Verification procedures:

1. If an officer of the issuer, obtain a job letter; if a general partner of the issuer, obtain letter stating same from the issuer under seal
- e) any unit trust, mutual fund, non-redeemable investment fund or other collective investment scheme that is registered with the Commission;

Verification procedures:

1. Obtain a letter of confirmation from the Financial Services Commission
- f) a trust company or licensed dealer purchasing as principal or on behalf of a fully managed account where the account holder is an accredited investor;

Verification procedures:

1. Obtain a letter from the trust company/dealer confirming the owner of the account
 2. Ensure that the owner of the account qualifies as an accredited investor by carrying out the appropriate verification procedures as prescribed in this document.
- g) any individual whose net worth exceeds 50 million Jamaican dollars, or a corporation over 90% of the voting shares of which are owned by such an individual or a trust of which such an individual is the sole primary beneficiary;

Verification procedures:

1. Obtain Statement of Net Worth from the individual as per Appendix 2
 2. Verify on a sample basis the individual assets and liabilities as stated on the Statement of Net Worth.
 3. Confirm ownership by viewing the share certificate/register or confirmation letter from Registrar.
- h) any individual who had a income before taxes in excess of 10 million Jamaican dollars in each of the two most recent calendar years, or a corporation over 90% of the voting shares of which are owned by such an individual or a trust of which such an individual is the sole primary beneficiary;

Verification procedures:

1. Obtain copies of the individual payslips within the last two years or a job letter.
2. If self employed, obtain certified/audited financial statements and/or copies of Income Tax returns

- filed for the last two years.
3. If a corporation owned by the individual, verify ownership by viewing the share register or confirmation letter from the Registrar.
 4. If a trust, obtain a letter of confirmation from the Trustee.
- i) any entity that had net assets in excess of 250 million Jamaican dollars as reflected in its audited financial statements for its most recently completed fiscal year or alternatively, if its most recently completed fiscal year ended less than 90 days prior to the relevant date, as reflected in its audited financial statements for its second most recently completed fiscal year;

Verification procedures:

1. Obtain a copy of the company's audited financial statements as per the above requirement.
- j) an entity in respect of which all of the owners of interests, direct or indirect or beneficial, are accredited investors;

Verification procedures:

1. Confirm ownership by viewing the share certificate/register or confirmation letter from Registrar.
 2. Verify that the owners are accredited investors according to the procedures as prescribed in this document.
- k) any entity incorporated or constituted outside of Jamaica that is analogous to the entities listed in paragraphs (a) to (f) or that qualifies as an accredited investor or has a similar status however defined, under the securities legislation of its governing jurisdiction;

Verification procedures:

1. Confirm with regulatory body in relevant country/jurisdiction.
- l) any individual residing outside of Jamaica who qualifies as an accredited investor (however defined) or has a similar status, under the securities legislation of the individual's country of residence, or who meets the criteria specified in paragraph (g) or (h) and is otherwise lawfully entitled to purchase the securities under the securities laws applicable to such purchase;

Verification procedures:

1. Confirm with regulatory body in relevant country/ jurisdiction.
- m) any individual or entity recognized as an accredited investor by the Commission;

Verification procedures:

1. Obtain a letter of confirmation from the Financial Services Commission.

Approval and Retention of Documents

Upon the receipt of the relevant documentation a file for the client should be created and reviewed by the Head, Business Development, who should sign as evidence of that review. The file should then be sent to the contracts department for filing.

General Procedures

A list of all clients should be maintained for each security issued under the Exempt Distribution Guidelines. This list should be maintained by the Head, Business Development and access limited to the relevant persons.

Appendix 1

Accredited Investor Questionnaire

The purpose of this Questionnaire is to determine whether you meet the standards for participation in an exempt distribution under Section 3.1 of the FINANCIAL SERVICES COMMISSION GUIDELINES FOR EXEMPT DISTRIBUTIONS (GUIDELINES SRGUID- 08/05-0016).

We do not use your confidential information for any purpose other than determining that you meet the definition of Accredited Investor as required by the Financial Services Commission (FSC); however, each individual who completes and submits this Questionnaire thereby agrees that Victoria Mutual Wealth Management Limited (VMWM) may present responses to this Questionnaire to such parties as VMWM deems appropriate for verification in order to assure itself and future issuers that the subsequent offer and sale of securities will not result in a violation of the provisions of the FSC.

Please complete this form as thoroughly as possible and submit it to a Customer Service Representative who will contact you to verify your information. Please refer to the back of the questionnaire for the documents required.

If the answer to any question is "None" or "Not Applicable", please so state. Do not leave blanks.

Part One

GENERAL INFORMATION: Individuals

Name: _____

Address: _____

TRN: _____

Date of Birth: _____

Current Employment and Position Held: _____

Telephone Business Home Cell: _____

GENERAL INFORMATION: Corporate Entity

Name of Company: _____



Address: _____

TRN : _____

Date of Incorporation : _____

Designated Signing Officers (1) _____

(2) _____

(3) _____

(4) _____

PART TWO

Are you?

a) any governmental authority or public statutory corporation constituted under any written law in Jamaica, or company a majority of the voting shares of which are owned by the Government of Jamaica;

Yes No

b) a bank as defined in the Banking Act, an insurance company registered under The Insurance Act, 2001, a company licensed under the Financial Institutions Act or a building society registered under the Building Societies Act;

Yes No

c) an approved retirement scheme, approved superannuation fund or specified pension fund, as defined in The Pensions (Superannuation Funds and Retirement Schemes) Act, 2004;

Yes No

d) any officer or general partner of the issuer, or any officer of a general partner of the issuer;

Yes No

e) any unit trust, mutual fund, non-redeemable investment fund or other collective investment scheme that is registered with the Commission;

Yes No

f) a trust company or licensed dealer purchasing as principal or on behalf of a fully managed account where the account holder is an accredited investor;

Yes No



- g) any individual whose net worth exceeds 50 million dollars, or a corporation over 90% of the voting shares of which are owned by such an individual or a trust of which such an individual is the sole primary beneficiary;
- Yes No
- h) any individual who had a income before taxes in excess of 10 million dollars in each of the two most recent calendar years, or a corporation over 90% of the voting shares of which are owned by such an individual or a trust of which such an individual is the sole primary beneficiary;
- Yes No
- i) any entity that had net assets in excess of 250 million dollars as reflected in its audited financial statements for its most recently completed fiscal year or alternatively, if its most recently completed fiscal year ended less than 90 days prior to the relevant date, as reflected in its audited financial statements for its second most recently completed fiscal year;
- Yes No
- j) an entity in respect of which all of the owners of interests, direct or indirect or beneficial, are accredited investors;
- Yes No
- k) any entity incorporated or constituted outside of Jamaica that is analogous to the entities listed in paragraphs (a) to (f) or that qualifies as an accredited investor or has a similar status however defined, under the securities legislation of its governing jurisdiction;
- Yes No
- l) any individual residing outside of Jamaica who qualifies as an accredited investor (however defined) or has a similar status, under the securities legislation of the individual's country of residence, or who meets the criteria specified in paragraph (g) or (h) and is otherwise lawfully entitled to purchase the securities under the securities laws applicable to such purchase;
- Yes No
- m) any individual or entity recognized as an accredited investor by the Commission; "Commission" means the Financial Services Commission
- Yes No

PART THREE

The foregoing statements are true and accurate to the best of my information and belief and I will promptly notify VMWM if any of the responses to the foregoing questions should be changed. In addition, the client acknowledges that the 'Accredited Investor' status as per the above is valid for a period not exceeding one year and a re-evaluation will done at that time.

Signed: _____

Name: _____

Title: _____

Date: _____

For companies, please affix company seal or stamp.

Appendix 2

PERSONAL NET WORTH STATEMENT

Name		Date	
Address		Home Phone ()	
Business Name		Business Phone ()	
PERSONAL FINANCIAL STATEMENT			
As of (Date) ___/___/____. In determining net worth. If married use only ½ of marital assets. Round all numbers to the nearest dollar.			
ASSETS	\$	LIABILITIES	\$
Cash on hand and in bank		Accounts Payable	
Savings Accounts		Loans Payable to Banks and Others	
Accounts and Notes Receivable		Installment Account (Auto)	
Life insurance - Cash Surrender Value Only	(Complete Section 6)	Installment Account (Other)	
Stocks and Bonds	(Describe in Section 1)	Mortgages on Real Estate	(Describe in Section 2)
Real Estate	(Describe in Section 2)	Other Liabilities	(Describe in Section 5)
Automobile(s) – Present Value		Total Liabilities	
Other Personal Property	(Describe in Section 4)	Net Worth	(Total Assets minus Total Liabilities)
Other Assets	(Describe in Section 4)	Other Contingent Liabilities	
Total Assets		Legal Claims and/or Judgments	
Other Source of Income			
Salary/Commissions			
Net Investment Income			

SECTION 1. Stocks and Bonds. (Use attachments if necessary. Each attachment must be identified as a part of this statement and signed.) NOTE: Must be within five (5) days of statement date

Number of Shares	Name of Securities	Cost	Market Value Quotation or Exchange	Date of Quotation or Exchange	Total Value

SECTION 2. Real Estate Owned. List each parcel separately. Use attachments if necessary. Each attachment must be identified as a part of this statement and signed.)

	Property A	Property B	Property C
Type of Property			
Address			
Date Purchased			
Original Cost			
Present Market Value			
Name and Address of Mortgage Holder			
Mortgage Account Number			
Mortgage Balance			
Amount of Payment per Month/Year			
Status of Mortgage			

SECTION 3. Loans payable to Bank and Others (Use attachments if necessary. Each attachment must be identified as a party of this statement and signed.)

Name and Address of Note Holders (s)	Original Balance	Current Balance	Payment Amount	Frequency (weekly, monthly, etc.)	Type of Collateral

SECTION 4. Other Personal Property and Other Assets. (Describe, and if any is pledged as security, state name and address of lien holder, amount of lien, terms of payment, and if delinquent, describe.)

SECTION 5. Other Liabilities (Describe in detail).

SECTION 6. Life Insurance Held. (Give face amount and cash surrender value of policies – name of insurance company and beneficiaries.)