





























# ANNEX I

## TRANSACTION CONFIRMATION



6 Houghton Terrace, Kingston 10, Jamaica, W.I.  
Tel: 876 920 5050, 876 998 JMMB Fax: 876 926 3685 Email: info@jmmb.com | Web: www.jmmb.com

<Month/DD/YYYY>

<Account name(s) >  
<Account address 1>  
<Account address 2>  
<Account address 3>  
<Parish/State>, <country>

TRN: <TRN of primary client>  
A/C no.: <Client RR a/c no.>  
JCSD no.: <JCSD no. for RR a/c>

We confirm your investment in a retail repurchase agreement dated <month/dd/yyyy when funds invested or rolled over> with JMMB, the terms and conditions of which are outlined in the Master Retail Repurchase Agreement (MRRA). Details of your repurchase contract and the asset securing your investment are as follows:

Repurchase Contract							
<b>Purchase Date:</b>	<investment date in Month, DD, YYYY format>	<b>Repurchase Date:</b>	<investment contract maturity date in Month, DD, YYYY format>	<b>Purchase Price:</b>	< currency code & sign><investment amount>		
<b>Interest rate (per annum):</b>	<rate of return>%	<b>Investment Tenure:</b>	<investment period> days	<b>Repurchase Price (gross):</b>	< currency code & sign><principal & interest at maturity>		
<b>Tax rate</b>	<FHT rate>%	<b>Withholding Tax</b>	< currency code & sign><FHT amount>	<b>Net interest:</b>	< currency code & sign><repurchase price - purchase price >	<b>Repurchase Price (net of withholding tax):</b>	< currency code & sign><gross repurchase price less withholding tax amount >

Asset Securing Investment (i.e. Security)					
Description	ISIN <sup>1</sup>	Maturity Date	Currency	Face Value	Price per Unit
<name/description of security including coupon rate>	<unique alphanumeric security code>	<DD/MMMM/YYYY security matures>	<currency code of security>	<currency code & sign><security nominal value covering cash obligation>	<currency code & sign><security price per unit>

\*\*\*NOTES\*\*\*

- This transaction is governed by the general trading policies and procedures of JMMB. JMMB will endeavour to do its best to satisfy the request stated above. From time to time, JMMB may act as principals in transactions.
- From time to time, JMMB may enter into a transaction with you whereby we agree to sell securities to you for a specific period of time at the end of which you agree to sell and we agree to repurchase the securities at a specified price (a repurchase agreement). Funds invested, as above, are solely for the purpose of a repurchase agreement, the terms and conditions of which are outlined in the Master Retail Repurchase Agreement (MRRA) which will apply to all retail repurchase transactions you have with us. This transaction, is therefore, not a bank deposit.
- The value of the underlying assets that will be used to secure your investment is notional and is based on market forces and pricing mechanisms used to value the assets.
- The Bloomberg Valuation Service (BVAL) will ordinarily be used to determine the value of the assets securing your investment. The BVAL methodology is an internationally recognized mechanism for providing the fair market price of a bond based on where similarly rated bonds with similar maturity dates actually trade. By doing so, it ensures that the price of the asset used to secure your investment is sufficient to secure the value of your investment. From time to time, another pricing mechanism that is approved by the FSC may be used to determine the value of the assets.
- Assets securing your investment will be held in trust by the JCSD Trustee Services Ltd. (JCSDTS). This will not affect the returns on your investment. For further information, please contact your JMMB representative or the JMMB Client Care Centre at 998-JMMB (5662) or the above email address. You may also contact the JCSDTS Ltd. at 967-3271.

Sincerely yours,  
**Jamaica Money Market Brokers Ltd.**  
Designated digital signature  
**General Manager,**  
**Investments Client Partnership, Jamaica**

Designated digital signature  
**Head of Investments, Jamaica**

<sup>1</sup>International Security Identification Number

**Directors:** Dr. Archibald Campbell - *Chairman*, Audrey Deer Williams, V. Andrew Whyte, H Wayne Powell  
 Kisha Anderson, Keith Duncan, Carolyn Dacosta - *Company Secretary*



## ANNEX II

### **MASTER RETAIL REPURCHASE AGREEMENT DISCLOSURE STATEMENT**

*This brief statement outlines the risks and some other significant aspects of entering into a Retail Repurchase Agreement. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. You should carefully consider whether the transaction is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.*

#### **Nature of Retail Repurchase Agreements**

Retail Repurchase Agreements are not bank deposits. A repurchase agreement is a financial agreement in which a securities dealer agrees to sell and the client agrees to buy securities for a specified price; and there is a simultaneous agreement that the dealer will re-purchase the securities from the client and the client will re-sell the securities to the dealer on a specified date at a specified price. A Retail Repurchase Agreement is a repurchase agreement in which the legal ownership of the underlying securities is not completely and outrightly transferred from the dealer to the client.

#### **Role and Limitations of Trustee and Custodians**

As mentioned above, in a Retail Repurchase Agreement there is no complete and outright transfer of the legal ownership of the underlying securities from the dealer to the client. Instead, the underlying securities of Retail Repurchase Agreements are transferred to and held by a Trustee approved by the Financial Services Commission for the duration of the agreement. The Trustee is the JCSD Trustee Services Limited, or such other company that may replace it.

The underlying securities are held by the Trustee for the benefit of the clients. The Trustee has a duty to exercise the same degree of care, diligence and skill that a prudent person would exercise in the circumstances. If it fails to meet that standard it must indemnify the clients for any loss. The Trustee is also required to indemnify the clients for any loss that arises if it fails to return the underlying assets to the dealer on the Repurchase Date. A Trustee is prohibited from deriving any secret profits or other benefit from its position as trustee except for fees payable for its services.

From time to time, custodians or sub-custodians may be appointed to hold the underlying securities. This custodianship will arise primarily in cases where the underlying securities are foreign securities that need to be held by overseas custodians. A local custodian that has been appointed is the Jamaica Central Securities Depository Limited. Citibank N.A. has been appointed to hold foreign securities. A client may obtain confirmation from the dealer on the custodians that have been appointed.

#### **Currency of Transactions**

Retail Repurchase Agreements may be supported by underlying securities that are denominated in Jamaican Dollars or United States Dollars or such other foreign currency as JMMB may offer from time to time. Where the underlying securities are denominated in a foreign currency, the Repurchase Price that will be payable by JMMB to the client will be in the underlying currency, and as such the client will not bear currency risk.

#### **Associated Risks**

Entering into a Retail Repurchase Agreement may involve a number of risks including the following:

- **Market Risk** – the underlying securities may come from a cross-section of markets. The prices or values of the securities are determined by market forces. Each market has its own characteristics and risks. Any assessment of future value of the securities should not be based solely on historical performance as the current value may bear little or no relation to the historical price or value of the securities.

- **Credit Risk** – the creditworthiness of the issuer, whether actual or perceived, including actual or anticipated upgrades or downgrades by credit agencies may affect the value of the purchased securities.
- **Inflation Risk** – this will occur when there is a general increase in prices and fall in the purchasing value of money. Inflation risk may exist in that the returns to your investment may not be sufficiently higher than inflation to allow you to meet your financial goals.
- **Liquidity Risk** – this is the risk that JMMB as seller may not be able to pay the repurchase price in a timely manner.
- **Legal Risk** – there is no guarantee that in the event of insolvency the courts will treat the transaction as a sale and repurchase and not a secured loan. This is so because JMMB may retain the rewards (coupon payments) and risks (credit risks) during the life of the Retail Repurchase Agreement.

#### **Fees, Charges and Penalties**

Various fees and expenses such as establishment fees, contribution fees, withdrawal fees, service fees and termination fees may apply to Retail Repurchase Agreements. These fees and costs may affect the amount of monies paid to the client when the securities are repurchased. Also, under Retail Repurchase Agreements there are various penalties and associated fees if various covenants of the agreement are broken by the client, including an early redemption to which clause 3(7) of JMMB's client Contract will apply. Fees, costs and potential penalties will be posted on [www.jmmb.com](http://www.jmmb.com).

#### **Insolvency of Dealer**

In the unlikely event of JMMB's insolvency, the Trustee (or a Special Trustee appointed by the Financial Services Commission (FSC)) will deal with the underlying assets. The underlying assets will not form part of JMMB's assets in the event of JMMB's insolvency. The Trustee will take custody or control of all of the underlying assets. Under the supervision of the FSC, the Trustee will dispose of the assets to the clients concerned. The Trustee will formulate a disposition plan for the FSC's approval and that plan will allow for the disposition of the assets in a fair manner having regard to the entitlements under the retail repurchase agreements concerned. The Trustee is required to meet with the clients to provide them with details of the plan and to provide the clients with periodic written reports on the progress of the disposition. The Trustee will shall treat with all claims in respect of the underlying assets by one or more of the following methods:

- (i) the transfer of all or part of the assets to clients according to their respective ownership entitlements;
- (ii) with the consent of the clients concerned, sell all or part of the assets and distribute the proceeds to the beneficiaries;
- (iii) with the consent of the clients concerned, hold all or part of the securities concerned until maturity.

#### **Valuation Methodology**

The underlying securities are valued by the Trustee on a daily basis using a methodology recognized by the FSC, one such being the Bloomberg Valuation Service (BVAL) methodology. Using the methodology, the Trustee will assign a market price to each underlying security. BVAL is the evaluated pricing service from Bloomberg, a leader in quality data and

analytics. Prices are assigned on the bid side, which represents the price at which a market participant is willing to buy a security. These prices are independent, sourced from market data contributed by market participants. In the event that very significant price changes take place within a given day, the Trustee may limit the size of market changes to better reflect the prices that obtain based on an orderly market.

#### **Rules Governing Foreign Securities**

The underlying securities in a Retail Repurchase Agreement may be traded on a foreign market. Those transactions are subject to the laws, rules and policies of the relevant jurisdictions, markets and clearing houses, and not to those that prevail in Jamaica. JMMB is not liable for any action or decision of any exchange, market, dealer, clearinghouse or regulator.

#### **Tax Implication**

JMMB, unless it is not required by law, will withhold tax on the amounts payable to the client on a Repurchase Date. Clients will generally be subject to withholding tax of 25%, including those clients who have withholding tax exemption certificates unless otherwise agreed with JMMB. Those

clients with certificates will be required to seek a refund from the relevant tax authorities. This does not constitute tax advice, and clients are encouraged to obtain independent advice from their tax advisors.

#### **Dispute Resolution Procedures**

The Jamaican Courts shall have jurisdiction in relation to all disputes (including claims for set-offs and counterclaim).

#### **Client Acknowledgement**

You, the client, are encouraged to review the information contained in this Disclosure and ask your JMMB representative and other professional adviser any questions you may have. You agree that JMMB may update, and otherwise modify, this Disclosure Statement from time to time and advise you accordingly