



Importance of Disclosure and Registration for Investor Protection

‘Disclosure’ and ‘Registration’ are two of the ways in which the Commission strives to nurture a fair, efficient and transparent securities market. Transparency is vital for an active and successful securities market. Disclosure can be considered as the act of releasing relevant information pertaining to a company that may influence an investment decision. The Commission oversees the key participants in the local securities market and ensures the disclosure of important market-related information, so as to maintain transparent dealings and protect against fraud.

All investors should have access to basic facts about an investment prior to participating in transactions. To achieve this, the Commission requires that registrants disclose certain *material* investment information to the public. These disclosures consist of investment specific documentation such as prospectuses, as well as financial statements, revised registration statements, material change notices and offering documents. Clearly outlined disclosure requirements ensure that information is adequately disseminated by a company, so that everyone is on an even playing field; and the investing public is well equipped with the knowledge of the securities being offered by the companies, to make a rational investment decision. This provides a common pool of knowledge for all investors to determine whether to buy, sell, or hold a particular security.

Registration is mandatory under the **Securities Act, 2012 (SA 2012)**, if one proposes to make a distribution of a security or carry on the business activities of a Broker-Dealer, an Investment Adviser, Registered Representative or an Underwriter. An application should be submitted to and approved by the Commission, prior to engaging in any of the aforementioned activities. Failure to do so would be considered a contravention of the SA 2012.

The Registration process involves the completion of a number of forms, which ask a series of questions, to determine whether the applicant is fit and proper to be registered to operate in their respective roles. As the regulator of the securities market, the registration of registrants allows the Commission to ensure that these persons are aptly qualified.

Where the Commission is satisfied that the criteria has been met, it would then approve the application for registration. The division of Disclosure, Registration and Corporate Finance is responsible for the registration of all Self-Regulatory Organisations, Broker-Dealers, Investment Advisers, Underwriters and Reporting Issuers, as well as the securities that are issued by Reporting Issuers.

In 2020, the Commission is expected to implement a new system that will automate most of the registration and disclosure requirements of the Commission. It will allow for the electronic submission of applications for registration and the continuous disclosures that will follow. This system is expected to bring significant value and reduce the administrative burden on both the regulator and market in the conduct of its business. This system will change the landscape of regulation for the industry and it is considered one significant step in the overall improvement of the Commission.

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