

STAFF RESPONSES TO COMMENTS SUBMITTED BY REGISTRANTS

No.	Question	MMRF Form	Staff Response
1.	Having regard to other regulatory obligations, and the significant amount of resources that will need to be dedicated to satisfy the MMRF reporting obligations, a monthly reporting obligation may prove onerous. Why is the TTSEC requesting these forms and at that frequency?	All Forms	The Micro-Macro Prudential Reporting Forms (MMRF) will form part of the TTSEC’s Risk Based Supervision (RBS) Framework. In line with international best practice, the TTSEC is shifting its focus from a supervisory framework which is based solely on the detection of violations and non-compliance to one that also places emphasis on the continuous assessment of the risk profiles of regulated entities, as well as the detection of any systemic threats to the securities market. This requires the TTSEC to frequently collect, collate and analyse, current firm and market level data, which is the type of data being requested in the SEC-MMRF 01-11 forms.
2.	Please clarify whether the returns are to be prepared for the Name of the Reporting Entity or for the Type of the Reporting Entity for example, Broker-Dealer.	All Forms	<p>These forms are to be prepared for the type of Reporting Entity. The type is determined by the category of registration the entity holds with the TTSEC. For example, entities registered in the category of Broker-Dealer will be required to complete the following forms:</p> <ol style="list-style-type: none"> 1. SEC-MMRF01 2. SEC-MMRF02 3. SEC-MMRF04 and <p>If the Broker-Dealer engages in repo activity the following forms will additionally be required:</p> <ol style="list-style-type: none"> 1. SEC-MMRF05 2. SEC-MMRF06

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			<p>3. SEC-MMRF07; and</p> <p>If the Broker-Dealer engages in Over-the-Counter transactions and Margin Trading, the following form is also required:</p> <p>1. SEC-MMRF08</p> <p>If the Broker-Dealer engages in arranging and/or dealing in Private Placements, the following form is also required:</p> <p>1. SEC-MMRF11</p> <p>If the Broker-Dealer manages Collective Investment Schemes (CIS), for each CIS, the following forms are also required:</p> <p>1. SEC-MMRF01</p> <p>2. SEC-MMRF02</p> <p>3. SEC-MMRF03</p> <p>4. SEC-MMRF09</p> <p>5. SEC-MMRF10</p>
3.	Please confirm the deadline date for submission of completed forms?	All Forms	<p>Staff understands that in the immediate term, the additional reporting requirements will pose some difficulty to Registrants and as a result, we are proposing that the 30-day reporting timeline be implemented within one (1) year on a phased basis, as follows:</p> <ul style="list-style-type: none"> • a 60 day period for submission will be allowed for the first two (2) quarters after official rollout (i.e. September 2016 and December 2016);

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			<ul style="list-style-type: none"> • the submission deadline for the following two (2) quarters will then be reduced to 45 days (i.e. March – June 2017). During this period, retrospective submissions of the 1st and 2nd quarters of 2016 (March and June 2016) will be required; Submissions for subsequent quarters, will be required within 30 days (i.e. September 2017).
4.	Please provide further clarification on the purpose of each MMRF form so that Registrants can contribute more meaningfully to the achievement of the TTSEC's objectives.	All Forms	The instruction sheets related to each SEC-MMRF Form have been amended to provide greater clarity on the purpose of each form.
5.	The current template requires reporting institutions to split assets and liabilities between current and non-current. Most financial institutions do not split nor show assets on this basis. How should this be treated?	SEC-MMRF01 - Balance Sheet and Client Assets Form	As per IAS 1 (60 and 69) there is need to have current and non-current distinctions of assets and liabilities. All entities are therefore required to report in this format.
6.	How should an institution report securities categorised as held to maturity?	SEC-MMRF01 - Balance Sheet and Client Assets Form	This information would be captured on the relevant portfolio forms SEC-MMRF 03, 04 and 05. These forms allow the user to select the appropriate valuation category for each security. It should be

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			noted that these valuation categories are consistent with the requirements of IFRS.
7.	Should Loans, which are the primary activity of the registrant, be included under the category of client assets managed?	SEC-MMRF01 - Balance Sheet and Client Assets Form	Client Assets Managed refers to assets/securities that are owned by a client and in respect of which there is a fiduciary duty, on the part of the Registrant, to manage those assets/securities in the client's best interest. If loans are held as assets of a CIS, these loans should be reported in the SEC-MMRF-03 - CIS Portfolio Form under the "Other Assets" category.
8.	Financial Statements and disclosures are being reported to the TTSEC on a quarterly basis by our Reporting Issuers. It is recommended that this reporting be used for all Registrants, reducing the need for additional forms. It is also respectfully suggested that the TTSEC collaborate with CBTT and explore leveraging CBTT's reports and format.	SEC-MMRF01 - Balance Sheet and Client Assets Form	<p>While reporting issuers are required to submit interim financial statements on a quarterly basis, these statements are not required to be submitted by market intermediaries such as Broker-Dealers and Investment Advisers. The MMRF forms are meant to capture information primarily from Broker-Dealers, Investment Advisers and Underwriters (Market Intermediaries), and issuers of CIS. Further, neither the quarterly interim financial statements, nor other annual financial statements, provide the detail required or the format required, to facilitate the intended analysis that will be conducted as part of the MMRF.</p> <p>The concerns are noted regarding the CBTT's CB20 and CB40 Forms, which are completed by dually registered registrants (entities that are both licenced by the CBTT and registered with the</p>

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			Commission). These forms, however, are different from the SEC-MMRF01 in terms of the breakdown under assets and liabilities and we are not in a position at this time to leverage CBTT's forms. We will continue to work towards harmonising where possible.
9.	If a Mortgage Fund holds at a minimum 80% of its assets in mortgages, should mortgage assets be reported on this form? If so, how do we report it?	SEC-MMRF03 - Collective Investment Schemes Portfolio Composition	Yes, mortgages held in a CIS of this nature constitute the assets of the fund. Therefore, all mortgages on the portfolio of the Mortgage Fund must be reported on the SEC-MMRF03. These items can be included under the "Other Assets" category on SEC-MMRF03.
10.	How should a fund's purchase of mortgages be reported?	SEC-MMRF10 - Collective Investment Schemes Portfolio Transactions	These purchases or sale of mortgage should be recorded on the SEC-MMRF10 form under the "Other" category.
11.	How is accrued interest on fixed income securities to be incorporated on the balance sheet and on the supporting forms?	SEC-MMRF01- Balance Sheet and Client Assets Form	The accrued interest income should be entered under the line item "Other current assets".
12.	Where securities are to be stated at market value and an entity has securities that are stated at cost in the financial statements in accordance with IFRS (e.g. a held to maturity portfolio), stating these securities	SEC-MMRF01- Balance Sheet and Client Assets Form	The words "at market value" will be removed from this heading. As such, the value of these securities should be the same as that arrived for valuing the assets in accordance with IFRS.

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	at market value on this form would mean the balance sheet would not balance. The SEC is asked to advise how this issue should be addressed.		Registrants are asked to select the appropriate valuation category on the securities portfolio form (SEC-MMRF04) for each security that is held to maturity.
13.	The form captures information on income and expenditure separated between amounts in TTD, USD and other currencies. Is it necessary to state the value in currencies other than TTD?	SEC-MMRF02 – Income and Expenditure Form	All amounts on the MMRF forms are to be entered in TTD. Registrants should be aware of their foreign holdings, revenue and expenses that are reported or recorded in a foreign currency. These amounts are to be presented in the SEC-MMRF02 form under the appropriate heading after conversion to TTD.
14.	Operational systems are currently configured with the asset classes prescribed by the CBTT which differ from those proposed by the TTSEC. The asset classes recommended by the TTSEC do not correspond with these existing asset classes. As such, it will be challenging to have the same asset tagged under two asset classes on our system. Would the TTSEC consider	SEC-MMRF03- Collective Investment Schemes Portfolio Composition	The CBTT forms were reviewed and considered when the Commission’s Forms were developed. Where possible the format, content and structure of those forms were replicated, however, Reporting entities are reminded that these forms were developed to capture information specific to the <i>securities industry</i> .

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	amending its asset classes to correspond with those of the CBTT?		
15.	The sheet asks for the purchase date of our positions (consolidated holdings). However, there are real challenges in acquiring information pertaining to multiple purchase dates, as well as dates for long dated holdings. In consideration of the dynamics of this portfolio, we recommend the date field be removed from the form.	SEC-MMRF03 - Collective Investment Schemes Portfolio Composition SEC-MMRF04 - Securities Held By Firm Not Assigned To Repos SEC-MMRF05 - Broker-Dealers Repo Portfolio Composition - Assets And Liabilities	The purchase date field will be removed from this form. Notwithstanding this, reporting entities are reminded of the record-keeping requirements as per the General Record-Keeping provisions of the Securities (General) By-Laws, 2015 – Sections 29-38 and more specifically Sections 29 and 31.
16.	The Portfolio Composition Sheet asks for the valuation category (level 1, level 2, level 3 etc.) which is currently provided by some Reporting entities annually in their audited financials. Would the TTSEC consider whether this requirement can be removed from the quarterly or monthly form on the	SEC-MMRF03- Collective Investment Schemes Portfolio Composition	No. For purposes of risk-based monitoring, the valuation information is required on a more frequent basis.

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	basis that full disclosure will take place in any event at a later date?		
17.	Please clarify whether securities that are normally used for repos but were not assigned either partially or wholly on the reporting date should be included on the form “Securities Held by Firm Not Assigned to Repos” or on the form “Repo Portfolio Composition – Assets and Liabilities”.	SEC-MMRF04- Securities Held By Firm Not Assigned To Repos	Please note that those securities that are normally used for or are to be assigned to repos should be included on the form SEC-MMRF05 – Repo Portfolio Composition – Assets and Liabilities. As such, regardless of whether the security in question is partially or wholly assigned to repos, it must be included on this form.
18.	Should the multiple Purchase Date for the same security purchased be inputted in the forms each time?	SEC-MMRF05- Broker- Dealers Repo Portfolio Composition - Assets And Liabilities	The “purchase date” field will be removed from all portfolio forms.
19.	Reporting entities use different formats for security descriptions and their software has been designed based on that format. Please clarify the minimum securities description required as this may require that	SEC-MMRF03 - Collective Investment Schemes Portfolio Composition	To address this issue, the “Description” field in these forms will be removed and replaced with separate fields to capture the following data: Issuer, Coupon, Maturity date, and Type.

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	Reporting entities adjust their systems to the requirements.	SEC-MMRF04 - Securities Held By Firm Not Assigned To Repos SEC-MMRF05 - Broker-Dealers Repo Portfolio Composition - Assets And Liabilities	
20.	Registrants' IT systems do not place investors into categories so as to easily comply with MMRF09, IT systems will have to be changed to include fields to capture this data on a go-forward basis and then a monumental exercise will have to be undertaken to categorize the existing unit holders on the system.	SEC-MMRF09 - Collective Investment Scheme Investor Breakdown	Reporting entities' concerns on this matter are noted and the Commission will continue its dialogue with stakeholders.
21.	There are certain securities such as receivables that do not have a price but the nominal amount equals the market value. The SEC is asked to clarify that nominal value for bonds is Face Value. Also, for those securities that have nominal values	SEC-MMRF08 - Broker-Dealers Transactions - Over The Counter/Margin Trading	References to nominal value refers to the Face Value of the securities and where units are not available, a price of one (1) can be used in its place. Also, please note that where a nominal value is not available, the market price may be used in its place.

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	but do not have units, please confirm that a price of 1 can be used on the form.		
22.	For the MMRF forms, the SEC is asked to clarify, who is to be treated as the issuer for securities such as certificates of participation/interest backed by an underlying asset.	SEC-MMRF08 - Broker-Dealers Transactions - Over The Counter/Margin Trading	The issuer of the underlying asset is not intended to be treated as the issuer of the certificate of participation/interest. The issuer of the security, for the purposes of this Form, is the entity that owned the underlying asset and organised for the creation and distribution of the securitised instrument.
23.	Instructions #8009 and #8010 says to include the value of securities which were subject to OTC transaction or margin trade but these are included under the heading “Leverage Associated with Margin Trading”. It would appear to be misleading to include anything other than margin trades on these lines. The instructions for “Leverage Associated with Margin Trading” and for “Foreign Investments” and “TT Investments” appear to be inconsistent as one refers to total amount of leverage and the other to total value of securities. The SEC is asked to clarify.	SEC-MMRF08 - Broker-Dealers Transactions - Over The Counter/Margin Trading	This table refers to all monies advanced to clients for the sole purpose of undertaking margin activities in both foreign and local equities. The heading of the table and the instructions related to SEC-MMRF08 will be amended accordingly.

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24.	Can the TTSEC clarify the requirement for the provision of a listing of securities and the purchase date, as well as whether MMRF10 concerns the issuer of the security or the arranger of the security?	SEC-MMRF10 - Collective Investment Schemes Portfolio Transactions	SEC-MMRF10 collects information on the transactions carried out by a CIS during the reporting period. These transactions specifically relate to changes in the CISs portfolio of securities, and as such the form is not related to the issuer or arranger of a security but the holdings of the CIS.
25.	The purpose of this form is to capture information on all primary issues of securities that do not trigger the registration requirements of section 62(1) of the SA 2012. Given the information requested on this form is currently required to be provided by filing Form 19 – Post-Distribution Statement, the SEC is asked to clarify whether reporting under the MMRPF Private Placement Transactions form would replace filing of Form 19.	SEC-MMRF11 - Broker-Dealers Private Placement Transactions (Primary Issues)	At this time, both the SEC-MMRF11 and Form 19 must be completed and submitted to the Commission. Please note that at this time, MMRF forms do not replace any other forms required by the legislation.
26.	Sometimes an underlying asset may be securitised where different rates of interest are offered to investors for the strips. The SEC is asked to confirm that a range of	SEC-MMRF11- Broker-Dealers Private Placement Transactions (Primary Issues)	Where a securitised instrument is distributed via private placement, each strip distributed must be recorded on a separate line on the form.

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