**NAME OF PARTICIPATING**

**INSTITUTION: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

PURPOSE AND REQUIREMENT OF REPORT

To ensure compliance with the Rules and Regulations, it is mandatory that all Participating Institutions set up and maintain an appropriate system of internal controls which ensures that they continuously comply with all requirements as stipulated by the Rules.

The Internal Control procedures shall include pre- and post-risk management systems which are appropriate to the nature, scale and complexity of a Participating Institution’s business on the Market.

In line with the provisions of Rule 3(1)(5)-(7) of the Rules and Regulations of the NASD OTC Market, Participating Institutions shall submit quarterly reports reviewing all or part of their procedures or transactions in connection with their activities on the Market. Such reviews shall be conducted by the internal audit or external audit function of the firm (and separate reports prepared and filed for head and branch offices) prepared to ensure compliance with the procedures and measures taken to enforce these provisions.

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*Participating Institutions are encouraged not to limit the scope of the internal audit exercise to the guidelines below as they are free to expand the scope of the exercise in order to ensure full disclosure of their activities on the market.*

*The Form below should be completed and submitted to the NASD OTC Securities Exchange not later than one month from the end of the reporting quarter.*

1. What is the level of accuracy and completeness of KYC/customer information and documentation during the quarter?

High Average Low

1. Are there processes adopted to verify the identity of the customer (that is KYC) on whose behalf transactions are executed?

Yes No

1. What is the level of accuracy, completeness and availability of transaction records, financial information, reports and filings relating to activities on the Market during the quarter?

High Average Low

1. Are there proper monitoring mechanisms and systems in place for clients’ order management and execution? If No, give reasons.
2. Were there any unauthorized transactions involving client funds or securities? If yes, give details and whether client’s account has been restored to the true position?

Yes No

1. Were there any infractions/violations of NASD OTC Market Rules and Regulations during the quarter? If yes, state the nature of the infraction/violation and whether sanction imposed has been satisfied.

Yes No

1. Where there any complaints received during the quarter? If Yes, how many and what was their nature? (Please attach additional sheet if space provided below is insufficient)

Yes No Number: \_\_\_\_\_\_\_\_\_

1. Is there a proper framework/procedure on ground for the resolution of complaints received?

Yes No

1. Was there an exit (resignation/termination) of any Authorised Representative during the quarter?

Yes No

1. Are there systems in place to monitor clients’ transactions in order to detect and report Suspicious Transactions?

Yes No

1. Kindly provide the names of your Authorized Representative and Traders for the reporting Quarter:

|  |  |  |
| --- | --- | --- |
| **S/N** | **AUTHORIZED REPRSENTATIVE(S) & TRADER(S)** | **DETAILS OF AUTHORIZED REPRESENTATIVE(S) & TRADER(S)** |
| **1** | Name of Principal Contact - MD/CEO |  |
| **2** | Name of Enquiries Officer |  |
| **3** | Name of Compliance Officer |  |
| **4** | Name(s) of Traders |  |

NOTE:

Independent review of the above responses will be carried out by NASD during inspection visits.