



**AN ACT ADOPTING
THE CENTRAL SECURITIES DEPOSITORY MARKET ACT
OF LIBERIA 2016**

APPROVED DECEMBER 21, 2016

**PUBLISHED BY AUTHORITY
MINISTRY OF FOREIGN AFFAIRS
MONROVIA, LIBERIA**

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THE CENTRAL SECURITIES DEPOSITORY ACT

PRELIMINARY

WHEREAS, the state of the economy of Liberia has reached a higher level at which the establishment of a Central Securities Depository has become desirable and necessary;

WHEREAS, the development of such a system is bound to stimulate trade and enhance the establishment of a conducive environment for other related economic developments;

WHEREAS, the establishment of a Central Securities Depository for the first time in Liberia has the potential to improve the clearing and settlement of in the economy in a broad based manner for the economic wellbeing of the population, irrespective of age, ethnicity, faith, culture, political affiliation or any form of social stigma; and,

NOW THEREFORE,

It is enacted by the Senate and the House of Representatives of the Republic of Liberia in Legislature assembled:

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PART I- PRELIMINARY

Section 1: Short Title

This Act may be cited as “The Central Securities Depository Act of Liberia, 2016”.

Section 2. Definitions.

- 2.1 In this Act, unless the context otherwise requires-
- 2.2 “access”, in relation to a computer system, means the placing of information on that system and the retrieval of information from that system;
- 2.3 “Authority” means the Securities and Exchange Commission established under section 3 of the Securities Market Act of Liberia, 2016, hereafter refer to as the “Authority”
- 2.4 “bank” has the meaning assigned to it in section 2 of the Banking Act (Financial Institution Act) of 1999;
- 2.5 “bare trustee” means a trustee who has no beneficial interest in the subject matter of the trust;
- 2.6 “bearer security” means a security the title to which is transferable by delivery (with or without endorsement) of the certificate representing such security;
- 2.7 “book-entry security” means a security standing to the credit of a securities account which is transferable by way of book-entry in the record of depositors and includes a security in a securities account that is in suspense;
- 2.8 “buying in” means the buying effected by a securities exchange, according to the rules of the securities exchange, of securities which a seller has failed to deliver on a day fixed for settlement;
- 2.9 “CSD rules” means operational and procedural rules issued or to be issued by a Central Securities Depository for the purpose of ensuring orderliness, efficiency and security in the operation of a Central Securities Depository as approved by the Authority;
- 2.10 "Central Securities Depository" means a company licensed by the Authority to-
- (a) establish and operate a system for central handling of securities –
 - (i) where securities are deposited and held in custody by, or registered in the name of the company or its nominee company for depositors and dealings in respect of these securities are affected by means of entries in securities accounts without the physical delivery of certificates; or

- (ii) Which permits or facilitates the settlement or registration of securities transactions or dealings in securities without the physical delivery of certificates; and
 - (b) provides other facilities and services incidental thereto;
- 2.11 “Central Securities Depository agent”, means a person appointed as an agent of a Central Securities Depository to carry out one or more of the services provided by that Central Securities Depository;
- 2.12 “certificate” means any document that is, or is a document of title to, a security;
- 2.13 “charge” includes a pledge or a mortgage;
- 2.14 "SMA rules" means the rules prescribed by the Authority under this Act or under the Securities Markets Authority Act;
- 2.15 “computer system”, in relation to a Central Securities Depository, means a computer system established by a Central Securities Depository which forms part of the system for the central handling of securities and which consists of -
- (a) the central equipment comprising hardware and software associated with that hardware, located at the premises of the Central Securities Depository; and
 - (b) the terminals located at the premises of the users;
- 2.16 “dealer” means a person who carries on the business of buying, selling, dealing, trading, underwriting or retailing of securities as principal;
- 2.17 “dealing in securities” means making or offering to make with any person, or inducing or attempting to induce any person to enter into or to offer to enter into-
- (a) any agreement for or with a view to acquiring, disposing of, subscribing for or under writing securities; or
 - (b) any agreement the purpose or intended purpose of which is to secure a profit to any of the parties from the yield of securities or by reference to fluctuations in the price of securities;
- 2.18 “debt securities” means debentures, bonds notes, or other similar instruments representing or evidencing indebtedness whether secured or otherwise;
- 2.19 “default process” means actions taken by a Central Securities Depository under its default rules;

- 2.20 “default rules” means rules of a Central Securities Depository which provides for the taking of actions by a Central Securities Depository against a defaulter;
- 2.21 “defaulter” with respect to the Central Securities Depository means an agent who is subject to any default process;
- 2.22 “dematerialization date”, in relation to a dematerialized security, means the date prescribed by a Central Securities Depository under section 24 of this Act as being the last day on which a certificate representing such security shall be recognized as prima facie evidence of share ownership under the Association Laws of Liberia ;
- 2.23 “dematerialized security” means a book-entry security which has been prescribed by the Central Securities Depository under section 24 of this Act, whereby the underlying physical certificate is no longer recognized as prima facie evidence of ownership under the Association Laws of Liberia , on or after the dematerialization date;
- 2.24 “depositor” in relation to any book-entry, means a holder of a securities account;
- 2.25 “eligible security” means any securities as defined under the Securities Market Act that have been approved for immobilization with a Central Securities Depository by the Securities Market Authority in consultation with the Minister, including but not limited to any security which has been prescribed by a securities exchange for demobilization with a Central Securities Depository under Section 13 of this Act;
- 2.26 “financial institution” means a financial institution as defined under The Banking Act (Financial Institution Act) 1999;
- 2.27 “immobilization date”, in relation to any eligible security, means the date specified in the notice given by a securities exchange under Section 13 of this Act as being the last day on which the eligible security may be traded on the securities exchange unless such security has been deposited with the Central Securities Depository;
- 2.28 “immobilized security” means a security where the underlying physical certificates have been deposited with and are held by a Central Securities Depository;
- 2.29 “information” includes data recorded in a form which can be processed by equipment operating automatically in response to instructions given for a particular purpose;
- 2.30 “institutional investor” means a person whose ordinary course of business is to hold, manage or invest funds in connection with retirement benefits, insurance contracts, mortgage and saving schemes and any fund or scheme in the nature of a collective investment scheme or a unit trust;
- 2.31 “issuer”, in relation to any book-entry security, means the company, corporation, government, or body corporate or unincorporated, which issued the security, and includes

- any person performing the functions of a registrar for such issuer in respect of such security;
- 2.32 “listed” means admitted to the official list of a securities exchange in Liberia and listing shall be construed accordingly;
- 2.33 “listed book-entry security” means a book-entry security listed on a securities exchange in Liberia;
- 2.34 “market charge” means a fixed or a floating charge, granted by a Central Securities Depository agent to a Central Securities Depository over any property which is held by or deposited with the Central Securities Depository for securing liabilities, arising directly in connection with the Central Securities Depository, for settlement of a market contract;
- 2.35 “market collateral” means any property which is held by or deposited with a Central Securities Depository for the purposes of securing liabilities, arising directly in connection with the Central Securities Depository, for the settlement of a market contract;
- 2.36 “market day” means any day during which a securities exchange is open for business in Liberia.
- 2.37 “member” in relation to-
- (a) a securities exchange, means a “Person” or an individual, a corporation, a partnership, an association, a joint-stock company, a trust, any unincorporated organization, or a government or political subdivision thereof. As used in this paragraph the term “trust” shall include only a trust where the interest or interests of the beneficiary or beneficiaries are evidenced by a security.
 - (b) a company, means a person who is recognized as a member of a company under the Association Laws of Liberia;
- 2.38 “Minister” means the Minister for the time being responsible for finance Development Planning;
- 2.39 “non-bearer security” means a security other than a bearer security;
- 2.40 “notification date” means the date on which the notice pursuant to subsection (2) of section 13 of this Act is given by a securities exchange;
- 2.41 “official list”, in relation to a securities exchange in Liberia, means a list specifying all securities which have been admitted for listing on that securities exchange;
- 2.42 “quoted”, in relation to a security other than a listed security, means a security issued outside of Liberia but traded on a securities exchange;

- 2.43 “record” includes, in addition to a record in writing-
- (a) any photograph;
 - (b) any disc, tape, sound-track or computer files and any other device in which sounds or other data (not being visual images) are embodied so as to be capable (with or without the aid of some other instrument) of being reproduced therefrom; and
 - (c) any film, tape or other device in which visual images are embodied so as to be capable (with or without the aid of some other instrument) of being reproduced there from, and any reference to a copy of a record includes-
 - (i) in the case of a record falling within paragraph (b) but not paragraph (c) of this definition, a transcript of the sounds or other data embodied therein;
 - (ii) in the case of a record falling within paragraph (c) but not paragraph (b) of this definition, a still reproduction of the images embodied therein, whether enlarged or not; and
 - (iii) in the case of a record falling within both paragraph (b) and paragraph
 - (d) of this definition, the transcript of the sounds or other data embodied there in together with the still reproduction of the images embodied therein.
- 2.44 “record of depositors” means a record provided by a Central Securities Depository to an issuer under section 36 of this Act which contains the particulars specified in subsection (3) of the said section;
- 2.45 “Registrar” means the registrar of companies appointed under the Association Laws of Liberia and includes any deputy or assistant registrar of companies;
- 2.46 “rules” means rules, by-laws or such other instruments made by a central securities depository or contained in its constituent documents, which govern the activities and conduct of a Central Securities Depository and its agents and other persons in relation to it;
- 2.47 “securities” means-
- (a) debentures or bonds issued or proposed to be issued by a government;
 - (b) debentures, shares, bonds commercial paper or notes issued or proposed to be issued by a body corporate;
 - (c) derivatives including futures and options contracts on securities, indices, interest or other rates, currency, futures or commodities; or

- (d) any unit, interest or share offered under a collective investment scheme;
 - (e) any instruments commonly known as securities but does not include -
 - (i) bills of exchange;
 - (ii) promissory notes; or
 - (iii) certificates of deposits issued by a bank or financial institution licensed under the (Financial Institution Act);
- 2.48 “securities account” means an account established by a Central Securities Depository for a depositor for the recording of book-entry securities and cash balances, in respect of dealings in such securities by the depositor;
- 2.49 “securities exchange” means a market, exchange, securities organization or other place at which securities are offered for sale, purchase or exchange, including any clearing, settlement or transfer services connected therewith;
- 2.50 “selling out” means the selling effected by a securities exchange according to the rules of the securities exchange, of securities which a buyer has failed to accept and to pay for when delivered on a day fixed for the settlement;
- 2.51 “securities market” means a market, or other place at which, or a facility by means of which-
- (a) offers to sell, purchase or exchange securities are regularly made or accepted;
 - (b) offers or invitations are regularly made, being offers or invitations that are intended or may reasonably be expected to result, whether directly or indirectly, in the making or acceptance of offers to sell, purchase or exchange securities; or
 - (c) Information is regularly provided concerning the prices at which, or the consideration for which, particular persons or particular classes of persons, propose, or may reasonably be expected to sell, purchase or exchange securities;
- 2.52 “substantial shareholder” means a person who has a beneficial interest or that right which a person has in a contract made with another" (third) person to or exercises the voting rights attaching to such percentage of the issued share capital of a Central Securities Depository as may be prescribed by the Authority from time to time;
- 2.53 “user” means a Central Securities Depository agent, an issuer, a securities exchange or such other person as may be prescribed by the Authority who may be given access to a computer system of a Central Securities Depository;

- 2.54 A reference to writing shall be deemed to include any mode of representing or reproducing letters, figures or marks in a visible form.
- 2.55 A reference to a security being deposited, or required to be deposited, with a Central Securities Depository shall be construed as a reference to a deposit of or a requirement for the deposit of—
- (a) the certificate;
 - (b) the instrument of transfer, if any; or
 - (c) any other document representing the security, with the Central Securities Depository.

Section 2A. Functions of the Authority

2A.1 The functions of the Authority under this Act shall be to-

- (a) take such necessary measures to ensure that the provisions of this Act are complied with;
- (b) take necessary measures to maintain and promote fairness, efficiency, competitiveness, transparency and orderliness in the deposit of securities, and the clearance and settlement of transactions in securities, by a Central Securities Depository;
- (c) license, supervise, monitor and regulate activities of central securities depositories;
- (d) set standards of competence for Central Securities Depository agents;
- (e) approve rules of central securities depositories;
- (f) promote, encourage and enforce proper conduct, competence and integrity of Central Securities Depository agents;
- (g) Counter and suppress illegal, improper or unfair practices;
- (h) make regulations for the betterment of carrying out the purposes and provisions of this Act; and
- (i) perform any other functions under this Act or any other legislation as may be conferred, from time to time, on the Authority.

PART II - CENTRAL SECURITIES DEPOSITORY

Section 3. Restriction on Establishment of Central Securities Depository

- 3.1 No person shall establish, maintain or hold himself out as maintaining a Central Securities Depository except with the prior written approval of the Authority given in accordance with Section 5 of this Act.
- 3.2 A person who contravenes any of the provisions of subsection (1) of this section commits an offence and shall, on conviction, be liable to a fine.

Section 4. Establishment of a Central Securities Depository

- 4.1 A Company incorporated under the Liberian Code of Laws Revised, Title V, Association Law (1976) which proposes to operate a Central Securities Depository shall apply to the Authority in writing to be licensed as such.
- 4.2 An application under subsection (1) of this section shall be accompanied by-
- (a) the SMA Rules made by the applicant in such manner and form as the Authority may prescribe;
 - (b) the prescribed fee; and
- 4.3 The Authority may require an applicant to provide such further information as it may consider necessary in relation to the application, in such form or verified in such manner as the Authority may direct.
- 4.4 A Central Securities Depository which proposes to alter any particulars submitted under this section, shall seek prior approval of the Authority before making such alterations.
- 4.5 The Authority shall, in considering an application under subsection (1) of this section, determine if the entity is fit and proper for the purposes of this Act.

Section 4A. Determination of fit and proper

- 4A.1 The Authority shall, in determining whether a person is fit and proper under section 4(5), consider the-
- (a) financial status or solvency of that person;
 - (b) educational or other qualifications or experience of the person having regard to the nature of the functions which, if the application is granted, the person shall perform;

- (c) status of any other regulator license or approval granted to the person by any other financial services regulator;
- (d) ability to carry on the regulated activity competently, honestly and fairly; and
- (e) reliability of-
 - (i) in case of a natural person, that individual person; or
 - (ii) in case of a company, the company, its directors, chief executive, management and any substantial shareholder of the company.

4A.2 Without prejudice to the generality of subsection (1), the Authority shall, in considering whether a person is a fit and proper—

- (a) have regard to whether that person –
 - (i) has contravened the provision of any law, in Liberia or elsewhere, designed for the protection of members of the public against financial loss due to dishonesty or incompetence, or malpractice by persons engaged in transacting with marketable securities;
 - (ii) was a director of a licensed person which has been liquidated or is under liquidation or statutory management;
 - (iii) has taken part in any business practice which, in the opinion of the Authority, was fraudulent, prejudicial to the market or public interest, was otherwise improper or which would otherwise discredit the methods of conducting business;
 - (iv) has taken part or has been associated with any business practice which casts doubt on his competence or soundness of judgment; or
 - (v) has conducted himself in a manner likely to cast doubt on his competence and soundness of judgment;
- (b) take into account any information in the possession of the Authority, whether provided by the applicant or not, relating to—
 - (i) any person who is to be employed by, associated with, or who will be acting for or on behalf of, the applicant in a licensed activity;
 - (ii) where the applicant is a company in a group of companies—
 - (A) any other company in the same group of companies; or

- (B) any substantial shareholder or officer of the company or any company referred to in paragraph (A);
- (C) whether the applicant has established effective internal control procedures and risk management systems to ensure its compliance with all applicable regulatory requirements; and
- (D) the state of affairs of any other business which the person carries on or purports to carry on.

4A.3 For the purposes of this section, “group of companies” means any two or more companies one of which is the holding company of the other.

4A.4 The Authority shall give a person an opportunity to be heard if their application is denied for not meeting the requirement of a person that is fit and proper for the purposes of this Act.

Section 5. Grant of a License

5.1 The Authority may, in writing, subject to such conditions or restrictions as it may consider proper to impose, license a company as a Central Securities Depository, if it is not contrary to the public interest to do so and the Authority is satisfied that the company—

- (a) has and maintains at all times, a minimum paid-up capital as may be prescribed by the Authority from time to time;
- (b) has a board of directors constituted in accordance with a criteria as the Authority may prescribe;
- (c) shall provide, as far as is reasonably practical, fair, transparent and efficient arrangements for the deposit, registration and transfer of securities;
- (d) shall manage any risks associated with its business and operations prudently;
- (e) shall ensure the compliance of its rules by its agents;
- (f) has made sufficient Central Securities Depository rules to address the matters prescribed in section 5A of this Act;
- (g) has sufficient financial, human resources and infrastructure to –
 - (i) establish and operate a fair, transparent and efficient clearing facility;

(ii) meet contingencies, including events such as technical complications occurring with an automated system or disasters and its integration with any connected trading systems; and

(iii) has provided adequate security arrangements.

5.2 The Authority shall give a person an opportunity to be heard if their application is denied before declining to grant a license.

5.3 Subject to the provisions of this Act, a central securities depository license shall, until it is revoked or suspended by the Authority, be valid.

Section 5A. Rules of Central Securities Depository

5A.1 A Central Securities Depository shall make CSD Rules providing for;

- (a) deposit, registration or transfer of securities;
- (b) settlement of transactions involving securities;
- (c) the proper regulation and efficient operation of the clearing facility which it operates;
- (d) its default process;
- (e) the establishment of a settlement guarantee fund;
- (f) the qualifications for appointment of Central Securities Depository agents;
- (g) the proper regulation and supervision of its agents;
- (h) the exclusion from participation as Central Securities Depository agents of persons who are not fit and proper;
- (i) the expulsion, suspension or disciplining of a central securities depository agent;
- (j) the carrying on of the business of a central securities depository, having regard to the interests and protection of the investing public; and
- (k) such other matters as the Authority may direct.

5A.2 A Central Securities Depository shall submit the rules made under subsection (1) of this section to the Authority for approval.

5A.3 A licensed Central Securities Depository shall not amend, vary or rescind its Rules without prior approval of the Authority.

Section 5B. Default Process Rules

5B.1 The default process rules made under Section 5A(1)(d) shall provide for the actions which a Central Securities Depository may take against a Central Securities Depository agent that has failed, or has become unable or is likely to be unable to meet its obligations for all unsettled or open market contracts to which it is a party and shall in particular to –

- (a) enable the settlement of all of the defaulter's contracts;
- (b) provide, for the purpose of paragraph (a), such sum of money payable by or to the defaulter, in relation to each contract, if this is required after taking into account all the rights and liabilities of the defaulter under or in respect of the contracts in question;
- (c) enable all sums of money payable by or to the defaulter as determined in accordance with paragraph (b) to be aggregated or set-off to produce a net sum, if any, payable by or to the defaulter;
- (d) provide, if any, the net sum referred to in paragraph(c) is payable to the defaulter, that all property of the defaulter which is either subject to a market charge or which has been provided as market collateral shall cease to be subject to the market charge, without prejudice to any other form of charge to which it may be subject, or to be market collateral, without prejudice to its provision as any other form of collateral, as the case may be; and
- (e) provide for the certification by the Central Securities Depository, of any net sum referred to in paragraph (c) payable to the defaulter, or of any further net sum referred to in paragraph (d) payable by or to the defaulter, as the case may be, or if there is no such sum, the certification by the Central Securities Depository of that fact.

5B.2 Where a Central Securities Depository commences a default process, all subsequent action taken under its rules for settlement of market contracts to which the defaulter is a party, shall be treated as taken under the default rules.

Section 5C. Net Sum Payable on Completion of Default Measures

5C.1 This section shall apply to any net sum certified by a Central Securities Depository as payable by or to a defaulter, upon the completion of default measures.

5C.2 Where a receiving or winding up order has been made, or a resolution for voluntary winding up has been passed, any net sum shall be-

- (a) provable in bankruptcy or winding up proceedings; and

(b) taken into account for the purpose of any rule of law set-off.

5C.3 For the purposes of subsection (2) of this section, a certificate of a Central Securities Depository on the amount of the net sum payable shall be sufficient proof of the net sum payable.

Section 5D. Central Securities Depository to Prepare and Submit Report

5D.1 A Central Securities Depository shall, upon completion of default measures, prepare a report containing the-

- (a) action taken against the defaulter; and
- (b) net sum, if any, certified by the central securities depository to be payable by or to the defaulter.

5D.2 A Central Securities Depository shall submit a report made under subsection (1) of this section to the-

- (a) Authority;
- (b) any relevant securities exchange in Liberia; and
- (c) defaulter to whom the report relates.

5D.3 The Authority may publish, in such a manner as it may consider appropriate, the contents of a report received under subsection (2) of this section for the attention of creditors.

5D.4 Upon receiving a report made under subsection (2) of this Section, the defaulter shall, at the request of any creditor-

- (a) avail the report to the credit or for inspection within two days from the receipt of such request; or
- (b) supply to the creditor, on payment of a prescribed fees, all or any part of the report as requested.

Section 6. Amendment of CSD Rules.

6.1 The rules of an approved Central Securities Depository, in so far as they have been approved by the Authority, shall not be amended, varied or rescinded without prior approval of the Authority.

6.2 Where the board of directors of an approved Central Securities Depository intends to amend its rules, it shall forward the proposed amendments to the Authority for approval.

- 6.3 The Authority shall, within thirty days of receipt of a notice under subsection (2) of this section, notify the Central Securities Depository of its decision regarding the proposed amendments, and where it does not approve the same, shall specify the reason for such decision.
- 6.4 Notwithstanding the provisions of any other written law, the Authority may from time to time, after consultation with the Central Securities Depository, amend the CSD rules by written notice, specifying the amendments and the dates on which such amendments shall come into force.

Section 7. Duties of Central Securities Depository.

- 7.1 A Central Securities Depository shall–
- (a) establish and operate facilities for the handling of securities centrally;
 - (b) ensure that facilities under paragraph (a) of this subsection provide fair, transparent and efficient depository, clearing and settlement arrangements for securities deposited and any transactions relating to securities cleared or settled through its facilities;
 - (c) ensure adequate measures to prevent and mitigate fraud or any other system manipulation mechanisms
 - (d) also -
 - (i) ensure safe custody of certificates and other documents deposited with the Central Securities Depository;
 - (ii) guard against falsification of the records or accounts required to be kept or maintained under the Act; and
 - (iii) ensure a proper and efficient system for tracing, verifying, inspecting, identifying and recording of all transactions with the Central Securities Depository;
 - (iv) seek approval for any fees proposed to be levied in respect of the services it renders; and
 - (v) ensure that the risks associated with its business and operations are managed prudently.
- 7.2 A Central Securities Depository shall, in discharging its duty under subsection (1), of this section act in the interest of the investors and the public.

- 7.3 A Central Securities Depository shall operate its facilities and perform its duties in accordance with the rules approved by the Authority under section 5A of this Act.
- 7.4 A Central Securities Depository shall formulate and implement appropriate procedures to ensure that the agents it appoints under Section 8 of this Act comply with its rules.
- 7.5 A Central Securities Depository shall, in the conduct of its business, at all times, maintain –
- (a) adequate and properly equipped premises;
 - (b) competent personnel; and
 - (c) automated systems with adequate capacity and facilities, security arrangements and technical support to meet contingencies or disasters, approved by the Authority.
- 7.6 A Central Securities Depository shall preserve confidentiality with the information in its possession concerning its Central Securities Depository agents and their customers: Provided that such information may be disclosed to the Authority when requested to do so in writing or upon written request of a securities exchange for which it is a Central Securities Depository, or is required to do so by the law of Liberia.
- 7.7 A Central Securities Depository shall, immediately notify the Authority if it becomes aware –
- (a) of the inability of any of its Central Securities Depository agents, to comply with any rule of the Central Securities Depository;
 - (b) of a financial irregularity or other matter which, in the opinion of the Central Securities Depository, may indicate that the financial standing or integrity of a Central Securities Depository agent is questionable; or
 - (c) of the likelihood of a Central Securities Depository agent not being able to meet its legal obligations.
- 7.8 A Central Securities Depository shall be entitled to charge such fees for its services and facilities as may be approved by the Authority.
- 7.9 The Authority may, from time to time, prescribe such other duties to be performed by a Central Securities Depository as it considers appropriate.

Section 8. Central Securities Depository Agents

- 8.1 No person shall act or hold himself out as a Central Securities Depository agent unless such person is duly appointed as such in accordance with this section.
- 8.2 Subject to this Act, a Central Securities Depository may, in writing, appoint–

- (a) any trading participant of a securities exchange for which it is its central securities depository; or
 - (b) a non-bank subsidiary of any bank or financial institution licensed under the Banking Act; or
 - (c) any institutional investor; or
 - (d) anybody corporate of a type prescribed by the Authority, to be its Central Securities Depository agent.
- 8.3 A Central Securities Depository agent appointed under this section shall perform all or any function approved by the Central Securities Depository under the CSD rules.
- 8.4 In the performance of its function under this Act, a Central Securities Depository agent shall, when so required, produce or make available to the Central Securities Depository or to the Authority, any information or document relating to a securities account.
- 8.5 Subject to this Act, the SMA may make such rules as may be necessary to regulate the appointment of a Central Securities Depository agent and the imposition of duties, obligations and sanctions on such agent.

Section 9. Regulation of dealings in Securities.

- 9.1 A Central Securities Depository shall do all such things as are necessary to ensure orderly dealings in immobilized or dematerialized securities.
- 9.2 A Central Securities Depository may, in performing its function under subsection(1) of this section, give to an issuer of any security or a Central Securities Depository agent directions to do a particular act or thing or to refrain from doing a particular act or thing and the issuer or central securities depository agent shall comply with such directions.
- 9.3 An issuer or central securities depository agent who fails to comply with any direction given by a Central Securities Depository under subsection (2) of this section commits an offence and shall, on conviction, be liable to a fine not exceeding four million eight hundred thousand Liberian Dollar, or to imprisonment for a term not exceeding five years, or to both.

Section 10. Property Deposited with Central Securities Depository.

- 10.1 Where a Central Securities Depository agent, deposits any property as a market collateral with a Central Securities Depository in accordance with its rules, no action, claim or demand, either civil or criminal, in respect of any right, title or interest in such property shall lie, or be commenced or allowed against a Central Securities Depository or its nominees, notwithstanding any other provision of the law.

- 10.2 Any person who is a Central Securities Depository agent, issuer, agent, a depositor, or a user shall comply with, enforce or give effect to the CSD rules to the extent to which those rules apply to such person.
- 10.3 For the purposes of this section, “CSD rules” includes any direction given, from time to time, by a Central Securities Depository to any person pursuant to any provision of this Act.

Section 11. Central Securities Depository to Provide Assistance to the Authority

- 11.1 A Central Securities Depository shall provide such assistance to the Authority as is reasonably required for the performance by the Authority of its functions and duties under this Act.
- 11.2 The Authority shall be entitled at all reasonable times to full and free access to any part of the premises of a Central Securities Depository for the purpose of ensuring compliance with this Act.

Section 11A. Disciplinary Action and Review of a Disciplinary Action

- 11.1 A Central Securities Depository may reprimand, fine, suspend, expel or otherwise take any disciplinary action against a Central Securities Depository agent in accordance with its rules.
- 11.2 A Central Securities Depository shall, within seven days of any action taken under subsection (1) of this section, notify the Authority, in writing, giving particulars including the name of the person, there as on and the nature of the action taken.
- 11.3 The Authority may, on its own motion or on application by an aggrieved person, review any disciplinary action taken under subsection (1), and may affirm, modify or set aside the decision of a Central Securities Depository after giving the Central Securities Depository and the Central Securities Depository agent an opportunity to be heard.
- 11.4 Nothing in this section shall preclude the Authority, in any case where a Central Securities Depository fails to act against a Central Securities Depository agent, from suspending, expelling or otherwise disciplining a Central Securities Depository agent: Provided that the Authority shall give the Central Securities Depository and the Central Securities Depository agent an opportunity to be heard.
- 11.5 Any action taken by a Central Securities Depository under subsection (1) of this section shall not prejudice the power of the Authority to take such further action as it considers necessary against a Central Securities Depository agent.

PART III - PROVISIONS RELATING TO IMMOBILISED SECURITIES

A. Immobilization of Securities

Section 12. Prescription of securities for immobilization.

- 12.1 Subject to subsection (2) of this section, a securities exchange may, from time to time, after consultation with a Central Securities Depository, prescribe that any security listed or quoted or proposed to be listed or quoted on the securities exchange be immobilized by depositing such security with the Central Securities Depository.
- 12.2 A securities exchange shall, in respect of securities listed or quoted on the securities exchange, give notice to the public in the manner prescribed in the CSD rules of all eligible securities prescribed by it to be immobilized with a Central Securities Depository.
- 12.3 For the purpose of this Act, the deposit by a person of any eligible security with an agent of a Central Securities Depository shall be deemed to be a deposit of such security with that Central Securities Depository.

Section 13. Verification of Certificates and Transfer to a Central Securities Depository or Nominee Company.

- 13.1 After the deposit by any person of a certificate representing an eligible security and the instrument of transfer to a transfer in respect of that security, if any, a Central Securities Depository or its agent, as the case may be, shall lodge the certificate and instrument with the issuer within the period prescribed in the CSD rules.
- 13.2 Subject to subsection (3) of this section, the issuer shall, on receipt of the certificate and instrument, forthwith do all such acts as are necessary to register the transfer of the security in respect of such certificate in the name of the Central Securities Depository or its nominee company.
- 13.3 Without prejudice to the right of an issuer to refuse to register a transfer under any written law, the issuer shall refuse registration of the transfer under subsection (2) of this section if -
- (a) the certificate is not a genuine certificate or is a certificate that was reported lost or destroyed; or
 - (b) in relation to any such security -
 - (i) there has been a duplication in the issuance of the certificate representing that security; or
 - (ii) such certificate is a certificate issued in excess of the issued share capital of the issuer; or

- (c) it has been served with an order of a court of competent jurisdiction prohibiting any dealing in respect of the security underlying such certificate; or
 - (d) any lawful order exists to the knowledge of the issuer preventing the person who deposited the certificate from dealing with any of his monies, properties or assets.
- 13.4 Within two market days after a transfer is lodged with an issuer or within such period as may be allowed in writing by the Central Securities Depository, the issuer shall, in any case other than a case referred to in subsection (3) of this section, notify the Central Securities Depository agent, complete and deliver the appropriate certificate to the Central Securities Depository.
- 13.5 Chapter 5 of the Liberian Code of Laws Revised, Title V, Association Law (1976) shall not apply in relation to any transfer required to be registered by an issuer pursuant to this section, but where an issuer refuses registration of such a transfer, it shall serve on the transferor and the Central Securities Depository (being the transferee) a written motion giving the reasons for such refusal.
- 13.6 Notwithstanding the provisions of Chapter 5 of the Liberian Code of Laws Revised, Title V, Association Law (1976), an instrument of transfer lodged with an issuer pursuant to subsection (1) of this section, shall be capable of registration in the name of a Central Securities Depository or its nominee company if such instrument has been certified by a Central Securities Depository agent instead of being executed by the Central Securities Depository or its nominee company.
- 13.7 For the purposes of this section, an eligible security shall be immobilized if it has been dematerialized.
- 13.8 The provisions of this section shall not apply to bearer securities.

Section 14. Transitional Provisions Relating to trading of eligible Securities.

- 14.1 This section shall apply to all trading in eligible securities during the period beginning on the day immediately following the notification date and ending on the immobilization date.
- 14.2 A Central Securities Depository or a Central Securities Depository agent, as the case may be, shall accept any certificate representing an eligible security to be immobilized for the purpose of settlement of any trade on the securities exchange during the transitional period in accordance with the CSD rules.
- 14.3 No person shall trade in any eligible security on a securities exchange without having a securities account.

14.4 The provisions of section 14(2) of this section shall apply to all Central Securities Depository agents and the issuers with whom the documents referred to have been lodged.

Section 15. Restriction of Trade in eligible Securities.

15.1 No person shall, after the immobilization date, trade any eligible security on a securities exchange unless such security has been deposited with a Central Securities Depository.

15.2 Notwithstanding subsection (1) of this section, an eligible security may, at any time after the immobilization date, be deposited by a depositor with the Central Securities Depository subject to such additional fees, if any, as may be imposed under the CSD rules

Section 16. Receipt of Certificates of Eligible Securities for Safe Custody.

16.1 A Central Securities Depository may, by notice, prescribe a date following which no member of a securities exchange may receive a certificate representing an eligible security merely for safe custody.

16.2 A Central Securities Depository shall give notice to the public of the date prescribed in subsection (1) of this section.

Section 17. Liability of Central Securities Depository for loss, Damages, etc. of Certificate.

17.1 A Central Securities Depository and its agent shall be liable to a depositor for any loss, damage or liability suffered or incurred by a depositor in respect of any disappearance, loss or destruction of any certificate deposited by the depositor with the Central Securities Depository or such agent due to any willful act, omission, neglect or default on the part of the Central Securities Depository or its Central Securities Depository agent.

17.2 Notwithstanding subsection (1) of this section, a Central Securities Depository agent shall not be liable for any loss, damage or liability suffered or incurred by any person in respect of any certificate the transfer of which is not capable of registration under section 14 of this Act.

17.3 Provided that the provisions of this subsection shall not operate to relieve a Central Securities Depository agent from any obligation imposed on it by the rules of a securities exchange in its capacity as a member of such securities exchange to effect any buying in, whether directly or otherwise, following a refusal to register a transfer under that section.

Section 18. Deeming Provisions.

18.1 A Central Securities Depository or its nominee company shall-

- (a) for the purposes of section 4 of the Capital Markets Authority Act, not be deemed to have an interest in relation to the book-entry securities which are registered in its name; and
- (b) be deemed to be a bare trustee.

B. Withdrawal of Immobilized Securities

Section 19. Withdrawal of Immobilized Security.

- 19.1 Subject to section 22 of this Act and the provisions of this section, a depositor may, on application to the Central Securities Depository, withdraw an immobilized security standing to the credit of his securities account.
- 19.2 Where an application is made under this section for the withdrawal of an immobilized security which is registered in the name of a Central Securities Depository or its nominee company, the Central Securities Depository shall forthwith place such security under suspense and lodge with the issuer—
- (a) the certificate representing the security; and
 - (b) the instrument of transfer duly executed by the Central Securities Depository or its nominee company, as the case maybe; For the purpose of effecting the transfer in favor of the depositor.
- 19.3 Notwithstanding the provisions of the Liberian Code of Laws Revised, Title V, Association Law (1976), an issuer shall, within two weeks after the certificate and the instrument of transfer in respect thereof are lodged with it—
- (a) complete and have ready for delivery to the depositor, the appropriate certificate registered in the name of such depositor, and any other document in connection with the security, if any; and
 - (b) unless otherwise instructed by the depositor, send or deliver the completed certificate and such other documents, if any, to the depositor.
- 19.4 Nothing in subsection (3) of this section shall operate to relieve a Central Securities Depository or its Central Securities Depository agent from any obligation imposed under any written law or under the rules of a securities exchange to notify the securities exchange of such transfer.

Section 20. Trading of Securities withdrawn from a Central Securities Depository.

- 20.1 No person shall trade any security withdrawn from a Central Securities Depository on a securities exchange unless such security is re-deposited in a Central Securities Depository.

- 20.2 A security which is re-deposited with a Central Securities Depository shall not be capable of being utilized to settle a transaction which took place on a securities exchange prior to the redeposit of that security.
- 20.3 The provisions of section (14) of this Act relating to eligible securities shall apply in respect of a re-deposited security.

Section 21. Withdrawal of Prescribed Securities Prohibited.

- 21.1 No person shall withdraw any security which is prescribed as a dematerialized security under this Act from a Central Securities Depository.
- 21.2 A securities exchange may, from time to time, after consultation with the Authority, restrict or prohibit the withdrawal of any immobilized security or class of immobilized securities which is listed or quoted for such period and in such manner as it considers appropriate.
- 21.3 Where a securities exchange restricts or prohibits withdrawal of immobilized book-entry securities under subsection (2) of this section, the securities exchange shall-
- (a) inform the Central Securities Depository of such decision; and
 - (b) give notice to the public of—
 - (i) the book-entry securities the withdrawal of which is restricted or prohibited; and
 - (ii) the period of such restriction or prohibition.

C. Dematerialization of Securities

Section 22. Prescription of dematerialized Securities.

- 22.1 A central securities depository may, from time to time, after consultation with an issuer, prescribe an immobilized security, or class of securities, as a dematerialized security in accordance with the selection process laid down under the CSD rules.
- 22.2 Notwithstanding subsection (1) of this section, a Central Securities Depository may, from time to time, after consultation with an issuer, prescribe any security proposed to be listed or quoted on a securities exchange, as a dematerialized security.
- 22.3 Upon being notified by the Central Securities Depository of the prescription under subsection (1) of this Act, an issuer of a dematerialized security shall –

- (a) give notice to the public that such security shall, on the dematerialization date, become a dematerialized security; and
- (b) do all such things as are necessary to amend its deed of establishment, trust, deed, constitution or articles of association, as the case may be, to give effect and comply with this Act and CSD rules within one hundred and twenty days of the notice.

22.4 A notice under subsection(3) of this section shall identify the security to be dematerialized and shall specify a dematerialization date, not being less than one month from the date of publication of the notice, on or before which that security shall become dematerialized.

Section 23. Central Securities Depository to maintain official record of Depositors

23.1 On or after the dematerialization date, every issuer of a security prescribed as a dematerialized security shall—

- (a) surrender the physical register of members or debenture holders, as the case may be, to the Central Securities Depository; and
- (b) provide information to the Central Securities Depository of any member or debenture holder who appears in the appropriate register as a holder of a certificate not already immobilized by the Central Securities Depository.

23.2 A Central Securities Depository shall maintain an official record which shall include the name and particulars of—

- (a) every depositor with an immobilized security credited to a securities account held by such depositor; and
- (b) where the prescribed security is issued by a listed company, every member or debenture holder whose name would, save for this section, appear in the appropriate register of members or debenture holders of such company, as the case maybe.

23.3 Notwithstanding chapter 8 of the Liberian Code of Laws Revised, Title V, Association Law (1976), a record of depositors maintained pursuant to subsection (2) of this section shall-

- (a) contain information in computerized record form;
- (b) not be distinguished by any share number; and
- (c) contain such other information as may be required under the CSD rules.

23.4 The provisions of this section shall not apply to any bearer security.

23.5 Nothing in this section shall be construed as making the Central Securities Depository an agent of the issuer for the purposes of providing registration services.

Section 24. Issuer not to Issue Certificates in Respect of Dematerialized Securities.

No issuer shall, after the dematerialization date issue any certificate in respect of a dematerialized security.

Section 25. References to Dematerialized Securities.

25.1 With effect from the dematerialization date and notwithstanding the provisions of the Liberian Code of Laws Revised, Title V, Association Law (1976) or anything in the articles of association of the issuer, a reference in respect of a dematerialized security, to—

- (a) a register of members or debenture holders including branch registers, as the case may be, maintained by a company under the Liberian Code of Laws Revised, Title V, Association Law (1976), shall be deemed to be a reference to the record of depositors maintained by the Central Securities Depository;
- (b) a transfer of shares or debentures from a transferee under the Liberian Code of Laws Revised, Title V, Association Law (1976) shall be deemed to be a reference to a book-entry transfer performed by the Central Securities Depository; and
- (c) any certificate, instrument of transfer or any movable property representing any security which is used as prima facie evidence of ownership of the security shall be deemed to be a reference to a statement of account issued by the Central Securities Depository.

25.2 The provisions of Title V, Association Laws, and 1976 Liberian Code of Laws Revised shall not apply to a dematerialized security.

Section 26. Application to collective Investment Schemes.

26.1 With effect from the dematerialization date and notwithstanding the provisions of any other written law or anything in a trust deed of any collective investment scheme, a reference in respect of a dematerialized security which represents an interest in a collective investment scheme, to -

- (a) a register of any collective investment scheme, shall be deemed to be a reference to the record of depositors maintained by the Central Securities Depository;
- (b) a transfer of interest in a collective investment scheme from one investor to another, shall be deemed to be a reference to a book-entry transfer by the Central Securities Depository; and

- (c) a certificate issued as evidence of an interest in a collective investment scheme, shall be deemed to be a reference to a statement of account issued by the Central Securities Depository.

Section 27. SMA Rules in Respect of Dematerialized Securities.

- 27.1 The Authority may, in respect of dematerialized securities, prescribe SMA rules-
- (a) to effect the replacement of physical registers with book-entry records where the dematerialized security to be prescribed is a security other than a share or debenture under the Liberian Code of Laws Revised, Title V, Association Law (1976), or an interest in a collective investment scheme; and
 - (b) prescribe forms for recording the interest in securities standing to the credit of any depositor before the dematerialization date.

PART IV -SECURITIES ACCOUNTS AND RECORDS

Section 28. Dealer in Book-Entry Securities to Hold Securities Account.

- 28.1 No person shall deal in book-entry securities unless such person holds a securities account.
- 28.2 A Central Securities Depository may establish different types of securities accounts for different classes of persons or securities.

Section 29. Issuance of Statement of Account.

- 29.1 A Central Securities Depository shall issue to all depositors statements of account in respect of all book-entry securities held in custody by, or registered in the name of, the Central Securities Depository or its nominee company for the depositors at such time and in such manner as may be prescribed under this Act.
- 29.2 Notwithstanding the provisions of subsection (1) of this section, a depositor may, at any time, by written notice, require the Central Securities Depository to issue to him a statement of account in respect of all or any of the book-entry securities for the time being held in custody by, or registered in the name of, the Central Securities Depository or its nominee company on behalf of the depositor.
- 29.3 A Central Securities Depository shall, on receipt of a written notice under subsection (2) of this section and upon payment of any charges which may be imposed under the CSD rules, issue to the depositor the statement of account so required.
- 29.4 A statement of account issued under this section shall be prima facie evidence of the truth of the matters specified in the statement of account.

Section 30. Duty of Central Securities Depository to Keep Records.

- 30.1 A Central Securities Depository shall keep or cause to be kept such records and account, in sufficient detail, so as to show particulars of -
- (a) all transfer of book-entry securities to and from a securities account;
 - (b) all moneys received or paid by a Central Securities Depository, including dividends received in respect of any book-entry securities and the disbursement of such dividends to depositors;
 - (c) all income received from commissions, fees, charges and other sources, and all expenses, commissions, and other payments made or paid by the Central Securities Depository; and
 - (d) all assets and liabilities (including contingent liabilities) of the Central Securities Depository.

Section 31. Audit of Records and Accounts.

- 31.1 A Central Securities Depository shall, at the end of every financial year cause an audit to be conducted in respect of every record or account kept pursuant to Title V, Association Laws, 1976 Liberian Code of Laws Revised, which shall include:-
- (a) a verification of the accuracy of the details shown in such records or accounts; and
 - (b) a stock count of all certificates held by the Central Securities Depository.
- 31.2 A Central Securities Depository shall, within three months after the end of its financial year, submit to the Authority an annual report which shall include-
- (a) a copy of their report of the audit conducted pursuant to subsection (1) of this Section duly certified by the auditors;
 - (b) a description of the activities undertaken by the Central Securities Depository in that financial year;
 - (c) the resources including financial, technological and human resources which the Central Securities Depository had available, and used, in order to ensure compliance with its obligations; and
 - (d) an analysis of the extent to which the Central Securities Depository considers that the activities undertaken, and resources used, have resulted in full compliance of its obligations.

- 31.3 A Central Securities Depository shall, at the end of each financial year, subject its operations to an independent audit.
- 31.4 A Central Securities Depository shall appoint an independent auditor for the purposes of subsection (3) of this section.
- 31.5 A Central Securities Depository shall inform the Authority of an appointment of the auditor under subsection (4) of this section.
- 31.6 The auditor shall-
- (a) have a right of access, at all reasonable times, to all operational records and systems of the Central Securities Depository and is entitled to require from officers of the Central Securities Depository such information and explanations as the auditor considers necessary for the performance of his duties;
 - (b) have a right of access at all reasonable times to the offices, operation records and systems of all the Central Securities Depository agents of that Central Securities Depository;
 - (c) prepare a report on the operational capabilities of the Central Securities Depository system and a statement whether, in the opinion of the auditor, the Central Securities Depository system operates and performs its functions satisfactorily with due regard to the duties of the Central Securities Depository.
 - (d) submit the report made under paragraph(c) of this section to the Central Securities Depository and a copy to the Authority within ninety days of his appointment.

PART V –SECURITIES TRANSACTIONS, ENTRIES AND MISCELLANEOUS

Section 32. Evidence of Book-Entry Security Transactions.

- 32.1 Notwithstanding the provisions of other written law, a transaction of a book-entry security by a depositor, whether accompanied by an instrument or not shall be evidenced or effected by means of an entry in the securities account of the depositor.
- 32.2 For purposes of this section, a transaction of a book-entry security shall include a deposit of an eligible security under section 13 of this Act and a trade or transfer of a book-entry security from a securities account to another securities account maintained by the Central Securities Depository.
- 32.3 Notwithstanding anything in the Title V, Association Laws, 1976 Liberian Code of Laws Revised or any regulations made thereunder, a transaction of a book-entry security by a depositor pursuant to subsection (1) of this section shall be deemed to be a transaction or trade within the securities exchange.

Section 33. Entries in Securities Account.

- 33.1 An entry in a securities account in respect of a transaction shall –
- (a) in the case of a securities account established and maintained directly by a Central Securities Depository, be deemed to have been made by, or with the authority of, such Central Securities Depository; and
 - (b) in the case of a securities account established through, and maintained by a Central Securities Depository agent on behalf of a Central Securities Depository, be deemed to have been made by, or with the authority of, the Central Securities Depository agent.
- 33.2 A record of an entry in a securities account in respect of a transaction in book-entry securities shall be prima facie evidence of the truth of the matters so recorded.

Section 34. Provision of Record of Depositors to Issuer

- 34.1 An issuer of any book-entry security may, by written notice, require a central securities depository to furnish it with a record of the depositors in whose securities accounts such securities are credited as at the date of the notice or at such other date as may be specified in the notice.
- 34.2 A record of depositors required by an issuer under subsection (1) of this section, shall be issued by the Central Securities Depository within the period prescribed under the CSD rules.
- 34.3 A record of depositors issued under this section shall contain the name, identity card, passport number or company number as the case may be, nationality and such other information and particulars of the depositors as may be requested by the issuer, and a statement as to the number of the book-entry securities acquired by each depositor.
- 34.4 The record of depositors obtained by an issuer under this section shall be available for inspection by any member of the issuer (including a depositor) without charge and by any other person on payment of such sum as may be prescribed from time to time by the Central Securities Depository, in respect of each inspection.
- 34.5 Any member of an issuer or any other person may require the issuer to furnish him with a copy of the record of depositors, or of any part thereof, but only so far as it relates to the names, addresses, and the number of securities held, on payment of such sum as may be prescribed from time to time by the Central Securities Depository, in respect of every hundred words or fractional part thereof required to be copied.
- 34.6 The copy of the record of depository, or any part thereof, required under subsection (5) shall be supplied to the person who require such copy within a period of twenty-one days or within such longer period as the Authority considers reasonable in the circumstances, commencing from the day after the date of receipt of the request by the issuer.

Section 35. Depositor to be treated as Member or Debenture Holder.

- 35.1 Notwithstanding the provisions of the Liberian Code of Laws Revised, Title V, Association Law (1976) or any other written law governing the issuer, a depositor of any book-entry security whose name appears in the record of depositors shall be entitled to all rights, benefits, powers and privileges and be subject to all liabilities, duties and obligations in respect of, or arising from such security (whether conferred or imposed by the Companies Act, or such other written law or the deed of establishment or the memorandum or articles of association of the issuer, or otherwise) as if he were a member or debenture holder registered in the appropriate register, as the case may be, maintained by the issuer of such security, pursuant to the said Act or any other written law.
- 35.2 For the purposes of this section, “book-entry security” does not include a security specified in the securities account as being in suspense pursuant to section (43) or to any SMA rules made there under.

Section 36. Prohibition of Dealings in Book-Entry Securities.

No Central Securities Depository shall purchase, acquire, or otherwise deal in, book-entry securities as principal other than for such purpose and in such manner as may be permitted by the Authority under SMA rules made under this Act.

Section 37. Public Offer of Securities.

- 37.1 Where, pursuant to section 13 or section 24 of this Act, a securities exchange or a Central Securities Depository, as the case may be, prescribes any security proposed to be listed or quoted on a securities exchange to be immobilized or dematerialized with a Central Securities Depository, the issuer of such security or the offeror, as the case may be, shall in the prospectus issued by such issuer or offeror in respect thereof, notify the public that the security is so prescribed.
- 37.2 Upon completion of the allotment or allocation of such security, the issuer or offeror, as the case may be, shall forthwith confirm with the Central Securities Depository the record of the successful applicants together with such particular as may be required by the Central Securities Depository for the purpose of making appropriate entries in the securities accounts of the respective applicants and shall deliver to the Central Securities Depository the certificates, if any, (in such denominations as may be specified by the Central Securities Depository) registered in the name of the Central Securities Depository or its nominee company.
- 37.3 For the purpose of this section, “offer or”, in relation to any security, means the person offering the security for sale.

- 37.4 A reference to a security proposed to be listed on a securities exchange in this section shall be construed as a reference to a security which has been approved by the Authority to be listed on the securities exchange.
- 37.5 A Central Securities Depository shall open a securities account in the name of every successful applicant who does not hold such account.

Section 38. Capitalization, Rights Issues Etc.

- 38.1 Where an issuer, in relation to any book-entry—
- (a) makes a bonus issue by way of an increase in the total issued capital, or issues securities pursuant to a rights issue or the conversion of any debt securities; or
 - (b) issues securities pursuant to an exercise of any right or option to acquire securities in the share capital of the issuer,
- 38.2 The issuer shall notify the Central Securities Depository accordingly, and deliver to the Central Securities Depository-
- (a) a confirmed list of the names of the allottees for purposes of amendment of the securities accounts held by such allottees; and
 - (b) the appropriate certificates, if any, in such denominations as may be specified by the Central Securities Depository registered in the name of the Central Securities Depository or its nominee company.
- 38.3 A prospective allottee shall, before acquiring any of the securities referred to in subsection (1) of this section, open a securities account in his name.

Section 39. Underwriters to Open Securities Accounts.

A person intending to underwrite any security proposed to be listed on a securities exchange, or any rights issue in respect of any book-entry security, shall open a securities account.

Section 40. Charging or Mortgaging of Securities.

- 40.1. Where a book-entry security is charged by a depositor (in this section referred to as “the charger”) in favor of any person (in this section referred to as “the chargee”) the chargee or his nominee shall create a security interest or cause to be created such security interest in the security which is the subject of the charge, as the case may be, in accordance with this section.
- 40.2 Except as provided in this Act or the SMA rules, no security interest may be created in book-entry securities.

- 40.3 A security interest in book-entry securities to secure the payment of a debtor liability may be created in favor of any charge by an instrument of charge in the form prescribed under the CSD rules executed by the charger: Provided that any security interest in a book-entry security subsequent to any charge, created by the charger in favor of any other person shall be void.
- 40.4 Upon receipt of the instrument of charge, the Central Securities Depository agent shall forthwith register the instrument in a register of charges maintained by the Central Securities Depository.
- 40.5 Where a charge over a deposited security has been discharged or released, the Central Securities Depository or the Central Securities Depository agent, as the case may be, shall, upon receipt of a notice in writing from the chargee confirming the same, transfer the deposited security into the securities account of the charger.
- 40.6 This section shall not apply to floating charges: Provided that nothing in this section shall affect the validity and operation of floating charges on book-entries created under common law.
- 40.7 Nothing in this section shall be construed in law to require the Central Securities Depository to monitor, protect, enforce or give effect to any agreement or memorandum made between the charger and the chargee in respect of the charge, but the Central Securities Depository or its central depository agent, as the case may be, may require the charger or chargee to provide such supporting documents evidencing the charge upon creation of the security interest by way of the charge.

Section 41. Securities in or under suspense.

- 41.1 A central securities depository may specify that any book-entry security in a securities account is in suspense-
- (a) where the transfer of such security in the name of the Central Securities Depository or its nominee company is not registered, or is not registerable by the issuer under section (14) of this Act;
 - (b) where an application under section 21 of this Act, for withdrawal of such security has been made by a depositor: or
 - (c) in such other circumstances as may be prescribed by the Central Securities Depository under the CSD rules.
- 41.2 A Central Securities Depository may specify that any book-entry security in a securities account is under suspense-

- (a) where, pursuant to an objection or investigation made in accordance with the CSD rules, there is a need for the Central Securities Depository to restrict the transfer, charge or mortgage of such security; and.
- (b) where, the central securities depository has been instructed to restrict the movement of any book-entry transfers, whether partially or otherwise, under such circumstances in accordance with the CSD rules.

Section 41A. Default Process of the Central Securities Depository to take precedence over laws of insolvency.

41A.1 The following shall not to any extent be invalid at law on the ground of inconsistency with the law relating to the distribution of the assets of a person on insolvency, bankruptcy or winding up, or on the appointment of a receiver over any of the assets of that person-

- (a) a market contract;
- (b) the rules of a Central Securities Depository relating to the settlement of a market contract;
- (c) any process or action taken under the Rules of a Central Securities Depository relating to the settlement of a market contract;
- (d) a market charge;
- (e) the default rules of a Central Securities Depository; or
- (f) any default process.

PART VI –SECRECY PROVISIONS

Section 42. Securities Measures.

Every Central Securities Depository and Central Securities Depository agent shall take all reasonable measures to protect information and documents relating to the affairs of the depositors, and in particular, relating to their securities accounts, against any unauthorized access there to by unauthorized persons.

Section 43. Duty to maintain secrecy.

43.1 Except as provided in this Act, no director, officer, employee or agent of a Central Securities Depository or a Central Securities Depository agent, whether during his tenure of office or during his employment or thereafter, and no other person who has access by

any means to any information or document whatsoever relating to the affairs of any of the depositors, and in particular, relating to their securities accounts, shall give, divulge, reveal or otherwise disclose such information or document to any person.

- 43.2 No person who has any information or document which to his knowledge has been disclosed in contravention of subsection (1) of this section, shall in any manner howsoever disclose the same to any other person.
- 43.3 A person who contravenes this section commits an offence and shall, on conviction, be liable to a fine not exceeding four million eight hundred thousand Liberian Dollars, or to imprisonment for a term not exceeding five years, or to both.
- 43.4 Except as provided in subsection 8(4) of this Act, nothing shall authorize a Central Securities Depository agent which is a bank or a financial institution within the meaning of the Banking Act to reveal, or disclose any information or document to any person in contravention of that Act.

Section 44. Permitted Disclosures.

- 44.1 Subject to the provisions of this Act, nothing in any other written law shall entitle any person to refuse to disclose any information or document –
- (a) which the depositor, his authorized agent or his Personal representative has given permission in writing to disclose;
 - (b) in a case where the depositor is declared bankrupt, or, if the depositor is a corporation, the corporation is being or has been wound up, in Liberia or in any country, territory or place outside Liberia;
 - (c) for the purpose of instituting or, in the course of, any civil proceedings–
 - (i) between a Central Securities Depository or a Central Securities Depository agent and a depositor relating to the securities account of the depositor; or
 - (ii) between a Central Securities Depository or a Central Securities Depository agent and two or more parties making adverse claims to securities or monies in the securities account of the depositor, where the Central Securities Depository or Central Securities Depository agent seeks relief by way of interpleader;
 - (d) to any person duly authorized to investigate into any offence under any law, such disclosure being, in any case, limited to the securities account and affairs of the depositor suspected of the offence;
 - (e) to a Central Securities Depository for purposes of the compilation of the record of depositors, or any part thereof, under section 34 of this Act;

- (f) to an issuer in respect of a record of depositors issued under section 36 of this Act.
- (g) to any member of an issuer or any person in respect of a record of depositors issued under sections 34 of this Act.
- (h) for the purpose of enabling or assisting the Authority to exercise any power conferred on it by this Act or by any other written law.
- (i) for the purpose of enabling or assisting the Authority and the Registrar to discharge their functions under this Act;
- (j) for the purpose of enabling or assisting a securities exchange or clearing house of a securities exchange to discharge their functions;
- (k) for the purpose of enabling or assisting auditors of a Central Securities Depository and Central Securities Depository agents to discharge their functions;
- (l) in a summary or collection of information or statistics, framed in such a way so as not to enable the identity of any depositor, to whom the information or statistics relates, to be ascertained.

Section 45. Regulation of Access to the Computer System.

- 45.1 A Central Securities Depository may give access to its computer system to its Central Securities Depository agents, a securities exchange (on which the book-entry securities are listed), a clearing house of such securities exchange, issuers and any other person as may be prescribed by the Authority in SMA rules.
- 45.2 The Authority may, for the purpose of regulating access to the computer system, prescribe by SMA rules, the extent to which any user or class of users may have, or should be prohibited from having, access to such system.
- 45.3 Any person who –
- (a) being a user, unlawfully gains access, or attempts to gain access, to a computer system of a Central Securities Depository, whether by means of any device or apparatus forming part of the computer system or by any other means,
 - (b) beyond the extent to which he is authorized to have access by the Central Securities Depository under subsection (1) of this section; or
 - (c) unlawfully interferes with, or impedes, or attempts to interfere with or impede the operation of a computer system of a Central Securities Depository, commits an offence.

45.4 A person who is guilty of an offence under this section shall, on conviction, be liable to a fine not exceeding four million eight hundred thousand Liberian Dollars or to imprisonment for a term not exceeding five years, or to both.

PART VII-OFFENCES AND PENALTIES

Section 46. Falsification of records or accounts.

46.1 Where a Central Securities Depository or its Central Securities Depository agent keeps or maintains a record or an account that is required to be kept or maintained under any of the provisions of this Act by means of a mechanical device, an electronic device, or any other device, any person who-

- (a) records or stores, by means of that device, information that he knows or ought to know to be false or misleading in a material particular;
- (b) falsifies; or
- (c) with intent to falsify, destroys or removes-
 - (i) information which is recorded or stored by means of that device;
 - (ii) information which is prepared for the Purpose of being recorded or stored by means of that device;
 - (iii) information which is prepared for use in compiling records;
 - (iv) information which is prepared for use in recovering other information which is recorded or stored by means of that device; or
- (d) having a duty to record or store information by means of that device, fails to record or store such information-
 - (i) with intent to falsify, wholly or in part, any entry made, or record intended to be compiled, from the information that has been recorded or stored; or
 - (ii) knowing that the failure to so record or store the information will render false or misleading in a material particular other information so recorded or stored, commits an offence and shall, on conviction, be liable to a fine not exceeding nine million six hundred thousand Liberian Dollars, or to imprisonment for a term not exceeding ten years, or to both.

Section 47. Destruction, concealment, mutilation and alteration of records.

47.1 A person who –

- (a) destroys, conceals, mutilates or alters any record or account required to be kept or maintained under any of the provisions of this Act; or
- (b) sends or attempts to send or conspires with any other person to send out of Liberia any such record or account, -with intent to defraud any person, or to prevent, delay or obstruct the carrying out of an examination, investigation or audit, or the exercise of a power under this Act, commits an offence and shall, _on conviction, be liable to a fine not exceeding five million Liberian Dollars, or to imprisonment for a term not exceeding five years, or to both.

Section 48. Furnishing False or misleading information.

48.1 Any person who knowingly furnishes any information which is false or misleading in a material particular or recklessly furnishes any information which is false or misleading in any material particular-

- (a) for the purpose of, or in connection with, any application under this Act; or
- (b) in purported compliance with any requirement imposed on him by or under this Act, commits an offence.

48.2 Any person convicted of an offence under this section shall be liable to a fine not exceeding four million eight hundred thousand, or to imprisonment for a term not exceeding five years, or to both.

Section 49. Offences by Body Corporate.

Where an offence against this Act has been committed by a body corporate, any person who at the time of the commission of the offence was a director, an executive officer or the secretary of the body corporate or was purporting to act in such capacity, shall be deemed to have committed that offence unless he proves that the offence was committed without his consent or connivance and that he exercised all due diligence to prevent the commission of the offence as he ought to have exercised, having regard to the nature of his functions in that capacity and to all the circumstances.

Section 50. General penalty.

50.1 A person who contravenes or fails to comply with any of the provisions of this Act or of any rules made thereunder commits an offence under this Act and, where no penalty is expressly provided, shall, on conviction, be liable to a fine not exceeding four million eight hundred thousand Liberian Dollars, or to imprisonment for a term not exceeding five years, or to both.

50.2 In addition to the penalties provided in this Act, any person found guilty of an offence under this Act, shall be liable to pay compensation to any person who suffers loss as a consequence of the offence committed by the first named person.

50.3 The amount of compensation for which a person is liable under subsection (2) of this section, shall be -

- (a) the amount of the loss sustained by the person claiming the compensation; or
- (b) where the loss has been occasioned on the market as a whole, an amount equal to the profit made by such person, which shall be paid into the Compensation Fund established under the Securities Markets Authority Act.

PART VIII-INVESTIGATION

Section 51. Application of Part.

Nothing, unless specifically provided for in this Part, shall authorize any investigation by the Authority into the business of a licensed person or its representatives under the Capital Markets Authority Act.

Section 52. Power of the Authority to Require Production of Records.

52.1 The Authority may, -at any time, if it considers that there is sufficient reason to do so, in writing-

- (a) give a direction to—
 - (i) a Central Securities Depository;
 - (ii) a nominee company of a Central Securities Depository;
 - (iii) a Central Securities Depository agent; (iv) a user; or
 - (v) a person who is or has been an officer or employee of, or an agent, or advocate and solicitor, auditor, or other person acting in any capacity for or on behalf of, a Central Securities Depository, or its nominee company, or a Central Securities Depository agent, or a user, requiring the production, to the Authority, of such records or accounts as are so specified, being records and accounts relating to the business or affairs of a Central Securities Depository or its nominee company, or a Central Securities Depository agent, or a user or any record or account required to be kept pursuant to section 32 of the Act; or
- (b) give a direction to any person requiring the production, to the Authority, of any record or account relating to the persons mentioned in subparagraph 1(a)(iv) or 1(a)(v) of this section, that are in the custody or under the control of such person: Provided that the production of such record or account shall not be required at such

times or at such places as shall interfere with the proper conduct of the normal daily business of that person.

- 52.2 A reference in subsection (1) of this section, to a business carried on by a person shall be deemed to include a reference to a business carried on by a person as trustee.
- 52.3 Where the Authority requires the production of any record or account under this section and a person has a lien on the record or account, the production of such record or account shall not prejudice the lien.
- 52.4 Where the Authority exercises a power under this section to require another person to produce records or accounts and-
- (a) if the records or accounts are produced, the Authority-
 - (i) may take possession of the records or accounts and make copies of, or take extracts from, the records or accounts;
 - (ii) may require the other person or any other person who was party to the compilation of the records or accounts to make a statement providing an explanation of any of the records or accounts.
 - (iii) may retain possession of the records or accounts for as long as the Authority may consider necessary; and
 - (iv) shall permit the other person, upon giving a reasonable notice and description of the records or accounts, to have access to the records or accounts which are in the possession of the Authority; or
 - (b) if the records or accounts are not produced, the Authority may require the other person-
 - (i) to state, to the best of his knowledge and belief, where the records or accounts may be found; and
 - (ii) to identify the person who, to the best of his knowledge and belief, last had custody of the records or accounts and to state, to the best of his knowledge and belief, where that last-mentioned person may be found.
- 52.5 A power conferred by this section to make a requirement of a person extends, if the person is a body corporate, to making the requirement of any person who is or has been an officer of the body corporate.
- 52.6 A person who, without lawful excuse, refuses or fails to comply with a requirement made under this section within the time stated by the Authority in writing shall be liable to a penalty of nine hundred sixty thousand Liberian Dollars in the first instance and in the

case of a continuing offence, shall, in addition, be liable to be punished with a daily fine of ninety six thousand Liberian Dollars for every day during which the offence continues after the fourteenth day from the date such person is required to comply with such requirement.

Section 53. Power of Authority to Enter and to Search Premises, Etc.

53.1 Where the Authority has reasonable grounds for suspecting that an offence under this Act has been or is being committed or that there are on any particular premises any records or accounts the production of which has been required by virtue of section 55 of this Act and which have not been produced in compliance with such requirement, it may-

- (a) enter and search the premises and—
 - (i) in the case of premises occupied by a Central Securities Depository or a user, inspect, examine and operate the whole or any part of the computer system; and
 - (ii) in the case of premises occupied by any other person, break open and search any cupboard, drawer, safe, box or other receptacle, and where a computer system (not being a computer system as defined in section 2 of this Act) is installed in such premises, inspect, examine and operate the whole or any part of such system; and
- (b) inspect and take possession of, or secure against interference, any records, documents or other material found in such premises which may be evidence of such offence.

53.2 The powers conferred under subsection (1) of this section are in addition to, and not in derogation of, any other powers conferred under this Act or by any other written law.

Section 54. Obstruction.

54.1 A person who –

- (a) intentionally obstructs or hinders the Authority in the exercise of its powers under section 55 or section 56 of this Act; or
- (b) fails without reasonable excuse to give to the Authority such assistance as it may reasonably require, commits an offence and shall, on conviction, be liable to a fine of four million eight hundred thousand Liberian Dollars or to imprisonment for a term of five years or to both.

Section 55. Disclosure to Authority.

- 55.1 The Authority may require a Central Securities Depository or its Central Securities Depository agent to disclose to the Authority, in relation to any acquisition or disposal of book-entry securities, any information including the name of the person from or through whom or on whose behalf the securities were disposed of, their securities account numbers and the entries made in such securities accounts and the nature of the instructions given to the Central Securities Depository or its Central Securities Depository agent in respect of such acquisition or disposal.
- 55.2 The Authority may require a deposit or to disclose to it whether such deposit or acquired or disposed of the book-entry securities, as the case may be, as trustee for, or on behalf of, another person and, if he acquired or disposed of those securities as trustee for, or on behalf of, another person, to disclose the name of that other person and the nature of any instructions given to the depositor in respect of the acquisition or disposal.
- 55.3 A person who, without reasonable excuse, fails to comply with the requirement of the Authority under subsection (1) or (2) of this section commits an offence and shall, on conviction, be liable to a fine not exceeding nine million six hundred thousand Liberian Dollars or to imprisonment for a term not exceeding ten years or to both.

Section 56. Investigation by the Authority.

Where the Authority has reason to suspect that a person has committed an offence under a provision of this Act or is about to do an act that, if done, would be an offence under a provision of this Act, the Authority may make such investigation as it thinks expedient for the due administration of this Act.

Section 56A. Emergency Powers of the Authority.

56A.1 The Authority may, where it has reason to believe that-

- (a) an emergency exists, or
- (b) it is necessary or expedient to protect investors, or It is in the interest of the public, direct a Central Securities Depository, by notice in writing, to take such action as it may consider necessary including—
 - (i) altering conditions of delivery of securities;
 - (ii) fixing the settlement price for liquidation of securities;
 - (iii) requiring margins or additional margins for any securities; and
 - (iv) modifying or suspending any rules of a Central Securities Depository.

56A.2 The Authority may, where a Central Securities Depository fails, within specified time, to comply with a direction given under subsection (1), –

- (a) set an emergency margin level in any securities or class of securities; or
- (b) take any other action, as the Authority considers necessary to maintain or restore fair, transparent and efficient clearing and settlement of transactions in securities.

56A.3 In this section, “emergency” means–

- (a) in any 24-hours an act of Government affecting securities;
- (b) any other major market disturbance which prevents the market from accurately reflecting the forces of Supply and demand of securities;
- (c) a threatened or actual market manipulation; or
- (d) any other situation or practice which, in the opinion of the Authority, constitute an emergency.

Section 56B. Authority may issue Directions to the Central Securities Depository.

56B.1 The Authority may, by notice in writing, if it considers it necessary or expedient–

- (a) to ensure fair, orderly and expeditious clearing and settlement of transactions in securities; or
- (b) to ensure integrity and proper management of systemic risks in securities markets; or
- (c) in the interest of the public or for the protection of investors, issue a general or specific direction to a Central Securities Depository.

56B.2 Without prejudice to the generality of subsection (1), any direction issued may relate to–

- (a) clearing and settlement of securities contracts and making adjustments of a contractual obligation arising out of a securities contract;
- (b) the manner in which a Central Securities Depository carries on its business; or (c) any other matter that the Authority may consider necessary for the proper discharge of its functions under this Act.

Section 56C. Authority may appoint an Auditor.

56C.1 The Authority may, if it is satisfied that it is in the public interest to do so, appoint, in writing, an auditor to examine, audit, and report, either generally or in relation to any matter, on the books, accounts, records and the system of a Central Securities Depository.

56C.2 A Central Securities Depository shall meet the expenses of an auditor appointed under subsection (1).

Section 56D. Revocation of a License

56D.1 The Authority may, by notice in writing, revoke a license granted to a Central Securities Depository under this Act if a Central Securities Depository—

- (a) ceases to operate the clearing facility that it has been licensed to operate;
- (b) is being wound up;
- (c) fails to comply with any requirement of this Act;
- (d) fails to comply with a direction of the Authority
- (e) fails to provide the Authority with information when required to do so;
- (f) provides false or misleading information;
- (g) is operating in a manner detrimental to the public interest; or
- (h) requests the Authority to do so.

56D.2 For the purposes of sub section (1), a Central Securities Depository shall be considered to have ceased operation if it has not operated its Central Securities Depository facility for more than thirty days unless it has obtained a prior approval of the Authority to do so.

56D.3 The Authority may permit a Central Securities Depository to continue operation, on or after the date on which there vocation is to take effect, to carry on such activities affected by the revocation as the Authority may specify for the purpose of –

- (a) closing down its operations; or
- (b) protecting the interest of the public.

56D.4. The Authority shall not, except where responding to a request under subsection (1)(h) of this section, revoke a Central Securities Depository license without first giving the Central Securities Depository an opportunity to be heard.

56D.5 The Authority shall publish in the Gazette, the dailies and the internet any license revoked under this section.

Section 56E. Effect of a Revocation

56E.1 A revocation under section 56D shall not—

- (a) avoid or affect any agreement, transaction or arrangement which was entered into before the revocation;
- (b) affect any right, obligations or liability arising under such agreement, transaction or arrangement.

Section 57. Power of Court to make certain Order.

57.1 Where on the application of an aggrieved party or a Central Securities Depository it appears to the High Court that a person—

- (a) has committed an offence under this Act relating to any dealing in book-entry securities;
- (b) has contravened the CSD rules; or
- (c) is about to do an act with respect to any dealing in book-entry securities that, if done, would be an offence under this Act or would be a contravention of the CSD rules, the High Court may, without prejudice to any orders it would be entitled to make otherwise than pursuant to this section, make one or more of the following orders-
 - (i) in the case of persistent or continuing breaches of this Act, or of the CSD rules, an order restraining a person from acting as a Central Securities Depository agent or from holding himself out as so acting;
 - (ii) an order restraining a person from withdrawing or otherwise dealing with any book-entry securities that are specified in the order;
 - (iii) for the purpose of securing compliance with any other order made under this section, an order directing a person to do or refrain from doing a specified act; and
 - (iv) any ancillary order deemed to be desirable in consequence of the making of an order under any of the preceding provisions of this subsection.

57.2 The High Court may, before making an order under subsection(1), direct that notice of the application be given to such persons as it thinks fit or direct that notice of the application be published in such manner as it thinks fit, or both.

57.3 Any person who fails to comply with an order made under subsection(1) commits an offence and shall, on conviction, be liable to a fine of not exceeding four million eight hundred thousand Liberian Dollars, or to imprisonment for a term not exceeding five years or to both.

57.4 Subsection (3) of this section, shall not affect the powers of the High Court in relation to the punishment for contempt of court.

57.5 The High Court may rescind, vary or discharge an order made by it under this section or suspend the operation of such an order, upon application made to that effect.

PART VIII A-CENTRAL SECURITIES DEPOSITORY GUARANTEE FUND.

Section 58. Obligation to have approval settlement Guarantee Arrangement

A central securities depository shall, as a condition to its silence, subject to the approval of the Authority, establish adequate arrangements to guarantee the settlement of all transactions relating to securities through its system.

Section 58A. Establishment of Central Securities Depository Guarantee Fund.

58A.1 A Central Securities Depository may, in fulfillment of the requirements of section 58, establish a Central Securities Depository Guarantee Fund (hereinafter referred to as “the Fund”) for settlement of trade through the Central Securities Depository.

58A.2 The Fund shall consist of—

- (a) a variable risk based contribution, to be determined by the Central Securities Depository, in consultation with the Authority, and payable by Central Securities Depository agents who are involved in settlement;
- (b) all penalties and fines imposed by a Central Securities Depository under this Act;
- (c) Such sums of money as may accrue from interest and profits from investing moneys of the Fund;
- (d) such revenue from contributions of a Central Securities Depository as its Board of Directors may, from time to time, determine; and
- (e) such other funds as the Board of the Central Securities Depository, with the approval of the Authority, may determine.

Section 58B. Management of the Fund.

58B.1 The Central Securities Depository shall manage the Fund established under section 58A as a separate fund and disclose it as such in the annual balance sheet of the Central Securities Depository.

58B.2 A Central Securities Depository shall keep proper accounts and records of the Fund and shall, in each financial year, prepare a statement of accounts showing the financial position of the Fund in its annual report.

58B.3 The accounts under subsection (2) shall include all sources of income and contributions to, expenses or disbursements of the Fund and any investments of the Fund.

58B.4 The accounts and records of the Fund shall be audited by the auditor appointed by the Central Securities Depository to audit its annual accounts.

58B.5 The Central Securities Depository shall make Rules for the operation and maintenance of the Fund.

PART IX - GENERAL

Section 59. Preservation of Records and account.

A Central Securities Depository and its Central Securities Depository agents shall preserve all records and accounts for a period of seven years, or not they cease to carry on their business before the end of the seventh year.

Section 60. Power of Authority to Compound Offences.

The Authority may, where it is satisfied that a person has committed an offence under this Act other than offences under sections 3 (1),9(1),, 45(1), 48 and 49 of this Act, compound the offence and order that person to pay such sum of money, not exceeding fifty percent of the amount of the minimum fine, including the daily fine, if any to which he would have been liable if he had been prosecuted and convicted of the offence, as the Authority may deem fit where upon-

Section 61. Prosecution

61.1 A prosecution for any offence against any provision of this Act may be conducted by the Authority or by any officer authorized in writing by the Authority.

(a) if such person pays such amount to the Authority within fourteen days after the order, proceedings shall not be taken against him in relation to the offence; or

(b) if such person does not pay the amount so ordered within fourteen days, the Authority may cause proceedings to be instituted in relation to the offence.

Section 61A. Insurance.

61A.1 A central securities depository shall, at all times, maintain an insurance policy to cover loss or damage arising from such occurrences as may be prescribed from time to time by the Authority.

61A.2 A Central Securities Depository shall obtain and maintain, at a reasonable and competitive cost, one or more insurance policies for such amounts and coverage as may be determined by the Central Securities Depository in its interests and in the interest of its depositors.

61A.3 The Authority or a Central Securities Depository agent may inspect the insurance policies maintained under subsection (2) of this section, during business hours.

61A.4 A Central Securities Depository shall notify the Authority and the Central Securities Depository agents of any reduction in the coverage or amount of any policy of insurance it maintains.

Section 62. Indemnity.

No officer, employee or agent of the Central Securities Depository shall be sued in any court for any act or matter done, or ordered to be done, or omitted to be done, by him in good faith and in the intended exercise of any power or performance of any duty, conferred or imposed on him by or under this Act.

Section 63. Capital Market Authority Rules

63.1 The Authority may, from time to time, make such SMA rules as may be necessary or expedient for carrying out or achieving the objects and purposes of this Act.

63.2 Without prejudice to the generality of sub-section (1) of this section, SMA rules may be made for –

- (a) prescribing fees to be paid in respect of any matter or thing required for the purposes of this Act.
- (b) prescribing the circumstances when a book-entry security in a securities account may be specified by a Central Securities Depository as being in suspense under section 43;
- (c) regulating the appointment of Central Securities Depository agents and nominee companies and the imposition of duties, obligations and sanctions on such agents and companies.
- (d) regulating the setting-up and operation of the computer system including computer terminals which form part of such system;
- (e) regulating the manner in which immobilized book-entry securities shall be kept for safe custody by a Central Securities Depository;

- (f) regulating the manner in which book-entry securities shall be immobilized or dematerialized by a Central Securities Depository;
- (g) regulating the replacement of physical registers with book-entry records where the Dematerialized security to be prescribed is a security other than a share or debenture under the Association Law of Liberia or an interest in a collective investment scheme;
- (h) prescribing other purposes for which a Central Securities Depository may appoint Central Securities Depository agents under section 9 (2) of this Act;
- (i) prescribing the types of bodies corporate which may be appointed to act as Central Securities Depository and its Central Securities Depository agents;
- (j) regulating the activities of, and the standards to be maintained by, a Central Securities Depository and its Central Securities Depository agents;
- (k) prescribing the manner in which records shall be kept and maintained by a Central Securities Depository, its Central Securities Depository agents and its nominee companies under this Act;
- (l) prescribing all matters relating to the maintenance of insurance, and the establishment and maintenance of compensation funds, by a Central Securities Depository, its nominee companies and Central Securities Depository agents for the purpose of settling claims by depositors against them;
- (m) prescribing such other persons who may have access to the computer system of a Central Securities Depository;
- (n) prescribing the extent to which any user or class of users may have access to the computer system of a Central Securities Depository;
- (o) matters relating to linkages between a Central Securities Depository and other securities depositories established outside Liberia; and
- (p) all matters or things which by this Act are required or permitted to be prescribed or which are necessary or expedient to give effect to this Act.

63.3 All rules, regulations and guidelines formulated by the Authority shall–

- (a) take into account and be consistent with the objective of promoting and maintaining an effective and efficient securities market;
- (b) be exposed to comment by stakeholders and the general public for a period of thirty days through notifications in at least two daily newspapers of national circulation and the electronic media; and

(c) be signed by the chairman and chief executive and published in the Gazette, the dailies and Internet.

63.4 For the purposes of sub-paragraph (3)(b) of this section, stakeholders shall include listed companies, all persons licensed or approved by the Authority or financial or other institutions whose operations in the opinion of the Authority have a bearing on the development or regulation of capital markets in Liberia.

Section 64. Reference to allottee in the Association Laws of Liberia

For purposes of the application of the Association of Law of Liberia in relation to any book-entry security, a reference to an allottee in that Act shall be construed as a reference to a deposited who, by virtue of section 37 of this Act, is deemed to be a member or debenture holder of the company which makes the allotment.

Section 65. Publication of Notice.

Where notice is require under Part III of this Act, it shall be given in not less than three daily newspapers of national circulation in the English language, once a week for four consecutive weeks.

Section 66. Commencement

This Act shall take effect immediately upon publication in Hand Bills by the Ministry of Foreign Affairs.

ANY LAW TO THE CONTRARY NOTWITHSTANDING.

2016

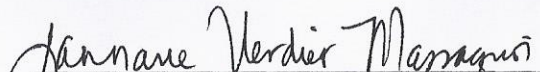
**FIFTH SESSION OF THE FIFTY-THIRD
LEGISLATURE OF THE REPUBLIC OF LIBERIA.**

SENATE'S ENGROSSED BILL NO. 22 ENTITLED:

**AN ACT ADOPTING THE CENTRAL SECURITIES
DEPOSITORY ACT OF LIBERIA 2016.**

On Motion, Bill read. On Motion, the Bill was adopted on its first reading, and sent to Committee Room on Thursday, September 29, 2016 at the hour of 11:58 G.M.T.

On Motion, Bill taken from the Committee Room for its second reading. On Motion, under the suspension of the rule, the second reading of the Bill constituted its third and final reading and the Bill was adopted, passed into the full force of the law and ordered engrossed today, Thursday, September 29, 2016 at 15:59 G.M.T.



SECRETARY, LIBERIAN SENATE, R.L.

2016

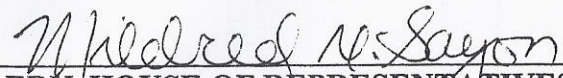
**FIFTH SESSION OF THE FIFTY-THIRD
LEGISLATURE OF THE REPUBLIC OF LIBERIA.**

HOUSE'S ENDORSEMENT TO SENATE'S ENGROSSED
BILL NO. 22 ENTITLED

**AN ACT ADOPTING THE CENTRAL SECURITIES
DEPOSITORY ACT OF LIBERIA 2016.**

On Motion, Bill read. On Motion, the Bill was adopted on its first reading, and sent to Committee Room on Tuesday, November 15, 2016 at the hour of 13:45 G.M.T.

On Motion, Bill taken from the Committee Room for its second reading. On Motion, under the suspension of the rule, the second reading of the Bill constituted its third and final reading and the Bill was adopted, passed into the full force of the law and ordered engrossed today, Tuesday, November 22, 2016 at 12:39 G.M.T.



CHIEF CLERK, HOUSE OF REPRESENTATIVES, R.L.

2016

ATTESTATION

**"AN ACT ADOPTING THE CENTRAL SECURITIES DEPOSITORY ACT
OF LIBERIA 2016"**




VICE PRESIDENT OF THE REPUBLIC OF LIBERIA/PRESIDENT OF THE SENATE



THE SECRETARY, LIBERIAN SENATE



THE SPEAKER, HOUSE OF REPRESENTATIVES



THE CHIEF CLERK, HOUSE OF REPRESENTATIVES, R.I.



SECRETARY OF THE SENATE



The Liberian Senate

CAPITOL BUILDING, CAPITOL HILL, MONROVIA, LIBERIA
WEST AFRICA

FIFTH SESSION OF THE FIFTY-THIRD LEGISLATURE OF THE REPUBLIC OF LIBERIA.

SCHEDULE OF SENATE'S ENROLLED BILL NO. 19 ENTITLED:

"AN ACT ADOPTING THE CENTRAL SECURITIES DEPOSITORY ACT
OF LIBERIA 2016"

PRESENTED TO THE PRESIDENT OF THE REPUBLIC OF LIBERIA FOR
EXECUTIVE APPROVAL.

APPROVED THIS 21ST DAY OF DECEMBER A.D. 2016
AT THE HOUR OF _____


THE PRESIDENT OF THE REPUBLIC OF LIBERIA