




# GOVERNMENT OF PUERTO RICO

Office of the Commissioner of Financial Institutions

## CIRCULAR LETTER NUMBER CFI CC-19-02

**TO:** ALL BROKER DEALER ENTITIES

**FROM:** GEORGE JOYNER, COMMISSIONER 


**DATE:** SEPTEMBER 17, 2019

**RE:** SPECIAL QUARTERLY REPORT-SUPERSEDES CIRCULAR LETTER CFI CC-17-1

### I. Authority

This Circular Letter is issued pursuant to the authority conferred by Act Number 4 of October 11, 1985, as amended, known as the "Office of the Commissioner of Financial Institutions Act" (hereinafter "Act No. 4").

### II. Legal Base and Purpose

 Act No. 4 empowers the Commissioner of Financial Institutions with the main responsibility of controlling and supervising the financial institutions that operate or do business in Puerto Rico. Also, Act No. 60 of June 18, 1963, as amended, known as "Uniform Securities Act", in its Section 412, Subsection (a), provides that:

(a) The Commissioner may issue, amend and rescind, from time to time, such regulations, forms, and orders as may be necessary to enforce the provisions of this act, including regulations and forms governing applications and reports, and defining any terms, whether or not used in this act, insofar as said definitions are not inconsistent with the provisions of this act...

In accordance with Act No. 4 and Act No. 60, the Office of the Commissioner of Financial Institutions (hereinafter "OCFI") may require information on any of the activities in Puerto Rico covered by such Acts specifically for the public interest.



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### III. Rule

Every broker dealer doing business in Puerto Rico will file, as stated below, a special quarterly report of:

The aggregate sum of all reporting broker dealer client's holdings in Puerto Rico bonds (bonds issued by the government of Puerto Rico, its agencies, instrumentalities and public corporations), broken down by issuer, face value, market value and amortized cost (adjusted cost basis).

In addition, those broker-dealers will provide information about the number of accounts holding Puerto Rico Bonds by issuer, specifically, the number of accounts holding bonds from such issuer and the aggregate face amount of holdings and aggregate market value of such holdings, segmented by face amount of holdings. The information will be broken down in the following format (the numbers used below are for illustration purposes only):

*JM*

#### ISSUER: PREPA

Face Amount of Puerto Rico Bonds Holdings per account	Number of accounts holding Puerto Rico Bonds(Example)	Aggregate Face Amount of Puerto Rico Bonds (Example)	Market Value of Puerto Rico Bonds (Example)
\$500,000 or lesser	40	\$10,000,000 (sum of the aggregate amount of Puerto Rico Bonds in the 40 accounts)	\$5,000,000



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\$500,001 to \$1,000,000	10	\$8,000,000	\$4,000,000
\$1,000,001 to \$5,000,000	5	\$6,000,000	\$3,000,000
\$5,000,001 or greater	2	\$12,000,000	\$6,000,000
Total	57	\$36,000,000	\$18,000,000

#### IV. Filing

All broker dealer institutions must submit the quarterly report to the OCFI Securities Regulation Division on or before the last day of the month following the reporting quarter. For example, the report of September 30, 2019 must be submitted on or before October 31, 2019. The report must be submitted electronically (preferably in excel format or excel format compatible) to the following email address: [valores@ocif.pr.gov](mailto:valores@ocif.pr.gov)

**Please note that we are requiring the submittal of the report for the quarter ending on June 30, 2019, on or before October 17, 2019, and the submittal of the quarter ending on September 30, 2019, on or before October 31, 2019.** If you have already submitted the monthly report for the month of June 2019, please take into consideration that you must submit the new report added in the second paragraph of Section III of this Circular Letter.

**The report must be filed, even if the entity has no client's holdings in Puerto Rico bonds. In this case, a report indicating "Nothing to report" must be filed.**

The report layout to be submitted for filing is made part of this Circular Letter. **Please, do not make changes to the structure of this report.**

#### V. Penalties

The broker dealers that file the report after the dates indicated above or that fail to comply with this requirement, may be subject to an administrative fine that the OCFI may impose of up to a maximum of \$5,000. Not filing the report could result in the cancellation of the license, pursuant to the provisions of Act No. 4, after the holding of administrative hearings.





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VI. **Effect of this Letter on Circular Letter CFI-CC-17-1**

This Circular Letter supersedes Circular Letter CFI CC-17-1

VII. **Effectiveness**

This Circular Letter will become effective on the date of its issuance.

A handwritten signature in blue ink, appearing to be "Alfonso", written in a cursive style.