
EASTERN CARIBBEAN SECURITIES REGULATORY COMMISSION



**DETERMINANTS OF REQUIREMENT FOR A LICENCE
UNDER THE SECURITIES ACT**

DETERMINANTS OF REQUIREMENT FOR A LICENCE UNDER THE SECURITIES ACT

The following decision matrix is provided to assist with the determination as to whether the services being provided by a company require a licence or other authorisation under the Securities Act.

Users of this guide are encouraged to review the Securities Act passed within their respective jurisdictions for a complete presentation of the requirements. When further clarification is required the user may contact the Secretariat of the Commission using the information provided at the end of this document.

BACKGROUND

A uniform Securities Act was passed in the territories of the Eastern Caribbean Currency Union (ECCU)¹ in 2001. This Act is intended to “provide for the protection of investors in securities” within the domestic securities market². On the passage of the Act a single securities regulator, the Eastern Caribbean Securities Regulatory Commission (the Commission), was established. It is the responsibility of the Commission to regulate all persons engaged in securities business and all issues of securities to the public³ to ensure the protection of investors for which the Act provides. The Commission’s authority in this regard is effective in all member states of the ECCU.

REQUIREMENT FOR LICENCE

The following business activities require a licence issued by the Commission:

- Establishment and operation of a securities exchange - Section 7 of the Act;

- Establishment and operation of a clearing agency - Section 23 of the Act;

¹ These comprise Anguilla, Antigua & Barbuda, Commonwealth of Dominica, Grenada, Montserrat, Saint Lucia, St Kitts-Nevis and St Vincent and the Grenadines.

² The Securities Act 2001 is not applicable for off-shore entities.

³ This responsibility does not include securities issued by ECCU governments.

- Establishment and operation of a securities registry - Section 40 of the Act;
- Carrying on or holding oneself out as carrying on securities business - Section 46 of the Act;
- Establishment and operating as a custodian – Section 56 of the Act;
- Carrying on or holding oneself out as carrying on business as a custodian or management company of a collective investment scheme - Section 100 of the Act;
- Establishment and operating an investment company - Part III of the Securities (Collective Investment Scheme) Regulations.

ASSESSMENT

The primary objective is to ascertain the type of product or service the company intends to provide. The recommended steps to make this determination are provided in the appendix.

Once the user has reasonable evidence that the registrant intends to become a participant in the securities market, the company should be advised that the service/product may require licence under the Act and that guidance should be sought from the Commission. This reasonable evidence is established if there is a “yes” response regarding any of the activities set out in the appendix.

The user of this guide should provide details of the firm being assessed, to the Commission.

Following review by the Commission, the firm will be provided written instructions which would be copied to the Registrar of Companies or any other relevant institutions within the territory.

LICENCES

Licences issued by the Commission are subject to annual review and renewal. Documentation issued to the licensee will be copied to the other institutions/regulators where applicable.

CONTACT

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APPENDIX

**SECURITIES ACT 2001
REQUIREMENT FOR LICENCE**

ASSESSMENT CHECKLIST

Should any of the responses be in the affirmative, the firm should be referred to the Commission for an assessment of its licensing needs.

As a primary business, does the registrant intend to:

ACTIVITY	YES	NO
Establish and operate a forum/place/facility, electronic or physical, where buyers and sellers of financial instruments transact business on a regular basis		
Establish and operate a forum/place/facility, electronic or physical, to facilitate the settlement of securities transactions between buyers and sellers		
Establish a business to act as a buyer and seller of securities transactions to reconcile transactions between buyers and sellers of securities.		
Establish and operate a business to manage shareholder records.		
Establish and operate a business to pay dividend payments, dispatch shareholder reports and other corporate communication to shareholders.		
Establish a business that effects the transfer on ownership of securities.		
Establish a business which intends to make, or offer to make, agreements with persons with a view of acquiring, subscribing to or underwriting securities.		
Establish a business to manage securities/a portfolio of securities on behalf of another person.		
Establish a business to hold securities on behalf of another person.		
Establish a business that receives orders (physical or electronic) and buys and sells securities on behalf of another person.		
Establish a business that gives investment advice.		
Establish a business that bears the name: investment, financial services broker/adviser.		
Establish a business that holds securities in safekeeping.		
Establish a business to accumulate financial contributions from a number of individuals and; (a) invest the sum in investment products (b) divide the earnings from the investment products between its contributors.		
Establish a business that bears the name: Fund, Investment Company, Scheme, Unit Trust.		