

17 May 2022

MARKET NOTICE:

REQUIREMENTS FOR MARKET PARTICIPATION: SECURITIES ADVISE AND LICENSING



The Eastern Caribbean Securities Regulatory Commission (ECSRC) advises the public in the member countries of the Eastern Caribbean Currency Union that any person or company that is engaged in providing advice on securities, or are holding themselves out as carrying on that business must be licensed under the Securities Act 2001.

A person is regarded as carrying on business giving advice on securities if he, by way of business-

- *advises others concerning investments in securities;*
- *issues analyses or reports concerning specific securities;*
- *manages a portfolio of securities for another person, without holding property of the other person, and on terms that preclude him from doing so.*

A person carries on business as an investment adviser if he engages in the following activities-

- *portfolio monitoring and reporting;*
- *structuring investment portfolio and creating excel models for portfolio management and reporting*
- *review of investment portfolio;*
- *preparation of investment policy statements;*
- *investment research and reporting;*
- *the marketing of investment products*

The ECSRC however advises that a person is **not** regarded as carrying on business giving advice on securities if that person:

- (i) is a broker dealer;
- (ii) is a financial institution licensed under the Banking Act;
- (iii) is a lawyer or a professional accountant who gives advice on securities as an incident to the practice of that person's profession; or
- (iv) gives advice on securities only in a newspaper, magazine, journal or other periodical

publication which is generally available to the public; and which does not have as its principal or only object the provision of advice, or the issue of analyses or reports, concerning securities.

The ECSRC cautions members of the public that it is an offence under the Act to engage in the business of investment advising without holding a licence granted by the ECSRC.

A person guilty of such an offence is liable on summary conviction and, in the case of-

- ✓ an individual, to a fine of \$200,000 or to imprisonment for two years or both;
- ✓ a company, to a fine of \$200,000.

If the offence is a continuing offence, the individual or company is liable to a further fine not exceeding \$1,000 for every day that the offence continues after conviction.

A person convicted of the offence of carrying on business giving advice in securities shall, be liable to pay to the ECSRC, any monies received or the monetary equivalent of any assets obtained as a result of carrying on securities business without a licence.

Investors and potential investors are advised to seek investment advice only from a licensed investment adviser.

A list of licensed licensees is available on the ECSRC website at www.ecsrc.com.

Eastern Caribbean Securities Regulatory Commission
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