



## **CMDA Policy Statement 2/99**

(Originally issued as CMDA Notice 1/99)

Amended 26 August 2002

# **Brokers, Dealers, Investment Advisers and Representatives**

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**Subject:**      **LICENSING**

**Background:**

It has come to the Authority's attention that market participants may not be aware of all circumstances under which persons associated with licensed brokers, dealers, investment advisers and unit trusts must be licensed as representatives. Accordingly, this Policy Statement is issued to clarify certain aspects of the licensing requirements.

**Requirement**

The CMDA Act, 1996, prohibits any person from carrying on "a business as a broker, dealer, investment adviser, unit trust, mutual fund or a representative of any of the foregoing, or hold himself out as carrying on such a business unless he is holder of a valid licence..." (CMDA Act, 1996, Section 38).

It is the Authority's view that this means any person who :

1.    accept orders to purchase or sell securities for a public customer,
2.    opens an account or solicits the opening of an account for transacting business in securities by a public customer,
3.    communicates with any member of the public or the public in general by any means or media for the purpose of conducting or soliciting securities business,
4.    manages a portfolio of securities on behalf of clients

must be licensed by the Authority as a representative of a licensed broker, dealer, or investment adviser. Employees who act solely in a clerical, administrative, or ministerial capacity need not be licensed. However, such persons may only perform clerical, administrative or ministerial tasks and may not accept transactions from customers, approve the opening of a customer account on behalf of the firm or receive commission based compensation, among other things.

Please contact the Capital Markets Development Authority staff on phone no. 330-4944 if you have questions or need clarification with respect to licensing requirements.

**Capital Markets Development Authority**  
**7 June 1999**