



TRADING IN SECURITIES STANDARD CONDITIONS

FSC/SC/001-5-1

Dated the 16th day of October 2023



ANNEX TO THE LICENCE

Granted to

[XXXXXXXXXXXXXXXXXXXXXX]

("The Licensee")

(License No. XXXXXXXXXXXXXXXXX)

TRADING IN SECURITIES LICENCE

This Licence is issued subject to the following conditions:

- A. The standard terms, conditions and limitations as specified in section 27(1) of the Financial Services Commission Act, Act No. 8 of 2023 (the "Act").
- B. The following standard terms, conditions and limitations authorized pursuant to section 27(3) and (4) of the Act:
 1. The Licensee shall at all times comply with all relevant laws of Belize, inclusive of the following:
 - i) Accounting Records (Maintenance) Act, Chapter 261:01 of the Substantive Laws of Belize, Revised Edition 2020, and its subsequent amendments.
 - ii) Mutual Administrative Assistance in Tax Matters Act, Chapter 103:03, Revised Edition 2020.
 - iii) Income and Business Tax Act, Chapter 55 of the Substantive Laws of Belize, Revised Edition 2020.
 - iv) Economic Substance Act, Chapter 273:01 of the Substantive Laws of Belize, Revised Edition 2020.
 - v) Money Laundering and Terrorism (Prevention) Act, Chapter 104 of the Substantive Laws of Belize, Revised Edition 2020, and its subsequent amendments.
 2. The Licensee must provide all of its customers with monthly statements with the following specified information:
 - i) the amount due to such customers; and
 - ii) the fact that such funds are payable on demand of the customer.

3. The Licensee must hold in cash or qualified authorized securities as prescribed by the Financial Services Commission (the “FSC”), either solely or in common, customer credit items in excess of customer debit items. In addition, the Licensee is required to:
 - i) segregate customer funds.
 - ii) maintain physical possession or control of fully paid and excess margin securities carried for customers.
4. The Licensee shall not encourage excessive trading in a customer’s account for the purpose of increasing the Licensee’s or stockbroker’s or broker’s commission or other revenue generated by such trading; and must at all times comply with duty of fair dealing owed to customers.
5. The Licensee is prohibited from executing any transaction or from making improper use of a customer’s securities or funds, including but not limited to, cases of theft or borrowing, lending or pledging without the customer’s prior written authorization.
6. The Licensee is required to fully disclose to customers the charges for services performed by registered firms in connection with securities transactions and shall not be discriminatory between customers.
7. The Licensee shall report to the FSC not later than five business days after the event whenever the Licensee or any of its agents or employees:
 - i) is the subject of any written customer complaint involving allegations of manipulation, deception, forgery, fraud, theft or misappropriation of funds or securities, together with the action taken to address the complaint;
 - ii) is named a defendant or respondent in any criminal or regulatory proceeding or any civil proceeding exceeding US\$25,000.00, whether in Belize or abroad.
8. Upon opening a new customer relationship, the Licensee must:
 - i) be in possession of a Margin Agreement signed by the customer;
 - ii) conduct an initial assessment of, and periodically thereafter or upon a triggering event¹, the customer’s suitability by obtaining documented details pertaining to the financial circumstances, risk tolerance, investment knowledge as well as investment needs and objectives of the customer;

¹ Examples of triggering events include changes in family or financial circumstances, job loss or retirement, inheritance, large purchase or sale of an asset, etc.

- iii) adopt policies and procedures to ensure that detailed customer due diligence information is collected and maintained for each customer it services.
- 9. For the purposes of assessing the suitability of a customer, the Licensee may distinguish and classify customers in various categories², taking a risk-based approach to onboarding of customers and thereafter, apply differing standards of assessment for each customer category.
- 10. The Licensee's foreign exchange trading is limited to over-the-counter markets and organized exchanges and the Licensee is prohibited from conducting foreign exchange transactions in the cash/parallel market.
- 11.
 - (1) The Licensee must give priority to customer's orders and shall transmit instructions in order of receipt.
 - (2) The Licensee shall promptly address any complaints from its customers and do everything possible to satisfy them so as to avoid any damage to the reputation of Belize as a well-regulated jurisdiction.
 - (3) The Licensee shall report to the FSC on a monthly basis the action taken to address the complaint from its customers.
- 12.
 - (1) The Licensee is required to complete the FSCREP1, which can be accessed on the FSC's website, and shall file the referenced form by electronic means within twenty (20) working days of the end of each quarter (or at such other times as may be specified by the FSC).
 - (2) The Licensee shall immediately supply any other information relating to quarterly financial reports as required by the FSC from time to time.
- 13.
 - (1) The Licensee is also required to complete the FSCREP2 and AML/CFT Questionnaire, which both can be accessed on the FSC's website, and shall file the referenced forms by electronic means by the tenth day of January of each calendar year (or at such other times as may be specified by the FSC) in respect of facts and information of the preceding calendar year.
 - (2) The Licensee shall immediately supply any other information relating to the forms specified at subparagraph (1) above, as required by the FSC from time to time.
- 14. In the event of insolvency, whether deemed insolvent in Belize or any other jurisdiction, the Licensee is prohibited from effecting securities or derivatives transactions and must provide immediate notice to the FSC. For this purpose, insolvency is defined by:

² Acceptable classifications of customers may include: (a) Professional Investors, (b) Sophisticated Investors and (c) Retail Investor.

- i) the placement in a voluntary or involuntary bankruptcy or similar proceeding;
 - ii) the appointment of a trustee, receiver, or similar official;
 - iii) a general assignment by the Licensee for the benefit of its creditors;
 - iv) an admission of insolvency; or
 - v) the protracted inability to make computations necessary to establish compliance with FSC's net capital licensing requirement.
- 15. The Licensee shall not, without the prior written approval of the FSC:
 - i) enter into a merger, amalgamation or consolidation;
 - ii) transfer the whole or any substantial parts of its assets or liabilities;
 - iii) change its name, address, from that set out in its license;
 - iv) alter its Memorandum or Articles of Association.
- 16. The Licensee shall not make any changes in the beneficial ownership, shareholdings, directorate, management or representative of the Licensee, without the prior written approval of the FSC.
- 17. The Licensee is required to meet with the FSC at least once a year to review the Licensee's performance in the preceding year and prospects for the ensuing year, unless granted a specific waiver for the meeting by the Director General. These meetings may be conducted by teleconference at the discretion of the Director General.
- 18. The services offered by the Licensee shall be consistent with products offered by licensed brokers for trading in financial and commodity-based derivatives.
- 19. The Licensee is prohibited from conducting any banking business such as receiving money from the public through the acceptance of deposits on current account, deposit account or other similar accounts which may be withdrawn on demand by cheque, draft, order or notice by customers and using that money to make advances, loans, extensions of credit, guarantees and investments.
- 20. The Licensee shall pay special attention to cash deposits (including bearer monetary instruments) in excess of US\$10,000.00 (or its equivalent in any currency) in a single transaction or several transactions that appear to be linked and report all suspicious transactions to the Financial Intelligence Unit of Belize forthwith.

21. The Licensee shall not offer or transact any trading with a resident of a country whose laws require a local licence for this purpose, without obtaining such a licence.
22. The Licensee's investment in equity of a single issuer, including any affiliate, shall not exceed 25 percent of its fully paid-up and unimpaired capital.
23. The Licensee shall not establish a branch, subsidiary or representative office without the prior approval of the FSC; and accordingly, shall not outsource any of its activities unless prior approval of the FSC is obtained.
24. The Licensee shall submit to the FSC as soon as possible (upon its making or after a revision, as the case may be) a manual (or a revised manual if relevant) of operating procedures, including liquidity and money laundering prevention controls.
25.
 - (1) The Licensee shall at all times keep deposited with a bank or other licensed financial institution that is located in a Zone A country the minimum paid up and unimpaired capital of **US\$500,000.00** as approved by the FSC.
 - (2) The Licensee shall:
 - i) conduct its own assessment of the country risk of the Zone A country in which the bank holding its capital is located, including the credit risk of the bank or financial institution holding its capital requirement.
 - ii) Provide to the FSC within ninety (90) days of the end of each calendar year (or at such other times as may be specified by the FSC), a report of the results of the assessments stated at subparagraph 2(i) above.
26. The Licensee shall immediately notify the FSC of any material changes in the information previously supplied by the Licensee.
27. The Licensee shall not change its name or corporate or management structures without the prior written permission of the FSC.
28. The Licensee shall not use any other trade name and/or domain name without the prior written approval of the FSC.
29. The Licensee is required to forward to the FSC within ninety (90) days of the end of each calendar year (or at such other times as may be specified by the FSC), a Compliance Declaration Form, properly completed and given under Oath, Notarized and Apostilled.

30. A breach of or non-compliance with any of the above conditions may result in the revocation of the Licence.

DATED this XX day of XXXXX, XXXX.

CLAUDE B. F. HAYLOCK (MR.)
(Director General)
Financial Services Commission