

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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SENATE BILL 275

Short Title: Canadian Dealers/Salesmen Registration-AB.

(Public)

Sponsors: Senator Hartsell.

Referred to: Judiciary I.

March 1, 2001

A BILL TO BE ENTITLED

AN ACT TO PROVIDE A LIMITED REGISTRATION PROCEDURE FOR
CANADIAN SECURITIES DEALERS AND SALESMEN.

The General Assembly of North Carolina enacts:

SECTION 1. Article 5 of Chapter 78A of the General Statutes is amended
by adding a new section to read:

"§ 78A-36.1. Limited registration of Canadian dealers and salesmen.

(a) A dealer that is a resident of Canada and that has no office or other physical presence in this State may, provided the dealer is registered in accordance with this section, effect transactions in securities with or for, or induce or attempt to induce the purchase or sale of any security by:

(1) A person from Canada who is residing in this State temporarily and with whom the Canadian dealer had a bona fide dealer-client relationship before the person entered the United States; or

(2) A person from Canada who is a resident of this State and whose transactions are in a self-directed tax advantaged retirement plan in Canada of which the person is the holder or contributor.

(b) A salesman who will be representing a Canadian dealer registered under this section may, provided the salesman is registered in accordance with this section, effect transactions in securities in this State as permitted for the dealer in subsection (a) of this section.

(c) A Canadian dealer may register under this section provided that it meets the following conditions:

(1) Files an application in the form required by the jurisdiction in which it has its head office.

(2) Files a consent to service of process.

(3) Is registered as a dealer in good standing in the jurisdiction from which it is effecting transactions into this State and files evidence thereof.

- 1 (4) Is a member of a self-regulatory organization or stock exchange in
2 Canada.
- 3 (d) A salesman who will be representing a Canadian dealer registered under this
4 section in effecting transactions in securities in this State may register under this section
5 provided that the salesman meets the following conditions:
- 6 (1) Files an application in the form required by the jurisdiction in which
7 the dealer has its head office.
- 8 (2) Files a consent to service of process.
- 9 (3) Is registered in good standing in the jurisdiction from which the
10 salesman is effecting transactions into this State and files evidence
11 thereof.
- 12 (e) If no denial order is in effect and no proceeding is pending under G.S. 78A-
13 39, registration becomes effective on the thirtieth day after an application is filed, unless
14 the registration is made effective earlier.
- 15 (f) A Canadian dealer registered under this section shall meet the following
16 conditions:
- 17 (1) Maintain its provincial or territorial registration and its membership in
18 a self-regulatory organization or stock exchange in good standing.
- 19 (2) Provide the Administrator, upon request, with its books and records
20 relating to its business in this State as a dealer.
- 21 (3) Inform the Administrator forthwith of any criminal action taken
22 against it or of any finding or sanction imposed on the dealer as a
23 result of any self-regulatory or regulatory action involving fraud, theft,
24 deceit, misrepresentation, or similar conduct.
- 25 (4) Disclose to its clients in this State that the dealer and its agents are not
26 subject to the full regulatory requirements under this Article.
- 27 (g) A salesman of a Canadian dealer registered under this section shall meet the
28 following conditions:
- 29 (1) Maintain the salesman's provincial or territorial registration in good
30 standing.
- 31 (2) Inform the Administrator forthwith of any criminal action, taken
32 against the salesman or of any finding or sanction imposed on the
33 agent as a result of any self-regulatory or regulatory action involving
34 fraud, theft, deceit, misrepresentation, or similar conduct.
- 35 (h) Renewal applications for Canadian dealers and salesmen under this section
36 shall be filed before December 1 of each year and may be made by filing the most
37 recent renewal application, if any, filed in the jurisdiction in which the dealer has its
38 head office, or if no such renewal application is required, the most recent application
39 filed pursuant to subdivision (c)(1) of this section or subdivision (d)(1) of this section,
40 as applicable.
- 41 (i) Every applicant for registration or renewal registration under this section shall
42 pay the fee for dealers and salesmen as required in this Chapter.
- 43 (j) Every Canadian dealer or salesman registered under this section may only
44 effect transactions in this State if the following conditions are met:

- 1 (1) As permitted in subsection (a) or (b) of this section.
2 (2) With or through:
3 a. The issuers of the securities involved in the transactions;
4 b. Other dealers; and
5 c. Banks, savings institutions, trust companies, insurance companies,
6 investment companies, as defined in the Investment Company Act of
7 1940, pension or profit-sharing trusts, or other financial institutions or
8 institutional buyers, whether acting for themselves or as trustees.
9 (k) Article 2 of this Chapter applies to Canadian dealers and salesmen registered
10 under this section.
11 (l) Except as otherwise provided in this section, Canadian dealers or salesmen
12 registered under this section and acting in accordance with the limitations set out in
13 subsection (j) of this section are exempt from all of the requirements of this Chapter. A
14 registration under this section may be denied, suspended, or revoked for a breach of
15 Article 2 of this Chapter or this section only."

16 **SECTION 2.** This act is effective when it becomes law.