

Reform in the Securities Dealer's Framework Policy Proposals

FSA's Responses			
Page #	Proposal	Comments	FSA's Comments
11	7(a) At least one fit and proper resident director in Seychelles.	<p>Abacus (Seychelles) Limited (on behalf of clients):</p> <p>The proposed amendments will require for a local resident Director to be appointed to the Board of Directors of a securities dealer, which (resident Director) must have decision-making powers (i.e., per our understanding, such directorship must be of an executive nature). Given the aforementioned proposed requirement, does the Financial Services Authority deem that the Seychelles currently have a sufficient number of resident professionals who are fit & proper and well-versed with the laws and regulations that are attaching to a securities dealer's operations, and who are able to discharge their duties efficiently?</p> <p><u>Proposals 7(a), (b), (c), (d):</u> In general, we understand the reasons for these proposals and support it. But we would like to express our views on the obligatory of a resident person in a company.</p> <p>As the Regulator (FSA) correctly pointed out, at the moment there is a shortage of qualified compliance officers within the Seychelles. That is why, as far as we remember, some time ago the Regulator allowed the outsourcing of the compliance function.</p> <p>We believe that in addition to the shortage of qualified personnel for the compliance function within the Seychelles,</p>	<p>This requirement is for licensees to have a resident director in place which does not necessarily need to be a Seychellois. The resident director can be a foreigner employed on a Gainful Occupation Permit (GOP) in Seychelles.</p> <p>The FSA provides scholarships annually to members of the general public who wish to pursue higher education in the financial services field. As such, this is a measure which aims to address the shortage of qualified individuals locally to take up these positions.</p> <p>Furthermore, the FSA is revising the Code for Fit and Proper and Competency Standards as an additional measure.</p> <p>Lastly, the current timeframe for entities licensed before coming into force of these amendments in the Securities Act is being extended to 18 months.</p>

		<p>there is also a shortage of personnel for other positions required by security dealers (including the positions of directors, representatives, etc.)</p> <p>It will take some time to cultivate qualified personnel who could take the position of director, representatives, etc. Therefore, our proposal is to postpone the introduction of the rule on the obligation of a resident persons for three years (just as it was proposed by Regulator to terminate (discontinue) the concept of outsourcing of the compliance function not immediately, but within three years (see point (l)).</p>	
		<p>Blackbull Markets:</p> <p>The Company agrees with the FSA proposals. However, we believe that the grace period for existing Licensees to comply with this requirement should be 2 years.</p> <p>In addition, a Seychelles based Director should be allowed to be Director in other Companies as well. The high number of regulated Securities/Dealers Brokers in conjunction with the islands small number of residents will create challenges in finding a fit and proper Director.</p>	<p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p> <p>There is no restriction for a Seychelles based Director to be a Director in other Companies, however this will need to be considered by the Authority on a case-by-case basis as part of the fit and proper assessment to avoid individuals holding multiple directorship positions without being able to discharge their duties effectively.</p>
		<p>Alchemy Markets:</p> <p><u>Proposals 7(a), (b), (c), (d):</u> It is currently almost impossible to hire local individuals who are adequately qualified to meet the fit and proper test requirements and are sufficiently experienced to carry out the operations of the business competently.</p>	<p>The dual control requirement can be fulfilled by any two individuals who are deemed fit and proper, i.e., directors, compliance officers, representatives or any key officers of the licensee i.e., does not need to be new additional individual for the sole purpose of only meeting the dual control requirement.</p>

		<p>It must also be noted that the requirements outlined in points A to D will inevitably place considerable additional demands on the Licensees' financial and physical resources.</p> <p>We have multiple concerns regarding this due to the following facts:</p> <ol style="list-style-type: none"> 1. We have been attempting for the past six months to hire a full-time, Seychelles resident compliance officer and could not find anyone who is suitable to be approved as fit and proper or had adequate experience per the SFA's guidelines to fill the position. 2. There is a lack of fit and proper staff in the Seychelles that can clearly be demonstrated by the fact that: <ul style="list-style-type: none"> • There are only currently 19 approved Outsourcers for compliance per the SFSA here: https://fsaseychelles.sc/regulated-entities/capital-markets/approved-outsource-providers • Yet there are over 100 approved securities dealers in the Seychelles and growing: https://fsaseychelles.sc/regulated-entities/capital-markets • We understand that the FSA has put in place a sponsorship program whereby approximately 40 individuals are selected each year to undertake the relevant qualifications to be hired by securities dealers, this does not however guarantee that the candidates 	<p>In addition, note that the FSA is revising the Code for Fit and Proper and Competency Standards to address concerns regarding the assessment criteria.</p>
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		<ul style="list-style-type: none"> The Dual control requirement will add to the difficulties Licensees are already facing to find one suitable individual. In addition, our Seychelles entity being part of an international group, as is the case for a large number of Licensees, the group has enough employees who are qualified to perform the roles adequately. With this in mind, the obligation to dedicate an additional 2 employees for these roles becomes somewhat superfluous. 	
		Baxia Global Ltd: Please allow 2 years to effectively locate, hire and train qualified personnel in order to bring them up to the specific company's director level.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		CM Trading: Can a Compliance Officer be a director? Again, Seychelles is attractive because of these criteria. While we understand the concept of having a local director, the issue remains that the pool of qualified applicants are low and it will be difficult to find suitable candidates for these position.	The Compliance Officer can be a director as long as there are appropriate control mechanisms in place for conflict of interest arising and to maintain the independency of the respective roles . In addition, the current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		Deneo Partners: We consider that the current fit and proper assessment criteria for Directors are a bit strict, which makes it very difficult to find	

		<p>local Directors. Therefore, the Authority should consider relaxing a bit the fit and proper criteria for the local resident Directors, in particular with regards to having direct FX and CDFs experience.</p> <p>In addition, given the limited resources that we have observed in the Seychelles labour force that can meet the fit and proper criteria, we would recommend the Authority extending the grace period for existing Licensees to comply with this requirement to <u>2 years</u>. This period would allow them to recruit, train and submit the application for the resident director to be approved as fit and proper in accordance with the FSA's requirements.</p> <p>As it is not clearly specified whether the proposed resident director should be full-time or if they could be on a part-time basis. We would suggest allowing for a part-time position, at least at the initial stage of the Licensee's business, in order to also avoid any disruptions in other local businesses and government functions (FSA, Banks, FIU, etc) in case the Licensee start approaching candidates from these units.</p> <p><u>Additional Proposal:</u></p> <p>We are further suggesting considering a Temporary Replacement appointment which will allow the Licensees to act in case of any unexpected events (i.e. termination of a local resident Director/Compliance Officer) by appointing a person on a six (6) month temporary basis. This Temporary Replacement will need to be prior communicated and approved by the Authority on a case by case.</p>	<p>Note that the FSA is currently in the process of revising the Code for Fit and Proper and Competency Standards to address concerns regarding the assessment criteria.</p> <p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p> <p>The resident director can be an individual at board level only or an employee of the licensee as long as the individual can prove to the FSA that he/she can effectively discharge his/her role as a Director.</p> <p>The FSA is of the view that such arrangement can be done on a case by case basis if necessary. No formal legislative amendment is required</p>
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		<p>Digital Invest Limited:</p> <p>While we welcome the FSA's efforts to enhance the regulation and supervision of Securities Dealers, we strongly oppose the changes related to <i>(7a) the introduction of a full-time compliance function to be undertaken in Seychelles by a resident person and (7c) the requirement of at least one fit and proper resident director in Seychelles.</i></p> <p>Such proposed changes will significantly increase operational costs, particularly for smaller Securities Dealers like us, by requiring us to hire more local staff and maintain an office in Seychelles. Likewise, the prohibition of outsourcing of core functions will further limit our ability to control costs.</p> <p>The requirement for a full-time compliance function to be undertaken in Seychelles by a resident person is particularly concerning due to the fact that we continue to face an issue in relation to scarcity of qualified compliance officers within Seychelles, while the number of SDs are increasing every day.</p> <p>This would not only limit our capacity to use the most cost-effective compliance solutions, but also undermine our ability to compete with larger international firms that benefit from economies of scale.</p> <p>Furthermore, the requirement for at least one fit and proper resident director in Seychelles is a significant challenge for Securities Dealers that operate internationally, as it imposes an unnecessary operational burden on businesses that may have other more efficient and effective ways to provide directorship. We believe that the focus should be on having fit and proper directors, regardless of their residency, as this would ensure</p>	<p>Whilst the FSA has noted these concerns, the transition period is being given to address some of the potential implications by giving licensees ample time to prepare (either by training an individual/recruitment or relocation of an individual with the expertise) prior to the implementation of the new requirements.</p> <p>The Authority wishes to reiterate that this requirement is for licensees to have a resident director in place which does not necessarily need to be a Seychellois. The resident director can be a foreigner employed on a Gainful Occupation Permit (GOP) in Seychelles.</p> <p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>
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	<p>that the Securities Dealer remains accountable, professional and responsible.</p> <p>Both requirements, if enacted into law, would significantly limit our capacity to select from a wide market pool of eligible professionals, hence hindering our ability to leverage cost-effective solutions and resources for an efficient performance of our activities.</p> <p>We believe that these proposed changes may be prohibitive for smaller Securities Dealers operating in Seychelles, and will limit competition and choice for investors. This may reduce innovation and investment in the Seychelles securities industry, ultimately harming the interests of our clients and the broader Seychelles economy.</p> <p>We urge the FSA to reconsider these proposed changes, taking into account their potential impact on Seychelles Securities Dealers and the broader Seychelles economy. We believe that the proposed changes will result in significant and unnecessary costs for our business, and that alternative approaches should be explored.</p> <p>On the other hand, we strongly support other proposed changes to the legislation (i.e. 7: d-f, h-k, m-u), including the necessity of the complaints handling procedure to be conducted in Seychelles, new paid up capital requirements and new Risk Warning requirements.</p> <p>It is worth noticing that, as a responsible Securities Dealer, we already make extensive use of risk warnings as a common commercial practice. Hence, we believe that mandatory risk</p>	
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		<p>warnings will enhance transparency and improve investor protection.</p> <p>The proposed risk warnings will include the understanding of the complexity of the instrument and the risks that come with it, the risk of losing money rapidly due to leverage and price fluctuation, and advising clients of the percentage of clients that have lost money. We believe that these additions will improve the understanding of the risks associated with investing in Securities, Futures and Contract For Differences, and ultimately benefit both investors and the Seychelles securities market.</p> <p>In conclusion, we urge the FSA to reconsider the proposed changes as detailed <i>supra</i>; particularly those related to the full-time resident compliance function and directors, as they will not only result in significant and unnecessary costs, but also unreasonably generate operational convolutedness for Securities Dealers operating in Seychelles, such as ourselves.</p>	
		<p>EF Worldwide Ltd:</p> <p><i>Proposal 7(a) and (b):</i> The company has appointed persons it trusts and have been working in the industry for years. They have worked for the company for many years and have proven knowledge and experience.</p> <p>We know that Seychelles faces a problem of lack of specialized personnel on this industry. If you consider that the number of licensed companies are increasing year by year, then it will be very difficult to find people who have the appropriate knowledge and experience to manage such a critical position.</p>	<p>The Authority wishes to reiterate that this requirement is for licensees to have a resident director in place which does not necessarily need to be a Seychellois. The resident director can be a foreigner employed on a Gainful Occupation Permit (GOP) in Seychelles.</p> <p>Whilst the FSA has noted these concerns, the transition period is being given to address some of the potential implications by giving licensees ample time to prepare (either by training an individual/recruitment or relocation</p>

		Further, there is a risk that directors might be appointed or hired from many companies.	of an individual with the expertise) prior to the implementation of the new requirements.
		Evalanch Ltd: We have no objection to this although the time given to comply with this, is very narrow, it could be done in 3 years as we need time to hire and train this person. In addition, given the limited number of fit and proper directors in Seychelles, with the demand that will be created from all Seychelles brokers it will boost the salaries of directors to levels higher than in Europe and it will be not worth it financially to maintain any more Seychelles license.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		Excent Capital Ltd: <u>Proposals 7(a) and (b):</u> Do not agree. Having in mind that this could be very expensive considering costs for reallocation, and, due to the high number of active brokers in Seychelles now, would be very difficult to compete with other brokers to look for the right talent.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		FinQuotes Financial (Seychelles) Ltd: The Company acknowledges this requirement. Due to the size of the company, we suggest that a total number of three years are required to comply with the requirement. Additionally, it will be beneficial to be able to appoint a non-full time qualified director that can be shared with other licensees of similar size.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments). There is no restriction for a Seychelles based Director to be a Director in other Companies, however this will need to be considered by the Authority on a case-by-case basis as part of the fit and proper assessment to avoid

			individuals holding multiple directorship positions without being able to discharge their duties effectively.
		<p>FiveComply:</p> <p>Our suggestion is instead of a fit and proper director resident in Seychelles, we suggest that directors should visit Seychelles on a quarterly basis.</p> <p>In addition, we suggest that there is an office administrator that can be appointed instead of imposing a requirement for a fit and proper director.</p> <p>Some clarifications that shall be needed:</p> <ol style="list-style-type: none"> 1. A director that will be approved for one SDL, would it be possible to be appointed to other licensees as well? 2. Are there in Seychelles so many individuals that could be considered fit and proper for the role of an executive director and also be fully aware of how a brokerage works, be able to supervise the dealing department, etc. <p>Having a resident director along with the requirement for a full time CO might not be feasible in practice as the current market now, cannot support this change.</p>	<p>The proposed quarterly visit cannot be considered as this would not be in line with the requirement of having a full time 'resident' director.</p> <p>The appointment of an office administrator is up to the licensee. However, a fit and proper resident director would be required in line with the FSA's effort to increase substance within the jurisdiction itself.</p> <p>Clarification on Point 1: There is no restriction for a Seychelles based Director to be a Director in other Companies, however this will need to be considered by the Authority on a case-by-case basis as part of the fit and proper assessment.</p>
		<p>Fusion Markets International:</p> <p>We agree with your proposal however there is a lack of fit and proper Directors in the Seychelles at present therefore there needs to be a grace period of at least 2 years to train, source and hire such Directors.</p>	<p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>

		<p>HSN Capital Group Ltd:</p> <p>Proposals 7(a) and (b): This would be significantly difficult to implement taking into consideration the number of licensed entities and the lack of availability of qualified professionals based in Seychelles.</p>	<p>The Authority wishes to reiterate that this requirement is for licensees to have a resident director in place which does not necessarily need to be a Seychellois. The resident director can be a foreigner employed on a Gainful Occupation Permit (GOP) in Seychelles.</p> <p>The FSA provides scholarships annually to members of the general public who wish to pursue higher education in the financial services field. As such, this is a measure which aims to address the shortage of qualified individuals locally to take up these positions.</p> <p>Furthermore, the FSA is revising the Code for Fit and Proper and Competency Standards to address concerns regarding the assessment criteria.</p> <p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>
		<p>ICMarkets:</p> <p>The first issue that we see here is identifying suitable individuals residing in the Seychelles that have the necessary experience and background to undertake this role. Considering the low availability of workforce in the Seychelles we estimate it is going to be difficult to find a suitable resident to undertake the relevant role. Thus, we would expect that the Regulator sets up a flexible framework that will allow the Company to add non-resident Directors. We would like to see a grace period of at</p>	<p>The Authority wishes to reiterate that this requirement is for licensees to have a resident director in place which does not necessarily need to be a Seychellois. The resident director can be a foreigner employed on a Gainful Occupation Permit (GOP) in Seychelles.</p> <p>The FSA provides scholarships annually to members of the general public who wish to pursue higher education in the financial services field. As such, this is a measure which</p>

		<p>least 3 years in order to allow the Company to find a suitable individual.</p>	<p>aims to address the shortage of qualified individuals locally to take up these positions.</p> <p>Furthermore, the FSA is revising the Code for Fit and Proper and Competency Standards to address concerns regarding the assessment criteria.</p> <p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>
		<p>Investingor Ltd:</p> <p>We kindly suggest to increase the compliance period to 3 years matching the CO, as it will be difficult to hire a local fit & proper director due to scarcity and it will be similarly difficult to hire a person due to relocation requirements.</p>	<p>The FSA is revising the Code for Fit and Proper and Competency Standards to address concerns regarding the assessment criteria.</p> <p>In addition, the current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>
		<p>Just Global Markets Ltd:</p> <p>The proposal to have a local director well versed in the operations of the business is agreeable, however, consideration has to be given to the number of Seychellois individuals that will be able to take up this position.</p>	<p>The Authority wishes to reiterate that this requirement is for licensees to have a resident director in place which does not necessarily need to be a Seychellois. The resident director can be a foreigner employed on a Gainful Occupation Permit (GOP) in Seychelles.</p>

		<p>LittleBee Securities Limited:</p> <p>We agreed that the director must be versed with the operations but it doesn't matter whether he is resident.</p>	<p>This proposal cannot be considered as there is a need to ensure accountability of SDs and provide assurance to the Authority that a responsible and decision-making party is present within the jurisdiction and same is in line with the FSA's effort to increase substance in the jurisdiction itself.</p>
		<p>M4Markets:</p> <p>If the Compliance Officer can also be the Director then this is workable as there may be concerns in identifying additional fit and proper resident directors.</p>	<p>The Compliance Officer can be a director as long as there are appropriate control mechanisms in place for conflict of interest arising and to maintain the independency of the respective roles .</p>
		<p>MBI Consultancy:</p> <p>There is already a shortage of local persons who would be fit and proper to take the positions of directors for the licensees within the capital markets section. Although the compliance officer can take up this role as suggested by the Company, there is already a shortage of qualified compliance officers who can take up these positions.</p> <p>On another note, is the FSA changing its view in respect to the compliance officer being an independent individual from the executive positions of the company. It is only the compliance officer under the AML Act that states that this individual can be a senior management level person of the company. So the compliance officer under FSA act, whose fit and proper reviewed by the capital markets section will also be moving towards the same position?</p>	<p>The FSA is revising the Code for Fit and Proper and Competency Standards to address concerns regarding the assessment criteria.</p> <p>The FSA provides scholarships annually to members of the general public who wish to pursue higher education in the financial services field. As such, this is a measure which aims to address the shortage of qualified individuals locally to take up these positions.</p> <p>The amendment being proposed under the FSA Act will require that Compliance Officers be a resident employee of the licensee</p>

		<p>NAGA Capital Ltd: <i>Proposal 7(a) and (g):</i> This requirement should take into account the size of each entity and the volume of transactions. Furthermore, we consider that the limited availability of potential fit and proper directors in the Seychelles would be an issue. One year is not enough time for any individual to gain the experience.</p>	<p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>
		<p>Nexo Markets: This will limit the options and make them very expensive. On the other hand, this can create not good competition. In the moment you can find good, experienced directors but not limited only in one region/country. The business is international, and it is good to have someone with international mindset, international contacts. And the most important part will be not to be forced to hire someone just to meet regulatory requirements and to do nothing. Additionally, I think for existing licensees' min will be to have at least 2 years' time to adjust.</p>	<p>The Authority wishes to reiterate that this requirement is for licensees to have a resident director in place which does not necessarily need to be a Seychellois. The resident director can be a foreigner employed on a Gainful Occupation Permit (GOP) in Seychelles.</p> <p>In addition, the current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>
		<p>OPO Finance: <i>Proposal 7(a) and (b):</i> Approved. However, having 2 years to comply with this requirement is suggested.</p>	<p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>
		<p>Otex Universal Holdings Ltd: The Compliance Officer can serve as local director is agreed upon. However, the lack of fit and proper individuals to fulfil this criteria may cause salary demands to rise dramatically. The</p>	<p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>

		timeframe to comply should be increased to 3 years to allow the talent pool to expand.	
		<p>Pacific Union (Seychelles) Limited:</p> <p>The Licensee is in agreement with the proposed requirement however taking into consideration the limited availability of fit and proper personnel we would like to suggest the basis to be part time instead of full-time so that they can be appointed for a number of entities. It is further noted that the grace period to be extended to three years instead in order to enable the entity to find a suitable candidate to undertake the given position.</p> <p>Another recommendation would be to amend the fit and proper requirements so that there is more flexibility on the conditions which need to be fulfilled so that more candidates can be approved by the Regulator.</p>	<p>The resident director can be an individual at board level only or an employee of the licensee as long as the individual can prove to the FSA that he/she can effectively discharge his/her role as a Director.</p> <p>In addition, the current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p> <p>The FSA is revising the Code for Fit and Proper and Competency Standards to address concerns regarding the assessment criteria.</p>
		<p>PKF Capital Markets (Seychelles) Ltd:</p> <p>We recommend that the one fit & proper resident director also be acting in an executive directorship role as well as being a securities dealer representative. This will address the director's involvement in the company and ensure that they have demonstrable experience in the securities dealing market.</p>	<p>Our legislation makes no distinction between executive and non-executive directors.</p> <p>A Securities Dealer representative is a licensee which is accredited to an SD, which is an employee of the SD hence, the representative can assume the role of a Director in line with the requirement that he/she is employed as a representative as well. The FSA shall not prescribe such and same is up to the licensee.</p>

		<p>Skilling Ltd:</p> <p>Unlike financial hubs such as New York, London, Paris, or Sydney, the Seychelles cannot count on significant inflows of qualified seconded employees to take up these positions. Given the size of the Seychelles' population, it is difficult to find experts with experience in the financial sector and capital markets. Because of this, filling the position will be a challenging and laborious procedure and may result in the same director overseeing numerous organisations introducing additional risk into the financial sector.</p>	<p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p> <p>The Authority wishes to reiterate that this requirement is for licensees to have a resident director in place which does not necessarily need to be a Seychellois. The resident director can be a foreigner employed on a Gainful Occupation Permit (GOP) in Seychelles.</p> <p>The FSA is also revising the Code for Fit and Proper and Competency Standards to address concerns regarding the assessment criteria.</p>
		<p>Sun Capital Markets Ltd:</p> <p>Finding a director that is well versed with the full scope of operations can be a tough and costly task. A full-time local compliance officer could be an option. A minimum of 2 years to comply to this requirement.</p>	<p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p> <p>The FSA is also revising the Code for Fit and Proper and Competency Standards to address concerns regarding the assessment criteria.</p>
		<p>Thunder Markets:</p> <p>Taking into consideration that relocation to a small island is not the easiest way to go, maybe a part time director could be considered as an option; or maybe a Director located on the licensee's operational address, being available on scheduled</p>	<p>The resident director can be an individual at board level only or an employee of the licensee as long as the individual can prove to the FSA that he/she can effectively discharge his/her role as a Director.</p>

		<p>appointments with the FSA on a yearly basis, or more frequently.</p> <p>In addition, taking into consideration the limited resources available in Seychelles, and the difficult situation with the relocation, the grace period could be raised to 2-3 years, so the licensees have enough time to find qualified personnel.</p>	<p>Also, the current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>
		<p>Tixee:</p> <p>Due to the population of Seychelles, it will be extremely difficult to find enough fit and proper directors to permanently reside in Seychelles, therefore this will limit the number of licences that will meet your requirements. It will also create problems in the operations of licences since there is going to be a big competition among the licences to employ these individuals and eventually every few months the employees will change their employers.</p>	<p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p> <p>The Authority wishes to reiterate that this requirement is for licensees to have a resident director in place which does not necessarily need to be a Seychellois. The resident director can be a foreigner employed on a Gainful Occupation Permit (GOP) in Seychelles.</p> <p>The FSA is also revising the Code for Fit and Proper and Competency Standards to address concerns regarding the assessment criteria.</p>
		<p>TopFX:</p> <p>It should be noted that it is difficult to hire a fit and proper local director in Seychelles to the fact that only a limited number of persons have the necessary qualifications in order to be considered as fit and proper. It is our understanding that the enactment of the proposed legislation would create a 'shortage' to the fit and proper persons due to the fact that all the Licensees will need to hire at least one fit and proper local</p>	<p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p> <p>The Authority wishes to reiterate that this requirement is for licensees to have a resident director in place which</p>

		<p>director and thus the fulfilment of the said provision will be impossible. Thus, we suggest removing the said provision/obligation.</p>	<p>does not necessarily need to be a Seychellois. The resident director can be a foreigner employed on a Gainful Occupation Permit (GOP) in Seychelles.</p> <p>The FSA is also revising the Code for Fit and Proper and Competency Standards to address concerns regarding the assessment criteria.</p>
	<p>Trade Quo Global Ltd:</p> <p>We suggest extending grace period to minimum 2 years for us to find and train fit and proper directors. We suggest the local director to be a part time and can cover more than one licensed broker. Limitation on staff in Seychelles might lead some companies to relocate employees. Additional obstacle is that fit and proper directors is a market professional with years of experience and relocating them (sometimes with family) might be difficult or impossible for many.</p>		<p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>
	<p>Trade View Ltd:</p> <p>We believe that the Director as a Compliance officer is fine. However, we would like to address the time spent on the business should be a volume or complexity-based approach.</p> <p>If the business has little volume, then these positions should be part time until such time as the volumes increase to a substantial level.</p> <p>We also believe that the Transition period should be between 2-3 years due to staffing with the outsourced Compliance officer in place just in case the time frame is not met. (Same comment for 7(b) and (c))</p>		<p>The resident director can be an individual at board level only or an employee of the licensee as long as the individual can prove to the FSA that he/she can effectively discharge his/her role as a Director.</p> <p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>

		<p>UHY Premier Financial Services Limited:</p> <p>The FSA is to clarify what is meant by fit and proper here. Should the local director have a notion of the Operations of the SD?</p>	<p>Kindly refer to the current Code for Fit and Proper and Competency Standards.</p>
		<p>Valutrades:</p> <p>Our concern is that there is not enough existing availability of potential directors in the Seychelles that would have experience in all operations of Securities Dealer business and a year will not be enough time for someone to gain this experience.</p>	<p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p> <p>The Authority wishes to reiterate that this requirement is for licensees to have a resident director in place which does not necessarily need to be a Seychellois. The resident director can be a foreigner employed on a Gainful Occupation Permit (GOP) in Seychelles.</p> <p>The FSA is also revising the Code for Fit and Proper and Competency Standards to address concerns regarding the assessment criteria.</p>
		<p>Windsor Brokers International Ltd:</p> <p>Suggesting the grace period to be extended to 3 years. To consider the possibility of an additional grace period i.e., 6months, thereafter in case the employee was headhunted, and the Company needs to replace them.</p>	<p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>
12	7(b) Dual control (4-eyes minimum criterion).	<p>360 Degrees Markets Ltd:</p> <p>The FSA must perform a jurisdiction research to assess the practicality of such a requirement in terms of available qualified personnels to meet the fit and proper test requirements. In</p>	<p>The dual control requirement is to ensure that at all times, there are at least two resident fit and proper persons who are either directors, compliance officers or members of</p>

		<p>addition such requirement might cause other difficulties such as increased bureaucracy as it add one more extra layer to decision-making processes which can slow down operations and increase costs, lack of flexibility and reduced efficiency as it may limit the ability of individuals to make quick decisions or take action in response to changing circumstances, risks of conflicts and delays especially if the two individuals responsible for decision making have different opinions or are not available at the same time. In general regulator should weight the benefits against the costs and the potential impact of the SDs operations and efficiency.</p>	<p>the managerial staff of the licensee based in Seychelles in line with the FSA's effort to increase substance in the jurisdiction which will also compliment the substantial activity requirement tax regime.</p>
		<p>Abacus (Seychelles) Limited (on behalf of clients): Since the company will not have a huge activity in the next 1-2 years, we suggest that at the first years or below some thresholds, as example below 50 clients, the Company can have at least one resident, who can also be outsourced.</p>	<p>This proposal cannot be considered by the Authority as it is not promoting the dual control and substance requirement principles.</p>
		<p>AXSE Brokerage: From our understanding, there is a severe shortage of skills and qualified personnel in Seychelles. It would be difficult to get 2 fit and proper personnel. And if such requirement remains, it would be great to announce it with great time buffer in advance, so that licensees have a good chance to source and recruit relevant candidates. It would also be great to have the "economic substance" question clarified and to have clear guidelines to follow on whether having such 2 employees/residents would impact the tax position of the Company. Lastly, this is an online business. One can operate from anywhere, and having a requirement for certain fixed amount of personnel to be in Seychelles, irrespective of the size of the company/business might be a bit discriminating.</p>	<p>The Authority wishes to reiterate that this requirement is for licensees to have a resident director in place which does not necessarily need to be a Seychellois. The resident director can be a foreigner employed on a Gainful Occupation Permit (GOP) in Seychelles.</p> <p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>

		Baxia Global Ltd: Please allow 2 years to effectively locate, hire and train qualified personnel in order to properly integrate them into the company.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		CM Trading: Again, same concept as above. If we are talking about qualified personnel again there is a lack of same within the pool here in Seychelles. Key Individuals are expected to possess some kind of qualification to be able to do the work in verifying, monitoring and keeping in checks the day-to-day operations of the license. Hence if this is to work, the Authority will either have to lower the criteria or allow grace period for the proposed individuals to be qualifications or experience needed. Also, some companies have a limited resources as they have must started operations, and I believe FSA should consider same.	<p>The Authority wishes to reiterate that this requirement is for licensees to have a resident director in place which does not necessarily need to be a Seychellois. The resident director can be a foreigner employed on a Gainful Occupation Permit (GOP) in Seychelles.</p> <p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p> <p>The FSA is also revising the Code for Fit and Proper and Competency Standards to address concerns regarding the assessment criteria.</p>
		Deneo Partners: Similar to our comment above, we are in agreement with this proposal, given that an extended grace period is granted for existing Licensees to recruit, train and set up fit and proper key officials.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		Evalanch Ltd:	

		<p>This can be done within the 3 years' time frame and combine the fit and proper director with a junior compliance.</p>	<p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>
		<p>FinQuotes Financial (Seychelles) Ltd:</p> <p>As our Company operates on a Global level, we suggest having the option to appoint a person from the global operations as one of the two persons that exercise this control and the other person to be a local resident. Additionally, we suggest that a total three years is granted to comply with the requirement.</p>	<p>Kindly refer to proposal 7 (g). However, this does not exempt the licensee from fulfilling the dual control requirement which requires that both individuals are based in Seychelles.</p> <p>Also note that the current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>
		<p>FiveComply:</p> <p>We believe that 4-eyes can be performed from separate jurisdictions as well. With the help of modern technology, individuals can communicate and collaborate effectively even if they are in different parts of the world. As long as there is a reliable means of communication and a clear understanding of the task and its requirements, individuals can successfully carry out the 4-eyes principle regardless of their location.</p>	<p>This cannot be considered by the Authority as it is not promoting increased substance in the jurisdiction. This requirement ties in with other proposals such as having a resident director in place and ensuring that the licensee has sufficient substance in the jurisdiction where it is licensed.</p>
		<p>ICMarkets:</p> <p>Following our comments above it would be more practical to be able to see the dual control function to be able to be conducted by at least one resident and one non-resident.</p>	<p>Note that as per the current proposal, both individuals need to be residents. As such, the Authority cannot consider this amendment.</p>

		Alternatively, we would like to see a grace period of at least 3 years in order to allow the Company to comply.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		Investingor Ltd: We kindly suggest making the residency required for only of the 2 persons.	Note that as per the current proposal, both individuals need to be residents. As such, the Authority cannot consider this amendment.
		Just Global Markets Ltd: This requirement is feasible. Having two individuals deemed fit and proper in the office, however, once again consideration has to be given to the availability of individuals which will be able to take up such positions. The use of the words "at all times" and "adequate" implies that there should be more than two fit and proper individuals at all times, in view of circumstances such as an individual being absent from work in view of sick leave or for holidays. This also ties in with the previous comments made in regards to availability of qualified individuals.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments). Also note that the requirement is for licensees to have <u>at least</u> two residents and fit and proper individuals which must be based <u>in Seychelles</u> on a full-time basis.
		LittleBee Securities Limited: We agree the 4-eyes control from fit and proper individuals but not limited residents only.	The requirement is for the two fit and proper individuals to be 'residents' and does not necessarily need to be Seychellois.
		M4Markets: This can be accommodated by being given the flexibility to have as 4-eyes the Compliance Officer and the Head of BO.	The Authority has provided flexibility in the sense that the licensee can appoint any two fit and proper persons from

		<p>We believe that for multi-licensed Groups that apply global governance practices, there should be flexibility to apply 4-eyes principle with 1-resident and 1 non-resident person fitting the above criteria.</p>	<p>the following; directors, compliance officers, representatives or any key officers of the licensee.</p> <p>For multi-licensed Groups, existing employees can be appointed to fulfill this requirement as long as they are resident fit and proper individuals from the list above.</p>
		<p>MBI Consultancy:</p> <p>This is a valid point, although I suggest that a timeline is provided for licensees to adhere to this requirement. I suggest at least 3 to 5 years as depending on who will be allowed to fulfil these positions, licensees will need to train these individuals.</p> <p>Also, more information on who can act as dual control. Do they both have to have a senior position within the company for example?</p>	<p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p> <p>Also note that the licensee can appoint any two fit and proper persons from the following; directors, compliance officers, representatives or any key officers of the licensee</p>
		<p>Pacific Union (Seychelles) Limited:</p> <p>The Licensee is in agreement with the proposed requirement however would like to suggest the extension of the grace period to three years instead in order to enable the Company to recruit fit and proper individuals which may potentially be trained in order to be able to take over the said roles. This emanates from the fact of limited availability of experienced individuals who can satisfy the FSA's fit and proper requirements.</p>	<p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>
		<p>Pepperstone International Markets Limited:</p> <p><u>Full time staff requirements:</u></p>	<p>The Director can be an individual at board level only or an employee of the licensee as long as the individual can</p>

		<p>The language used in the requirement for Directors and Compliance Officer is somewhat unclear. We acknowledge that they must be residents and based in Seychelles on a full-time basis but are they also required to be employed on a full-time basis?</p> <p>If the requirement is for a minimum of two, locally based full-time staff, this may not be practical for start-up businesses with limited clientele, and it may impact the quality of the staff that can be hired. For example, engaging an experienced staff member of a local compliance advisory firm to be approved by the FSA to handle compliance obligations initially may be more appropriate than a local who doesn't have as much financial services experience (as long as they are not responsible for too many firms). While it may not be their fulltime role, their experience and understanding of practically applying local regulation could be beneficial to a new business, especially when that business will have strong support from a global legal, compliance and regulatory team.</p> <p>In addition, when you have 2 Directors, it doesn't seem necessary that they both be working full time and simultaneously where there is limited clientele, as long as they are available to fulfill the obligations of the licence at any time.</p> <p>We see the FSA has included the ability for a 3 month "locum" position approval, which can be extended if required. Can this be expanded to allow for broader approval of part-time roles for these important positions as long as there is global fulltime compliance and business support, appropriate local oversight, decision making and the efficient access to records remains?</p>	<p>prove to the FSA that he/she can effectively discharge his/her role as a Director.</p> <p>The obligation to appoint a Compliance Officer shall be in line with the provisions of the AML/CFT Act which the Authority intends to mirror under the FSA Act.</p> <p>The proposal does not require two directors to fulfil the dual control requirement. The licensee can appoint any two fit and proper persons from the following; directors, compliance officers, representatives or any key officers of the licensee.</p> <p>In regards to expanding the locum arrangement to cater for broader approvals, note that this cannot be considered.</p>
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		<p>Sun Capital Markets Ltd:</p> <p>Having Dual control should not be restricted to having them both in Seychelles. It can be one in Seychelles and the other in a branch\representative-office. A minimum of 2 years to comply to this requirement.</p>	<p>As per the proposal, both individuals are required to be residents in order to fulfill the dual control function.</p> <p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>
		<p>Thunder Markets:</p> <p>We would like to understand the purpose of this decision and, same as mentioned above, taking into consideration the limited resources available in Seychelles, it will be very difficult and costly for the licensee to have full time 4-eyes located in Seychelles. Maybe considering a Backoffice personnel where the qualifications requirements can easily be met, could be an alternative solution.</p> <p>The grace period could be raised to 2-3 years, so the licensees have enough time to find the respective personnel and train them.</p>	<p>Note that the licensee can appoint any two fit and proper persons from the following; directors, compliance officers, representatives or any key officers of the licensee.</p> <p>Also, the current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>
		<p>TopFX:</p> <p>We suggest the transition period and/or grace period to be extended from (1) year to three (3) years.</p>	<p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>
		<p>Trade Quo Global Ltd:</p>	<p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being</p>

		<p>We suggest extending grace period to minimum 2 years for us to find and train fit and proper staff. (Same comment for 7(c) and (d))</p>	<p>extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>
		<p>Tradeco Limited:</p> <p>Proposals 7(b) and (g): Under these proposals SDs would be required to have two fit and proper Seychelles residents employed to conduct the business in Seychelles on a full-time basis, and also have Seychelles staff to fill the roles of core functions (i.e. client on-boarding, customer support, complaint handling and compliance).</p> <p>From a practical standpoint these proposals, while advanced with the best of intentions, suffer from the same obstacles mentioned in the first point (Compliance function). Mainly, Seychelles simply does not have the available pool of qualified personnel to fill such roles for all SDs in the market.</p> <p>While SDs should certainly be expected to maintain a viable presence and adequate staff in Seychelles, we encourage the FSA to further consider allowing the outsourcing, or partial outsourcing, of these functions or continue the practice of accepting foreign nationals with GOPs to fill certain positions.</p>	<p>The two fit and proper individuals can be non-Seychellois employed on a Gainful Occupation Permit (GOP) in Seychelles, i.e. does not necessarily need to be a Seychellois.</p>
		<p>Valutrades:</p> <p>It is not an issue to have 4 eyes located in the Seychelles but there is not the availability of potential employees with sufficient experience to be able to oversee all functions especially complex market dynamics or technical functions.</p>	<p>The two fit and proper individuals can be non-Seychellois employed on a Gainful Occupation Permit (GOP) in Seychelles, i.e., does not necessarily need to be a Seychellois.</p> <p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being</p>

			extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		Windsor Brokers International Ltd: Suggesting the grace period to be extended to 3 years, similar to the OCO.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
12	7(c) Full-time compliance function to be undertaken in Seychelles by a resident person.	Abacus (Seychelles) Limited (on behalf of clients): The proposed amendments will require for a securities dealer to have an in-house compliance/anti-money laundering reporting officer appointed. However, as with the above question, does the Financial Services Authority deem that the Seychelles currently have a sufficient number of resident professionals who are fit & proper and well-versed with the laws and regulations that are attaching to a securities dealer's operations, and who are able to discharge their duties efficiently?	In view of the shortage of suitably qualified individuals, the requirement to have an individual either employed full time or a senior official of the licensee to undertake compliance function shall be removed. However, the Authority is maintaining its position that the function shall be undertaken by a resident individual. Furthermore, the Authority will also maintain the status quo whereby outsourcing of the compliance function will be allowed with resident individuals.
		AXSE Brokerage: Based on our understanding it would be difficult to get 2 fit and proper personnel. And if such requirement remains, it would be great to announce it with great time buffer in advance, so that licensees have a good chance to source and recruit relevant candidates.	In view of the shortage of suitably qualified individuals, the requirement to have an individual either employed full time or a senior official of the licensee to undertake compliance function shall be removed. However, the Authority is maintaining its position that the function shall be undertaken by a resident individual.

			Furthermore, the Authority will also maintain the status quo whereby outsourcing of the compliance function will be allowed with resident individuals.
		Baxia Global Ltd: Please allow 2 years to effectively locate, hire and train qualified personnel in order to properly integrate them into the company.	<p>In view of the shortage of suitably qualified individuals, the requirement to have an individual either employed full time or a senior official of the licensee to undertake compliance function shall be removed. However, the Authority is maintaining its position that the function shall be undertaken by a resident individual.</p> <p>Furthermore, the Authority will also maintain the status quo whereby outsourcing of the compliance function will be allowed with resident individuals.</p>
		Blackbull Markets: The Company agrees on this FSA proposal. The Compliance Officer can also cover the AMLRO role. We suggest that the grace period for existing licensees to comply with this requirement should be 3 years.	<p>In view of the shortage of suitably qualified individuals, the requirement to have an individual either employed full time or a senior official of the licensee to undertake compliance function shall be removed. However, the Authority is maintaining its position that the function shall be undertaken by a resident individual.</p> <p>Furthermore, the Authority will also maintain the status quo whereby outsourcing of the compliance function will be allowed with resident individuals.</p>

		<p>Deneo Partners:</p> <p>We understand and are in agreement with the Authority's proposal, as long as sufficient grace period is granted for existing Licensees to recruit, train and set up fit and proper compliance officers and AMLRO.</p> <p>Grace period should increase to 3 years so that it would be in line with Outsourced Compliance Officer proposal [see point (I)]</p>	<p>In view of the shortage of suitably qualified individuals, the requirement to have an individual either employed full time or a senior official of the licensee to undertake compliance function shall be removed. However, the Authority is maintaining its position that the function shall be undertaken by a resident individual.</p> <p>Furthermore, the Authority will also maintain the status quo whereby outsourcing of the compliance function will be allowed with resident individuals.</p>
		<p>eToro:</p> <p>To include that where the entity is part of a Group, operational compliance tasks may be delegated to and performed by other entities or persons outside Seychelles who form part of the Group under the oversight of the local compliance officer. The ultimate responsibility for compliance with local laws remain with the appointed compliance officer.</p>	<p>In view of the shortage of suitably qualified individuals, the requirement to have an individual either employed full time or a senior official of the licensee to undertake compliance function shall be removed. However, the Authority is maintaining its position that the function shall be undertaken by a resident individual.</p> <p>Furthermore, the Authority will also maintain the status quo whereby outsourcing of the compliance function will be allowed with resident individuals.</p>
		<p>Evalanch Ltd:</p> <p>Full time compliance AML/CFT can be the same person the director given the small size of the company.</p>	<p>In view of the shortage of suitably qualified individuals, the requirement to have an individual either employed full time or a senior official of the licensee to undertake compliance function shall be removed. However, the Authority is maintaining its position that the function shall be undertaken by a resident individual.</p>

			Furthermore, the Authority will also maintain the status quo whereby outsourcing of the compliance function will be allowed with resident individuals.
		<p>FinQuotes Financial (Seychelles) Ltd:</p> <p>We suggest that a total of three years is granted to comply with the requirement. Currently, in addition to the outsourced Compliance Officer and AMLRO in place, the Group Compliance Officer is involved in the Supervision and Monitoring of the specific functions, to enhance the compliance environment of the company.</p>	<p>In view of the shortage of suitably qualified individuals, the requirement to have an individual either employed full time or a senior official of the licensee to undertake compliance function shall be removed. However, the Authority is maintaining its position that the function shall be undertaken by a resident individual.</p> <p>Furthermore, the Authority will also maintain the status quo whereby outsourcing of the compliance function will be allowed with resident individuals.</p>
		<p>FiveComply:</p> <p>Despite the provided reasoning, this is still not practicable in Seychelles. There are currently more than 120 SDs (126 as at October 2022) and the number of the people that have the knowledge and experience to serve as Compliance Officers of Securities Dealers is significantly lower thus, making it impossible for each SDL to source a different full-time Compliance Officer and one different AMLCO (despite not being clear whether 1 person will be able to serve as MLCO and CO at the same time).</p> <p>The fact that the Authority faces complaints, does not mean that the whole industry needs to be punished, but punishment should target the specific SDLs.</p> <p>Alternatively, the suggestions we can propose:</p>	<p>In view of the shortage of suitably qualified individuals, the requirement to have an individual either employed full time or a senior official of the licensee to undertake compliance function shall be removed. However, the Authority is maintaining its position that the function shall be undertaken by a resident individual.</p> <p>Furthermore, the Authority will also maintain the status quo whereby outsourcing of the compliance function will be allowed with resident individuals.</p>

		<p>a) They can put a limitation on the number of SDs to whom an outsourced Compliance Officer can be appointed to e.g., 6 licensees maximum;</p> <p>b) Requirement for visiting the office on a weekly basis from each Compliance Officer;</p> <p>c) Monthly time schedule to be sent to the FSA where it shows how much time the CO dedicates to each SDL;</p> <p>d) Appointment of full-time COs only in case of large expansion of the forex broker (the FSA to specify in which cases this shall be required);</p> <p>e) In case of x number of complaints in a year, a full time compliance officer needs to be immediately appointed.</p> <p>In case the FSA proceeds with these suggestions:</p> <p>1. Based on statistical analysis and research on the matter, is the Authority convinced that sufficient COs will be available for one to be appointed for each licensee?</p> <p>2. Is Seychelles a country that has so many compliance professional that can satisfy these new proposed requirements?</p>	
		<p>ICMarkets:</p> <p>We welcome the proposal; however, we would like to reiterate our comments on point (a) and the need to provide a flexible framework to the SDs taking in consideration the difficulty to</p>	<p>In view of the shortage of suitably qualified individuals, the requirement to have an individual either employed full time or a senior official of the licensee to undertake</p>

		<p>find a Compliance Officer (“CO”) on the ground. We would like to see some more options such as the appointment of a CO within a Group of Companies with substantial experience and/or the outsourcing of a CO who is resident in the Seychelles.</p> <p>One way to potentially handle this is to incentivize SDs to consider relocating people from their group in Seychelles.</p>	<p>compliance function shall be removed. However, the Authority is maintaining its position that the function shall be undertaken by a resident individual.</p> <p>Furthermore, the Authority will also maintain the status quo whereby outsourcing of the compliance function will be allowed with resident individuals.</p>
		<p>Investingor Ltd:</p> <p>Agreed. However, we had difficulty finding an outsourced Compliance Officer in Seychelles, and it will be even more difficult to recruit a full time CO due to scarcity and demand. Therefore, we kindly suggest the following in such cases:</p> <p>Introduce a Compliance Officer Certification Program which allows the licensee to hire a CO abroad as long as they successfully acquire the Certificate and renews it on regular bases.</p>	<p>In view of the shortage of suitably qualified individuals, the requirement to have an individual either employed full time or a senior official of the licensee to undertake compliance function shall be removed. However, the Authority is maintaining its position that the function shall be undertaken by a resident individual.</p> <p>Furthermore, the Authority will also maintain the status quo whereby outsourcing of the compliance function will be allowed with resident individuals.</p>
		<p>MBI Consultancy:</p> <p>Although I understand this position as the capital markets sections wants to align with the AML legislation, I believe that this is not the way forward.</p> <p>It took a long time and there were valid reasons that lead to the decision to allow outsource service provision for compliance under capital markets section.</p> <p>The main points were due to the shortage of human resources available to take up these positions. However, another point</p>	<p>In view of the shortage of suitably qualified individuals, the requirement to have an individual either employed full time or a senior official of the licensee to undertake compliance function shall be removed. However, the Authority is maintaining its position that the function shall be undertaken by a resident individual.</p> <p>Furthermore, the Authority will also maintain the status quo whereby outsourcing of the compliance function will be allowed with resident individuals.</p>

		<p>that was discussed at the time was to actually allow companies to take up these positions similar to external auditors currently being provided to licensees. The argument was that by changing the requirement from individual to companies it will provide continuity and more efficiency with the provision of this service.</p> <p>It is important to note that the AML Act is focused at local perspective and this is not the focus of the FSA. In light of same, it is important that the FSA continues with its plans as they make sense for its licensees.</p> <p>Another recommendation is that to keep the outsource service provider option for the licensees but for a specified time duration. We all know that there is a cost and a shortage of resources to take up these positions. I suggest that licensees be allowed to have outsource service provider for a duration of at least 2 years with the possibility to extend an additional 2 years on specific conditions.</p>	
		<p>Pacific Union (Seychelles) Limited:</p> <p>The Licensee is in agreement with the proposed requirement however for the reasons mentioned above, would like to request for the extension of the grace period to three years. (Same comment for 7(d))</p>	<p>In view of the shortage of suitably qualified individuals, the requirement to have an individual either employed full time or a senior official of the licensee to undertake compliance function shall be removed. However, the Authority is maintaining its position that the function shall be undertaken by a resident individual.</p> <p>Furthermore, the Authority will also maintain the status quo whereby outsourcing of the compliance function will be allowed with resident individuals.</p>

		<p>TopFX:</p> <p>As already analysed in point a above is difficult to hire a person to carry full-time compliance function due to the fact that only a limited number of persons have the necessary qualification.</p> <p>Thus, we suggest removing the said provision regarding the full-time compliance function to be undertaken in Seychelles by a resident person. (Same comment for proposal (g)).</p>	<p>In view of the shortage of suitably qualified individuals, the requirement to have an individual either employed full time or a senior official of the licensee to undertake compliance function shall be removed. However, the Authority is maintaining its position that the function shall be undertaken by a resident individual.</p> <p>Furthermore, the Authority will also maintain the status quo whereby outsourcing of the compliance function will be allowed with resident individuals.</p>
		<p>Tradeco Limited:</p> <p>The FSA rightfully pointed out that there should be consistency between the FSA Act, 2013 which currently allows for the outsourcing of an SD's Compliance Officer and the AML/CFT Act, 2020, which does not. We also agree that the outsourcing of the Compliance Officer should not necessarily give SDs leave from having additional compliance staff in-house, particularly if the risk characteristics of the SD warrant additional staff.</p> <p>However, we take exception that the answer to these issues is to terminate the outsourcing of the Compliance Officer completely, and instead require that this post be assigned to a Seychelles resident employee deemed "fit and proper".</p> <p>The same issues which led the FSA to allow for the outsourcing exemption when it first issued its Code on the Outsourcing of the Compliance Function in 2020 are still present today. Mainly, there is severe shortage of compliance professionals in Seychelles which meet the "fit and proper" requirements set by the FSA, not only the official qualification requirements but also</p>	<p>In view of the shortage of suitably qualified individuals, the requirement to have an individual either employed full time or a senior official of the licensee to undertake compliance function shall be removed. However, the Authority is maintaining its position that the function shall be undertaken by a resident individual.</p> <p>Furthermore, the Authority will also maintain the status quo whereby outsourcing of the compliance function will be allowed with resident individuals.</p>

		importantly the actual experience requirements. The proliferation of SDs in recent years has only exacerbated this problem and caused a further strain on the pool of available professionals to fill this role. In our view, such a measure is highly likely to result in the worsening rather than enhancement of the compliance function of SDs as it will force them to use inexperienced in-house personnel.	
12,13	7(d) Complaints handling conducted in Seychelles.	<p>Baxia Global Ltd:</p> <p>While the local compliance officer should provide oversight to the teams, they should NOT be bogged down with ALL customer questions or possible issues. More appropriately, ALL basic questions (complaints) should be handled by the whole support staff and only escalated issues (complaints) should be handled by the compliance officer.</p>	Kindly refer to proposal 7(d) as laid out in the White Paper.
		<p>eToro:</p> <p>Do not agree. Where an entity is part of a Group, Complaints Handling is conducted by a dedicated team for operational effectiveness and first point of contact is through automated system and reported to the Compliance Officer. Complaints are escalated to Compliance Officer if complex or customer not satisfied with initial resolution.</p> <p>Proposal: To allow Complaints Handling to be conducted by person outside Seychelles if the licensee is part of a Group, but with reporting and oversight by the compliance officer in Seychelles.</p> <p>Teams must be trained on Seychelles' complaints handling requirements.</p>	<p>The Financial Consumer Protection Act (FCPA) requires that the FSP establishes an internal complaint handling unit, however, this does not restrict the unit to be within the licensed entity in Seychelles. Therefore, this function can be undertaken by another unit within the same group of companies based overseas with clear service level agreements in place.</p> <p>Further clarity is provided under the <i>Securities (Outsourcing of Functions) Regulations</i> – see Annex 5.</p>

		<p>Investingor Ltd:</p> <p>Restricting the complaint handling to be conducted in Seychelles may compromise the quality of the function. We believe it is more important to be conducted by someone who has sufficient knowledge about the regulation and the business requirements regardless of their location.</p>	<p>The Financial Consumer Protection Act (FCPA) requires that the FSP establishes an internal complaint handling unit, however, this does not restrict the unit to be within the licensed entity in Seychelles. Therefore, this function can be undertaken by another unit within the same group of companies based overseas with clear service level agreements in place.</p> <p>Further clarity is provided under the <i>Securities (Outsourcing of Functions) Regulations</i> – see Annex 5.</p>
		<p>Just Global Markets Ltd:</p> <p>Will this be in line with the requirement under section 35 of the FCP Act to establish an internal complaints handling unit.? If the SD is exempt from the requirement to appoint a Complaint Handling unit under section 36(6) of the FCP Act, will this automatically mean they will be exempted from this proposed requirement? How will these two provisions work?</p> <p>Consideration has to be given to the nature of business of SDs and the point of contact with Clients as well. In the context of the Company, the first point of contact will be with Customer Service. This department consist a a large team of personnel which has the expertise on dealing with clients based overseas. Although not based in Seychelles all records can be access remotely at all times. Additionally, this model will also be dependent on the amount of complaints received by a Company. For example, an SD that rarely receives complaints, and another which faces complaints maybe weekly or on a monthly basis will require less personnel in the complaint</p>	<p>The FCPA regulations will dictate where the exemptions apply. However, in the absence of such exemption, the proposed requirement would apply.</p> <p>The Financial Consumer Protection Act (FCPA) requires that the FSP establishes an internal complaint handling unit, however, this does not restrict the unit to be within the licensed entity in Seychelles. Therefore, this function can be undertaken by another unit within the same group of companies based overseas with clear service level agreements in place.</p> <p>Further clarity is provided under the <i>Securities (Outsourcing of Functions) Regulations</i> – see Annex 5.</p>

		<p>department as opposed to an SD which receives constant complaints. It would not be feasible to separate the complaint handling function in all circumstances.</p> <p>The Complaints handling procedure is already being overseen by the Compliance Officer currently as per our manuals and procedures, however this is dependent on the extent of the complaint. Our procedures currently deem for complaints to be initially handled by Customer Services, if there is no appropriate resolution, then the complaint is escalated to the Compliance Officer.</p>	
		<p>M4Markets:</p> <p>Although each licensee would wish to have no complaints or very few complaints, depending on the number then the compliance officer can perform this activity. However, we believe that the backing of the Compliance officer by other persons belonging to sister companies of the same Group should be permitted for contingency purposes. Also, when the compliance officer is on annual leave or any other type of absence from the office, the rest of the Group should be able to cover this.</p>	<p>The Financial Consumer Protection Act (FCPA) requires that the FSP establishes an internal complaint handling unit, however, this does not restrict the unit to be within the licensed entity in Seychelles. Therefore, this function can be undertaken by another unit within the same group of companies based overseas with clear service level agreements in place.</p> <p>Further clarity is provided under the <i>Securities (Outsourcing of Functions) Regulations</i> – see Annex 5.</p>
		<p>Pepperstone International Markets Limited:</p> <p>The detailed list of requirements for the Complaints register appears to include information that may not be available or relevant for all jurisdictions. For example, not all countries have a specific “National Identification Number” but may have other relevant identification documents that are used for AML/KYC purposes.</p>	<p>Whilst we have noted the proposals, the required information for complaint handling serves a different purpose than that of KYC and CDD. As such, the current proposal is being maintained as is.</p> <p>In regards to the question related to “status of the account”; yes.</p>

		<p>Perhaps a better way would be to simply highlight that the complaints need to tie back to the licensee's AML/KYC identification:</p> <p><i>Complaints register needs to include the following:</i></p> <ul style="list-style-type: none"> <i>(a) Name and surname;</i> <i>(b) Email address;</i> <i>(c) Nationality;</i> <i>(d) Country of residence;</i> <i>(e) Date of account opening;</i> <i>(f) Status of the account – (we are assuming this means open, closed or suspended(?))</i> <i>(g) Complaint reference number;</i> <i>(h) Date of lodging of the complaint;</i> <i>(i) Nature of the complaint; and</i> <i>(j) Status of the complaint.</i> <p><i>The complaints register should also link back to the AML/KYC information obtained for each complainant so they can be accurately identified.</i></p>	
		<p>Sun Capital Markets Ltd:</p> <p>Should be able to be conducted from anywhere around the world and can be filed and reported to the compliance officer appointed in Seychelles.</p>	<p>The Financial Consumer Protection Act (FCPA) requires that the FSP establishes an internal complaint handling unit, however, this does not restrict the unit to be within the licensed entity in Seychelles. Therefore, this function can be undertaken by another unit within the same group of companies based overseas with clear service level agreements in place.</p> <p>Further clarity is provided under the <i>Securities (Outsourcing of Functions) Regulations</i> – see Annex 5.</p>

13	7(e) Paid up capital requirements being maintained in Seychelles.	<p>Abacus (Seychelles) Limited (on behalf of clients):</p> <p>To request an extension on this point for 3-5 years, since the client will not have a huge business in the next 1-2 years.</p> <p>Before these changes go into effect, we would like to understand the list of authorized jurisdictions. As the regulator correctly pointed out, there is the reluctance of Seychelles' banks to open bank accounts for securities dealers. Accordingly, before introducing this change, we would like to have some kind of guarantee that banks in the Seychelles will start opening accounts for securities dealers or the list will include jurisdictions and/or financial institutions that are ready to open accounts for Seychellois companies.</p>	<p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p> <p>In regards to banks reluctance to open bank accounts for SDs, consultation with the banks are ongoing.</p> <p>'Recognised jurisdiction' means any member countries who are ordinary members of the IOSCO.</p>
		<p>AXSE Brokerage:</p> <p>In the current times, \$250,000 seems high. The interest rate on the USD has gone up and therefore, there would be a tangible opportunity loss related to this requirement. It may be prudent to do in slabs each year by USD 25,000 / USD 50,000? Or alternatively, to increase it for SDLs who act as principal (Market Maker) but keep it at the current level for SLDs who only act as agent (Intermediary)?</p>	<p>The current regulations make no distinction for SDLs acting as principal or agent.</p> <p>Consideration on proposed revision will be subject to further discussions.</p>
		<p>Baxia Global Ltd:</p> <p>Proposed x5 increase is not fair for new brokers who do not have much volume or deposits. Hurts slimmer companies. Please instead reasonably base capital requirement on business volume. Using local bank is acceptable.</p>	<p>Consideration on proposed revision will be subject to further discussions.</p>

		Blackbull Markets: The Company does not object for a paid-up capital increase but objects to the proposal of FSA since it represents a 500% increase.	Consideration on proposed revision will be subject to further discussions.
		CM Trading: No objection as long as the licensee may use the funds to assist in projects or asset purchase.	This cannot be considered.
		Deneo Partners: In general, we are in agreement with increasing the minimum capital requirements with a few comments. We have seen that some of the clients reacted to the 5x increase proposal as they have already made their financial projections and budgets based on the existing capital requirements. Having mentioned the above, we would suggest the following alternatives: <ul style="list-style-type: none"> • A lower increase to 2x or 3x instead so it will not affect the firms with lower profitability or the start-ups • An increase that will consider two factors, which is (i) minimum capital requirements and (ii) based on market exposure (the more exposure a firm has, the more capital will be needed) 	Consideration on proposed revision will be subject to further discussions. The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).

		<p>Smaller firms are the backbone of the industry and in general create less issues than bigger firms. Eliminating them from sector would have an overall adverse effect.</p> <p>An extension to the grace period is also recommended in order for existing Licensees to comply with either of the above alternatives.</p>	
		<p>eToro: Recommend 12 months implementation given business budget process timelines.</p>	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		<p>Evalanch Ltd: The increase is extremely high this can be done gradually for example in one year from now 100K, in 3 years from 150K and in 5 years from now 250K.</p>	Consideration on proposed revision will be subject to further discussions.
		<p>Excent Capital Ltd: Partially agree. We do agree with capital being maintained in Seychelles/recognized jurisdiction – But, in our view, USD 250k would be too high, in our view, USD 125k would be a fair amount.</p>	Consideration on proposed revision will be subject to further discussions.
		<p>FinQuotes Financial (Seychelles) Ltd: The Company suggests that the paid-up capital maintained to be increased to US\$100K, that is double the existing amount instead of the proposed 5 times increase. The reason behind this is that our action and financial plan has been based on the</p>	Consideration on proposed revision will be subject to further discussions.

		existing amount and such a big increase can be detrimental on the operations of the company.	
	FiveComply: It is suggested for the 'recognised jurisdiction' to be clarified We don't have any concerns, given that ABSA will continue to accept SDLs.		'Recognised jurisdiction' means any member countries who are ordinary members of the IOSCO.
	Fusion Markets International: We agree with your proposal to increase capital requirements but suggest an increase of only 100% of the current requirement. We agree to the proposal to meet the new paid-up capital requirements within a period of 12 months.		The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
	HSN Capital Group Ltd: This proposal would require an additional capital injection of \$200K. We believe that it would make more business sense introducing the increase requirement gradually, i.e., within the first year X amount should be injected, year 2 – X amount etc. Alternatively, it is suggested that the level of capital should reflect the risk, license and/or services offered to clients.		Consideration on proposed revision will be subject to further discussions.
	Investingor Ltd: We agree with the concept as a way to ensure the financial robustness of the licensees. However, increasing the locked-up capital by 5 times will make it difficult for newly licensed firms to allocate investment into the growth functions of their business. Therefore, we suggest one of the following approaches:		Consideration on proposed revision will be subject to further discussions. The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).

		<p>1. Increase the grace period for existing licensees,</p> <p>2. Impose the new paid-up capital increase gradually to give a chance to licensees to grow their capital in correlation with their business growth.</p>	
	<p>Just Global Markets Ltd:</p> <p>This is a significant increase in the minimum paid up capital in view that this amount is to be maintained at all times within a licensed bank in Seychelles. It represents a 500% increase compared to the original amount. Suggest that the FSA revise this proposed increase. An increase to USD 100,000 would be reasonable but USD250,000 is too high.</p> <p>The usual practice in other jurisdictions is rather than having to maintain the minimum paid up capital in a bank account, the licensee could maintain the amount in assets i.e the company holds assets that are greater than its liabilities which it can liquidate if the need arises.</p>	<p>Consideration on proposed revision of the will be subject to further discussions. However, the proposal to have minimum paid-up capital maintained in assets cannot be considered as this is a requirement both at pre-licensing and post-licensing.</p>	
	<p>MBI Consultancy:</p> <p>Although I totally agree that the paid-up capital can be increased. I think the proposed increase multiplied by five of the current capital is excessive.</p> <p>I would recommend that this proposal is taken a step further to require this amount to be maintained at all times. Although this will not really benefit the Seychelles as long as the banks do not open at least an operational account for the securities dealers. It is fundamental that the banking institutions plays a role in the growth of this sector.</p>	<p>Consideration on proposed revision of the will be subject to further discussions.</p>	

		MERJ Exchange: This is going to kill the stock exchange. No member is making enough money for this to make sense and it is not in keeping with a risk-based approach. If other amendments are being made to legislation for these purposes then there needs to be different categories of license activities and different paid-up capital requirements based on these as is done in every other major financial jurisdiction.	Consideration on proposed revision of the will be subject to further discussions
		NAGA Capital Ltd: We are of the opinion that this change of thresholds should be based on each entity's specific license (for products and services).	Currently, there is no distinction in the Act governing SDs for dealing in different products or services. However, such proposal can be considered in future amendments
		Nexo Markets: I think it is normal the capital to be changed but 5 times is too big change. I would suggest 100K as first step and again min 2 years existing companies to be able to fit this new requirement.	Consideration on proposed revision of the will be subject to further discussions. The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		OPO Finance: Suggested paid-up capital will be US\$100K.	Consideration on proposed revision of the will be subject to further discussions.
		Otex Universal Holdings Ltd: Increase in fees is too steep. Should increase by 20% to maximum 30%.	Consideration on proposed revision of the will be subject to further discussions.

		<p>Pacific Union (Seychelles) Limited:</p> <p>The Licensee is in agreement with the proposed increase of capital however would like to suggest for the increase to be double or triple but not five times more than the current requirement. On another note, we hereby recommend for the transition period to be extended to two years.</p>	<p>Consideration on proposed revision of the will be subject to further discussions.</p> <p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>
		<p>PKF Capital Markets (Seychelles) Ltd:</p> <p>We do not have fundamental objections to this. However, we would recommend that this capital adequacy requirement be split between cash and liquid assets and not solely cash.</p> <p>Should the intention of the paid-up capital requirement be to deter new licensees/ exit existing non-compliant ones we are not convinced that this will be achieved, specifically in the CFD market.</p>	<p>The current legislation allows for same to be maintained in cash only and is a requirement both at pre-licensing and post-licensing.</p>
		<p>Skilling Ltd:</p> <p>While the Company supports the need for the increased fees, we would like to recommend a phased implementation. A phased implementation would give everyone more time to adjust to the new fees and would result in a more smooth transition for industry participants.</p> <p>The increase of the initial minimum capital to be maintained with a bank from US\$ 50,000 to US\$ 250,000 is likely to create significant challenges for existing licensees. The transition to meet the new paid-up capital requirements within a period of 6-12 months is likely to place significant financial strain on small licensed firms, which may struggle to raise the additional</p>	<p>Consideration on proposed revision of the will be subject to further discussions.</p>

		<p>capital required to meet the new minimum capital requirements.</p> <p>Despite all this, the proposed higher entry costs as a result of the increased capital requirements may deter additional applications from potential SDs. This might result in less competition in the financial industry, which would raise consumer costs and limit innovation.</p>	
		<p>Sun Capital Markets Ltd:</p> <p>Paid up capital should not exceed 50k. 250k is also 5 folds the current required paid up capital. This should be postponed for a later stage and could be handled per volume generated by each entity. The FSA also has many pre-license approval requirements that are costly for many months before starting operations which adds up to the expenses of a startup.</p>	<p>Consideration on proposed revision of the will be subject to further discussions.</p>
		<p>Thunder Markets:</p> <p>No objection as, as a licensee we always assure maintaining an adequate capital, but a double/triple increase would be more reasonable for small or start up brokers.</p>	<p>Consideration on proposed revision of the will be subject to further discussions.</p>
		<p>TopFX:</p> <p>The current paid-up capital requirement for Licensees is USD50K. The proposed change/amendment multiplies up to fivefold the said fee (i.e., USD250K). Thus, we suggest instead of fivefold the current fee, to double the current fee from USD50K to USD100K. Also, we further suggest extending the transition period from 6-12 months to three (3) years.</p>	<p>Consideration on proposed revision of the will be subject to further discussions.</p> <p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>

		<p>Trade Quo Global Ltd:</p> <p>We agree in increasing the fees, but from US\$50K to US\$250K is excessive. We suggest increasing the capital to US\$100K or based on the volume of each broker.</p>	<p>Consideration on proposed revision of the will be subject to further discussions.</p>
		<p>Trade View Ltd:</p> <p>We believe that the whole purpose of the white paper is to deter bad actors in the industry, therefore raising the capital requirements will not stop this as the bad actors already have ample capital.</p> <p>We believe the most suitable scenarios are:</p> <ol style="list-style-type: none"> 1. If the securities dealer is passing all trades through to the LP then capital should stay at 50K as risk is minimal as all trades are backed 1 for 1. In this case the securities dealers interest are aligned with the client. 2. If the securities dealer is taking on risk (B-Book) then this increases the risk and therefore it should increase to \$250K. In this case the securities dealer's interests are their own and if the client loses money the SD makes money, this means they are not aligned with the client. <p>Both scenarios should be looked at from a Volume based approach. If the volume is very high and complex then the capital requirements should increase accordingly. Time frame to comply should be min 2-3 years.</p>	<p>Currently, there is no distinction in the Act governing SDs for dealing in different products or services.</p> <p>Furthermore, the current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>
		<p>Tradeco Limited:</p> <p>We note that the FSA proposes to increase the paid-up capital requirement from the current USD50,000 to USD250,000, an</p>	<p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being</p>

		<p>increase of 5x the current rate. Such a steep increase seems excessive, particularly for existing licensees already in good standing with the FSA. We encourage the FSA to consider a more reasonable paid-up capital requirement, or the grandfathering in of existing SDs.</p>	<p>extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p> <p>The proposal to have a grandfathering provision cannot be considered in view of the already proposed extended period above.</p> <p>Consideration on proposed revision of the will be subject to further discussions.</p>
		<p>UHY Premier Financial Services Limited: USD250,000 is too high as compared to other jurisdictions making Seychelles not an attractive jurisdiction for investors. Increasing the capital requirement does not help as such.</p>	<p>Consideration on proposed revision of the will be subject to further discussions.</p>
13	7(f) Access to licensee records from Seychelles.	<p>Just Global Markets Ltd: In view of technological advancements as iterated, the most feasible means for the maintenance of records is through soft copy rather than hard copies additionally considering the nature of business. In terms of our model and means of maintaining records, our records can be accessed from anywhere, so long as there is an internet connection. However, in terms of remote access for the FSA, this is a step that would require much deliberation as there is the possibility of outside parties hacking the system through the access given to the FSA which is a material issue in consideration of the personal information maintained by the Company, not only in terms of clients' information but also the Company information.</p>	<p>Kindly refer to draft regulation 25(4). Records can be kept either in physical <u>or</u> soft copy. There is no obligation for remote access.</p>

		<p>Pepperstone International Markets Limited:</p> <p>We note the FSA acknowledges the use cloud-based systems for the storage of record information. It would be good to confirm that the local record keeping requirement will be fulfilled if the information can be readily accessed from Seychelles by the local staff (and available to the FSA) versus needing to have a server or all information physically based in Seychelles – which is likely to be a prohibitively impractical and costly exercise for firms who have their IT capabilities managed in other jurisdictions.</p>	The local record keeping requirement will be fulfilled if the information can be readily accessed from Seychelles.
		<p>Plus500SEY Ltd:</p> <p>Please clarify whether the intention of this proposal includes the requirement for servers to be physically present in Seychelles.</p>	This proposal does not include the requirement for servers to be physically present in Seychelles.
13,14	7(g) Prohibit outsourcing of core functions.	<p>360 Degrees Markets Ltd:</p> <p>Some of these functions are clearly stipulated in the paper:</p> <ul style="list-style-type: none"> - all decision-making functions of the entity – considering that a resident Director will be appointed this point is covered. - regulatory responsibilities Compliance officer to be responsible for such function. - any interaction or direct contact with clients and investors (KYC verification and client onboarding) - The Company believes such function is not needed to be inhouse considering that such services are considered support services that can be provided by an outsourced third party. - compliance function - The Company agrees for compliance function to be established within Seychelles. 	<p>Note that the third point cannot be considered by the Authority due to the fact that client onboarding is defined as a core function which the Authority requires at least the basic physical presence in Seychelles due to the nature of the activity as the first point of contact with clients unless conducted within the group.</p> <p>Regarding the fifth point, trade executions are not included in the list of core functions.</p>

		<p>- execution of trades (if trades are placed via an automated online platform without the company's active involvement, then this does not require human presence).</p>	
		<p>Abacus (Seychelles) Limited (on behalf of clients): Here we would like to discuss and get an answer to the question of how easy it will be to get approval from the regulator for the outsourcing of core functions within the same group of companies. Will the appropriate Regulation be issued?</p>	Kindly refer to regulation 4 of the Securities (Outsourcing of functions) Regulations, 2022.
		<p>Alchemy Markets: Given the nature of the business, the Client interaction functions require individuals who are able to speak many varied languages to cater for the Licensees' client base. Limiting this function to local residents will inevitably limit the Licensees ability to provide suitable services to their Clients and therefore negatively impact business. Although we do not object to the requirement to have one local resident fulfilling this function, we would suggest allowing this function to be carried out outside of the Seychelles for additional agents if the Securities Dealer is part of a group.</p>	<p>The Client interaction function is not restricted to Seychellois staff. The individual(s) can be a foreigner employed on a Gainful Occupation Permit (GOP) in Seychelles.</p> <p>This function can be outsourced within the group or to affiliated entity.</p>
		<p>AXSE Brokerage: (a) OK, makes sense, majority of jurisdictions are requiring this. (b) This is more complicated and less feasible. Beside the reasons mentioned in row (4) and this causing the increase of costs, there is also one more factor to take into consideration, which is the language. It would be extremely hard to find personnel for Customer support or even some part of Client onboarding, who would speak relevant languages for us in Seychelles.</p>	<p>The Client interaction function is not restricted to Seychellois staff. The individual(s) can be a foreigner employed on a Gainful Occupation Permit (GOP) in Seychelles.</p> <p>This function can be outsourced within the group or to affiliated entity.</p>

		<p>Blackbull Markets:</p> <p>We agree with the proposal of FSA, provided that there are exceptions related to group or affiliate Companies with close links to the Securities Dealer.</p>	<p>Kindly refer to the proposal in the White Paper.</p>
		<p>Deneo Partners:</p> <p>We generally understand and are in agreement with the Authority's proposal.</p> <p>We would like to clarify, subject to the Authority's approval, that core functions could be allowed to be conducted outside of the Seychelles either by:</p> <ul style="list-style-type: none"> • entities which form part of the group in which the Securities Dealer Licensee belongs, or • through an entity that the UBOs have close links to so that it will cover the cases where the Licensee is not under a parent entity. <p>We further indicate that the blue wording in your proposal (see next table) should be deleted and adjusted with the above two points.</p> <p>We would also like to highlight that Securities Dealer operate on a Global basis and cater for clients from all over the world. As a result, there is a need for multi-language personnel to perform both the customer support and the back-office functions. It would be impossible for most companies to cover all languages out of Seychelles; therefore, we recommend</p>	<p>Kindly refer to the amended draft regulations.</p> <p>The Client interaction function is not restricted to Seychellois staff. The individual(s) can be a foreigner employed on a Gainful Occupation Permit (GOP) in Seychelles.</p> <p>This function can be outsourced within the group or to affiliated entity.</p>

		having senior back office and customer support personnel based in Seychelles that have general oversight of the operations.	
		<p>EF Worldwide Ltd:</p> <p>The functions related to Client onboarding, and customer support are outsourced to the Parent Company of the group. Further, specific core functions cannot be fully performed locally due to limited sources of human resources. For example, the company is covering a number of languages so we cannot have or find such personnel to perform these functions from Seychelles.</p> <p>The Compliance Function is outsourced to Deneo Partners Ltd. However, they also have support from the group's internal compliance function.</p>	<p>The Client interaction function is not restricted to Seychellois staff. The individual(s) can be a foreigner employed on a Gainful Occupation Permit (GOP) in Seychelles.</p> <p>These functions can be outsourced within the group or to an affiliated entity.</p> <p>Also, note that Outsourcing of Compliance function will be phased out.</p>
		<p>FinQuotes Financial (Seychelles) Ltd:</p> <p>Due to the global nature of the business, the shortage of resources locally and the size of the company, we suggest that core business can be outsourced into companies within the group or affiliated companies (same UBOs) that operate abroad.</p>	<p>The Client interaction function is not restricted to Seychellois staff. The individual(s) can be a foreigner employed on a Gainful Occupation Permit (GOP) in Seychelles.</p> <p>These functions can be outsourced within the group or to an affiliated entity.</p>
		<p>FiveComply:</p> <p>Although the reasoning is noted, the Authority to consider both sides of the argument, being that having in-house personnel in place that cannot make informed decisions effectively during the daily course of business operations will present a risk within</p>	<p>The Authority will maintain the proposal as is.</p> <p>The proposal to have a trainee/mentorship system is purely an internal decision.</p>

		<p>itself - the fact that the core functions will no longer be outsourced does not necessarily mean that the risks will be mitigated.</p> <p>A proposal would be to formalise the trainee/mentorship system so that licensees can source personnel that will grow with the company (through formal certification, learning the company culture, business model, procedures and daily operations) under the supervision of the currently outsourced functions/Directors currently residing abroad.</p> <p>If there is a formalised system/scheme that is a requirement for licensees, maybe this could aid with building the workforce over time.</p>	
		<p>Fusion Markets International:</p> <p>We agree with your proposal to prohibit outsourcing of core functions as long as it is agreed that the core functions can be outsourced within the company's group (outside of the Seychelles) or if there is a link through the UBO's.</p>	<p>The Client interaction function is not restricted to Seychellois staff. The individual(s) can be a foreigner employed on a Gainful Occupation Permit (GOP) in Seychelles.</p> <p>These functions can be outsourced within the group or to an affiliated entity.</p>
		<p>ICMarkets:</p> <p><u>“(b) Any interaction or direct contact with clients and investors such as;</u></p> <p><u>i. Client on-boarding;”</u></p> <p>Client onboarding operates strictly as per the Manuals and Procedures set by the AML Officer and approved by the Board</p>	<p>Note that the third point cannot be considered by the Authority due to the fact that client onboarding is defined as a core function which the Authority requires at least the basic physical presence in Seychelles due to the nature of the activity as the first point of contact with clients.</p>

		<p>of Directors. Usually, this is a task undertaken by the Backoffice Department. Nevertheless, it is the responsibility of the AML officer to monitor and ensure the onboarding is done correctly. So as far as the AML Officer is in-house we believe that the onboarding should be supported/outsourced. This is the standard practise in many global groups across many jurisdictions in order to achieve economies of scale. This will also make it viable in case there is a high incoming volume of new registrations which in this scenario the SD would need to onboard and train a substantial number of employees to undertake it in-house. Thus this, in our opinion should not be regarded as a core function.</p> <p>It should be noted that the final approval will be always performed by inhouse personnel e.g., the AML officer as per the manual.</p> <p><u><i>“ii. Customer support;”</i></u></p> <p>In regard to this proposal, we would like to stipulate that <i>“(c) any interaction or direct contact with clients and investors”</i> should not be regarded as a core function. The reasoning is that communication with clients can be of customer support element which includes strictly technical assistance and/or support of any other technical nature. Indeed, most of the systems are automated, nevertheless, it is very likely that the clients might need technical or any other type of support during the trading journey with the Company. Thus this, in our opinion should not be regarded as a core function.</p> <p><u><i>“ii. complaint handling”</i></u></p>	<p>In regards to complaints handling, please refer to the Securities (Conduct of Business) (Amendment) Regulations, 2022</p> <p>These functions can be outsourced within the group or to an affiliated entity.</p>
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		<p>We believe this requirement should run along the requirement of the Compliance Officer (see point (I)) and be vested with the Compliance Officer's responsibilities.</p> <p><u><i>"iii. Compliance function."</i></u></p> <p>See our comments below in point (I))</p>	
		<p>Just Global Markets Ltd:</p> <p>Before the FSA decides to enact such a regulation, much consideration has to be given to the availability of qualified individuals to undertake these roles, especially in terms of Compliance. Previously, the Authority adopted the concept of "Trainee Compliance Officer". I found that this practice was of great help in developing suitably qualified individuals to undertake the Compliance function. The FSA could consider introduction such a concept within legislation. Companies who fail to identify a qualified individual to undertake its compliance function could have the possibility to outsource for a certain period of time and in the meantime train an individual to take on the Compliance role and hence transition from outsourcing to having an in-house compliance officer.</p> <p>For client on boarding and customer support, consideration has to be given to the means most precedent for communication with clients. On our side we mostly communicate with clients through our chat enabled function on the platform. Regards also has to be given to the number of clients being dealt with on a daily basis. In view of the nature of business, employing resident individuals to deal entirely with onboarding and complaint handling would not be feasible.</p>	<p>The proposed Trainee Compliance Officer cannot be considered as it is not an initiative that the Authority will be venturing into and can be adopted at the discretion of the licensee.</p> <p>Please refer to the proposed definition of "affiliated entity" in the draft regulations.</p>

		<p>Could the FSA define what they are implying by a branch here for clarity purposes.</p>	
		<p>M4Markets:</p> <p>Group-outsourcing is critically important to be permitted when it comes to international Groups to enable proper governance and more efficient and effective management (Dealing/Treasury Activities tend to be centralised for better liquidity management. Similarly, marketing decisions and any Group-wide decisions affecting the subsidiaries are usually taken by the Global Boards)</p>	<p>Kindly refer to proposal in the White Paper.</p>
		<p>MBI Consultancy:</p> <p>It is understandable that the core functions indicated (i) compliance (ii) onboarding (iii) decision making (iv) complaint handling should be done within the company. But if it is within the same group structure as the companies is taking advantage of the economies of scale this should not be prohibited.</p> <p>On another related matter, these examples of core functions are not aligned with the content of the substance requirement under the SRC. These activities are falling under middle and back office in the current aforementioned regulation.</p>	<p>Outsourcing of core functions for companies within a group has been addressed by the Authority. As such, kindly refer to the proposal in the White Paper and draft regulation.</p> <p>In addition, the FSA will engage in discussions with the SRC regarding the non-alignment of substance requirements.</p>
		<p>MERJ Exchange:</p> <p><i>“(a) any decision making functions of the entity affecting the operations of an SD; “</i></p> <p>Please clarify this. Does it extend to any person in an executive capacity? What about a non executive director noting the</p>	<p>Note that there is no distinction between an executive and non-executive director in Seychelles laws. In addition, the amendments in the paper are requiring only one resident director to be based in Seychelles.</p>

		<p>Board of Directors sets strategic direction? Are all these persons required to be based in the Seychelles?</p> <p><i>“(c) any interaction or direct contact with clients and investors.”</i></p> <p>So the entire customer support department needs to be in Seychelles? This is 100% impossible. Not enough available employees and not enough office space. Some of these SDs have 100s of employees not just one.</p> <p><i>“Therefore, activities such as client on-boarding is considered to be one of the main income generating activities of the business.”</i></p> <p>MERJ has raised concerns to the Authority and Ministry of Finance previously on what constitutes CIGA. Please advise whether the Authority has made an assessment in relation to such requirements in other jurisdictions. For example, none of the jurisdictions MERJ examined had such provisions applying to their exchanges, clearing agency and securities facility.</p> <p><i>“Where a SD forms part of a group, in which a branch is based in Seychelles, core functions may be allowed to be conducted outside of the Seychelles, subject to the FSA’s approval. The outsourcing of such function shall be contractually binding and the licensee shall have sufficient knowledge on the activity of the outsourced function.”</i></p> <p>Branch or is the SD part of a group (parent, subsidiary or associate company)?</p>	<p>Also, the proposal prohibits outsourcing of the core functions to any third party but not the location at which these functions can be performed, i.e., not restricted to Seychellois staff and within Seychelles only. Moreover, outsourcing within a group/affiliated entity has been addressed in the white paper and draft regulation.</p> <p>In addition, the FSA will engage in discussions with the SRC regarding the non-alignment of substance requirements</p> <p>The term “branch” is being amended to “affiliated entity” which should be interpreted as an SD part of a group.</p>
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		<p>Pacific Union (Seychelles) Limited:</p> <p>The Licensee is in agreement with the proposed requirement however would like to recommend for the grace period to be extended to three years in order to enable the company to find suitable candidates to be employed in Seychelles and undertake the given functions to ensure the prudent handling and operations of the Company. It is further recommended for the FSA to allow a six-month grace period initially for candidates to be appointed on a temporary basis in order to ensure that the conditions of the Licensee will be met in case an appointed officer withdraws or resigns from his/her office.</p>	<p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p> <p>In relation to the proposed six-month grace period, this cannot be considered in view of the extended period granted.</p>
		<p>PKF Capital Markets (Seychelles) Ltd:</p> <p><i>“Where a SD forms part of a group, in which a branch is based in Seychelles, core functions may be allowed to be conducted outside of the Seychelles, subject to the FSA’s approval.”</i></p> <p>Will the FSA ensure that entity providing the core function be licensed as SD in an equivalent jurisdiction? How will this be enforced?</p>	<p>This will not be feasible in instances whereby the activity being undertaken by the entity is not related to Securities Dealing (those undertaking solely a specific function).</p>
		<p>Plus500SEY Ltd:</p> <p>In cases where the FSA has already been notified of a licensee's outsourcing arrangements and has the relevant agreements on file, please advise on the following:</p>	<p>In cases where previous approval has already been granted, the licensee will not be required to seek approval nor resubmit the outsourcing arrangements if already on</p>

		<p>1. Will a licensee be required to seek approval from the FSA once again when the new regulation comes into force?</p> <p>2. Will a licensee be required to resubmit the outsourcing agreements to the FSA when the new regulation comes into force?</p> <p>The above questions are being presented on the basis that there have been no changes in a licensee's outsourcing arrangements from the date on which the FSA was notified to the date on which the new regulation comes into force.</p>	<p>the FSA's record unless there is a specific circumstance where the FSA deems otherwise.</p>
		<p>Skilling Ltd:</p> <p>The inability to delegate essential duties like customer support, handling grievances, and compliance to third party providers or companies within the same group has a number of downsides.</p> <p>To underscore the aforementioned points, given the population density of the Seychelles, it can be difficult to find local employees or experts who are familiar with the financial sector and capital markets. It will be challenging and time-consuming to fill such positions as a result, and one employee may end up overseeing multiple organisations, raising risk in the financial sector. Skilling does not view the prohibition of outsourcing as a viable solution to regulatory oversight. As a solution, Skilling recommends an appointed, and qualified, outsourcing officer who will oversee the outsourcing arrangements between companies.</p> <p>Owing to the need for backup resources to sustain operations, customer service, and regulatory compliance, all of which would result in financial losses, companies turn to adopting risk mitigation measures by outsourcing necessary services to</p>	<p>Whilst these concerns have been noted, the Authority cannot consider the proposal for appointment of an outsourcing officer.</p> <p>Also, the proposal prohibits outsourcing of the core functions to any third party but not the location at which these functions can be performed, i.e., not restricted to Seychellois staff and within Seychelles only. Moreover, outsourcing within a group/affiliated entity has been addressed in the white paper and draft regulation</p> <p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>

		<p>service providers or companies within the same group. Companies will also make sure that the service provider complies with the Financial Services Authority's fit and proper standards.</p> <p>By prohibiting outsourcing, companies may be preventing themselves from gaining access to the skills and knowledge that potential outsourcing partners might have to offer. With the exception of the Seychelles employees, any outsourcing providers or companies within the same group, for instance, may be more prepared and experienced than local personnel to deal with changing regulatory requirements.</p>	
		<p>Thunder Markets:</p> <p>Point a) no objection. Regarding point b) and taking into consideration the multiple languages a licensee needs for covering their customers' portfolio, it would be difficult and costly if the core functions could be entirely outsourced. However, permitting these core functions to be handled by an entity of the same group makes it much easier.</p>	<p>The proposal prohibits outsourcing of the core functions to any third party but not the location at which these functions can be performed, i.e., not restricted to Seychellois staff and within Seychelles only. Moreover, outsourcing within a group/affiliated entity has been addressed in the white paper and draft regulation</p>
		<p>Valutrades:</p> <p>Client onboarding and customer support often require multilingual abilities and at a cheap cost point to ensure the business remains viable. It would not be practical to find sufficient resources for this in the Seychelles. We would suggest that these could still be outsourced providing the entity takes responsibility for monitoring these activities.</p>	<p>The proposal prohibits outsourcing of the core functions to any third party but not the location at which these functions can be performed, i.e., not restricted to Seychellois staff and within Seychelles only. Moreover, outsourcing within a group/affiliated entity has been addressed in the white paper and draft regulation</p>

		<p>Windsor Brokers International Ltd:</p> <p>Agreed that such functions cannot be outsourced to 3rd parties but suggesting to include the 3rd parties if within the group/close links, for the reason that we have central office/department that handle such duties for all the group.</p> <p>Therefore, we suggest instead of “Branch based in Seychelles” to include companies from within same group / close links.</p>	Where an SD forms part of a group, in which an affiliated entity is based in Seychelles, core functions may be allowed to be conducted outside of the Seychelles, subject to the FSA’s approval.
14,15	7(h) Outsourcing of support services	<p>Deneo Partners:</p> <p>We generally understand and are in agreement with the Authority’s proposal, as long as the above clarification is confirmed. The sub-contracting of the support functions will duly bound the companies through a Service Level Agreement submitted to and approved by the Authority.</p>	The Service Level Agreement will be submitted, but the content will not be approved by the FSA. A circular will be issued to provide guidance on the minimum content.
		<p>eToro:</p> <p>No objection. However, need clarification on whether the licensees would be required to submit all agreements again or just new ones or updates.</p>	In cases where previous approval has already been granted, the licensee will not be required to seek approval nor resubmit the outsourcing arrangements if already on the FSA’s record and unless there is a specific circumstance that the FSA may deem otherwise.
		<p>Just Global Markets Ltd:</p> <p>Does this imply that the Authority shall review and vet the service level agreements in view that they would require its submission?</p>	No, the Authority does not approve the agreements. Outsourcing should be done within the stipulated d parameters.
		<p>Plus500SEY Ltd:</p> <p>In cases where the FSA has already been notified of a licensee's outsourcing arrangements and has the relevant agreements on file, please advise if a licensee will be required to notify the FSA</p>	In cases where previous approval has already been granted, the licensee will not be required to seek approval nor resubmit the outsourcing arrangements if already on

		of its outsourcing arrangements and resubmit the agreements when the new regulation comes into force?	the FSA's record and unless there is a specific circumstance that the FSA may deem otherwise.
15	7(i) All medium of communication used with the clients shall be traceable and recorded.	Baxia Global Ltd: Already there. Phone and TXT is cumbersome. Retention for 7 years is data intensive.	The proposed retention period is reflective of the provisions under the AML/CFT Act. Furthermore, the Authority will consider either voice recordings or transcripts of same.
		Blackbull Markets: The Company suggests that due to cost prohibitions, calls are saved for 2 months. All other mediums and forms of communications can be retained for 7 years.	The Authority will consider either voice recordings or transcripts of same.
		Deneo Partners: In general, we are in agreement with this requirement with a comment for consideration. The only comment is the maintenance of the phone records for seven (7) years. Such a requirement will result to a huge IT development and cost to the Licensees as they will require a huge storage space to maintain calls for such a long period. We propose to have Licensees record calls for a 6 months period which can then be deleted to free storage space. Such practice should be described to the clients so that they are aware of such a recording policy. We believe a six (6) months period is adequate for a client to complain from the incident date.	The proposed retention period is reflective of the provisions under the AML/CFT Act. Furthermore, the Authority will consider either voice recordings or transcripts of same.

		For any complaints received within this alternative timeframe, the specific phone recordings can be maintained for longer periods.	
		FinQuotes Financial (Seychelles) Ltd: Maintaining 7 years of phone communication requires a significant amount of resources. Having that said, we suggest to maintain phone communications for 3 months. In the case where a complaint arises prior to the months, all the communication related to the specific complaint to be kept for the proposed timeframe of 7 years.	The proposed retention period is reflective of the provisions under the AML/CFT Act. Furthermore, the Authority will consider either voice recordings or transcripts of same.
		Fusion Markets International: We agree with your proposal to an extent. We agree all mediums of communication used with the clients shall be traceable and recorded however the timeframe should differ depending on the method of communication. In regard to core phone records and texts we recommend record keeping for 3 months as that is sufficient time for a complaint to be received and dealt with using the records in question. We also recommend that text messages should be made via approved communication channels i.e. a designated number.	The proposed retention period is reflective of the provisions under the AML/CFT Act. Furthermore, the Authority will consider either voice recordings or transcripts of same.
		ICMarkets: A similar requirement we meet in other jurisdictions is the obligation to maintain records of the transactions of the clients for the last 5 years. This request seems to be including all the communication. The relevant proposal would need substantial	The proposed transitional period of 3 years cannot be considered. Note that the obligation to do so is already in force under the AML/CFT Act.

		resources, time and coordination and we believe that SDs should be provided with at least three (3) years to comply with the relevant suggestion.	In addition, the current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		<p>Investingor Ltd:</p> <p>We agree on the concept, but we have the following concerns:</p> <p>1- Accumulating data for 7 years entails an enormous investment in data infrastructure, administration, and storage.</p> <p>2- It will be difficult to capture and store data from alternative communication methods such as phone recording, SMS, WhatsApp, or Facebook Messenger because each one requires a separate integration into a data repository.</p> <p>Alternatively, we suggest the following:</p> <p>1- Reduce the data storage period from 7 to 5 years as imposed by many other jurisdictions.</p> <p>2- Start with the basic and most common communication channels such as Email and mandate email as a required channel for any communications with existing clients related to the following:</p> <ul style="list-style-type: none"> a. Onboarding & KYC b. Financial Transactions c. Trading Activity 	<p>The proposed retention period is reflective of the provisions under the AML/CFT Act. Furthermore, the Authority will consider either voice recordings or transcripts of same.</p> <p>Note that it is up to the licensee to choose which method(s) of communication to use. Whichever form which is chosen, records will have to be kept as stipulated in the draft regulation.</p>
		<p>Nexo Markets:</p> <p>7 years especially for phone calls is too many resources and will increase the IT costs significantly. The rest is fine with me.</p>	The proposed retention period is reflective of the provisions under the AML/CFT Act. Furthermore, the

			Authority will consider either voice recordings or transcripts of same.
		OPO Finance: Having clients' communication recorded for 7 years is costly and requires a lot of IT support. We are suggesting 2 months for keeping records.	The proposed retention period is reflective of the provisions under the AML/CFT Act. Furthermore, the Authority will consider either voice recordings or transcripts of same.
		Pacific Union (Seychelles) Limited: The Licensee is in the agreement with the proposed requirement however we would like to note that maintaining records of phone calls/texts shall require an enormous capacity to be stored for such an extensive period which signifies excessive costs for IT infrastructure and storage. To this effect, we would like to recommend a period of two-four months instead unless there is an ongoing complaint which will lead to a longer storage of the given data for as long as it is deemed as necessary. The recommendation is based on the fact that based on our experience clients are likely to complain within 3-4 months from the incident therefore the Licensee should not be obliged to store the specific means for a period of 7 years.	The proposed retention period is reflective of the provisions under the AML/CFT Act. Furthermore, the Authority will consider either voice recordings or transcripts of same.
		Thunder Markets: Client records, such as CRM profiles and activity, Trading platforms' profiles and activity, transactions, emails and tickets are being stored for 7 years. However, recording and maintaining all means of communication such as Call Recordings for the same period, will raise the IT/Development costs significantly.	The proposed retention period is reflective of the provisions under the AML/CFT Act. Furthermore, the Authority will consider either voice recordings or transcripts of same.

			Note that it is up to the licensee to choose which method(s) of communication to use. Whichever form which is chosen, records will have to be kept as stipulated in the draft regulation.
		TopFX: In regards with the phone recordings, it should be noted that it is technically difficult to keep the recordings for such a long period (i.e., 7 years). We suggest to not apply the seven (7) years maintenance period obligation for phone recordings. Instead, the maintenance period for call recordings shall be six (6) months.	The proposed retention period is reflective of the provisions under the AML/CFT Act. Furthermore, the Authority will consider either voice recordings or transcripts of same.
		Trade Quo Global Ltd: We suggest to keep only complaint related data like email communication and all platform data for 7 years. Other communication, for the period of 2 months because many different communication channels might create huge IT developments.	The proposed retention period is reflective of the provisions under the AML/CFT Act. Furthermore, the Authority will consider either voice recordings or transcripts of same.
15	7(j) Limitation on trade names and domains.	Deneo Partners: We generally understand and are in agreement with the Authority's proposal with a comment for clarification. Given the global branding and SEO for Licensees, we would like to clarify that each domain and its subsequent subdomains shall be considered as one domain with the Authority, since they are simply variants of the main brand/tradename. For example, ABC.com, ABC.io and ABC.co shall be considered as one domain.	A specific domain name such as ABC.com and its subsequent subdomains e.g. complaints.ABC.com , support.ABC.com shall be considered as one domain name. However, a change from ABC.com to ABC.io constitutes as a change in domain name by the licensee and will require approval unless the change is simply for purposes of redirecting clients based on their region, for e.g. a client which has accessed www.ABC.com.sc is redirected to

			<p>www.ABC.hk due to the country where the website is being accessed, will not be considered as a change in domain name.</p> <p>Note that subdomains, which are prefixes added to a domain name to separate a section of a website, are not being covered in this proposal.</p>
		<p>Evalanch Ltd:</p> <p>We suggest, as far as trade name is the same to be consider as one only if it is completely different to apply the extra fee.</p>	It is not possible to register the same trade names under the Registrar of Companies.
		<p>Excent Capital Ltd:</p> <p>Do not agree. In our opinion each broker should operate under only one trade name/domain authorized by the Authority.</p>	The current proposal is to allow for additional trade/domain names, subject to the Authority's approval.
		<p>Just Global Markets Ltd:</p> <p>The adoption of fees for additional trade name is a new practice. In view that the trade name is registered with RoC and the registration certificate is provided to the FSA, would it be feasible to apply this fee? And furthermore, implement an annual fee as well.</p>	Trade names need to feature on the license, as such, any change will require approval and attract the administrative charge.
		<p>Pacific Union (Seychelles) Limited:</p> <p>The Licensee is in agreement with the proposed change however we would like to suggest for one domain to cover subdomains i.e. in case a website is translated to an additional language so that it does not count to a new domain which will increase the costs for the Company.</p>	A specific domain name such as ABC.com and its subsequent subdomains e.g. complaints.ABC.com , support.ABC.com shall be considered as one domain name.

			<p>However, a change from ABC.com to ABC.io constitutes as a change in domain name by the licensee and will require approval unless the change is simply for purposes of redirecting clients based on their region, for e.g. a client which has accessed www.ABC.com.sc is redirected to www.ABC.hk due to the country where the website is being accessed, will not be considered as a change in domain name.</p> <p>Note that subdomains, which are prefixes added to a domain name to separate a section of a website, are not being covered in this proposal.</p>
		<p>PKF Capital Markets (Seychelles) Ltd: See comment on fees schedule.</p> <p>This needs to be relooked at. The notification and approval of the use of a trade name by a licensee, to the FSA is understandable. However where the licensee is a domestic company, the trade name is applied for and registered with Registrar of Companies (domestic), therefore why would there be a need to pay an application fee of USD 500 and an annual fee of USD 1000 for the trade name with the FSA?</p> <p>We would like to understand what FSA will be doing in terms of regulatory enforcement in relation to trade names/domains and whether a tiering approach to pricing and number of trade names/domains can be considered ex: starting fee for 1-4 domains/ trade names.</p>	<p>In terms of regulatory enforcement, this is an internal process to verify trade names prior to registration at RoC. Subsequent to same, Trade names need to feature on the license, as such, any change will require the surrender of the previous license and reissuance featuring new trade names.</p>

		<p>Plus500SEY Ltd:</p> <p>Similar to the approach taken in other jurisdictions such as Cyprus and the UK, the Company proposes that the FSA puts in place appropriate rules in this respect to better control and supervise companies in order to prevent such unethical business practices, and in doing so, enhance their supervisory approach rather than introducing the payment of fees.</p> <p>The exorbitant fees being proposed may not fully deter companies from conducting such unethical practices, but will however have a negative financial impact on every other licensee in the sector, irrespective of whether such unethical practices are being conducted or not.</p> <p>We are of the opinion that the fees being proposed with respect to domains are excessive. We kindly ask the FSA to reconsider these. Confirm whether these fees would only apply to main domains?</p>	<p>There is an approval process for each additional domain and these will not automatically be approved. The fee shall apply to change in regular domains. Subdomains are not being covered in this proposal.</p> <p>A specific domain name such as ABC.com and its subsequent subdomains e.g. complaints.ABC.com, support.ABC.com shall be considered as one domain name.</p> <p>However, a change from ABC.com to ABC.io constitutes as a change in domain name by the licensee and will require approval unless the change is simply for purposes of redirecting clients based on their region, for e.g. a client which has accessed www.ABC.com.sc is redirected to www.ABC.hk due to the country where the website is being accessed, will not be considered as a change in domain name.</p> <p>Note that subdomains, which are prefixes added to a domain name to separate a section of a website, are not being covered in this proposal.</p>
		<p>Sun Capital Markets Ltd:</p> <p>Is .co or .io for example considered an additional domain?</p>	<p>Yes. See comment above. Unless the change from .co to .io is simply to redirect clients based on their region.</p>
		<p>TopFX:</p> <p>We suggest that, it should be clearly stated in the amendment legislation, that any minor changes and/or updates in the trade</p>	<p>Any change and/or update in the trade name/domain will require approval and be subject to the applicable fees.</p>

		<p>name and domain of the Licensee will not trigger the fee obligation.</p> <p>For example a change/update in the domain address of TopFX from www.topfx.com.sc to www.topfx.com will definitely need the approval of the relevant Authority prior purchase and use but since the change/update is minor it should be no need to pay any fee.</p>	
		<p>Trade View Ltd:</p> <p>This is fine as long as we don't get charged for each domain such as ".com.au" or ".tech".</p>	<p>The fee will become applicable for each registered domain.</p> <p>A specific domain name such as ABC.com and its subsequent subdomains e.g. complaints.ABC.com, support.ABC.com shall be considered as one domain name.</p> <p>However, a change from ABC.com to ABC.io constitutes as a change in domain name by the licensee and will require approval unless the change is simply for purposes of redirecting clients based on their region, for e.g. a client which has accessed www.ABC.com.sc is redirected to www.ABC.hk due to the country where the website is being accessed, will not be considered as a change in domain name.</p> <p>Note that subdomains, which are prefixes added to a domain name to separate a section of a website, are not being covered in this proposal.</p>

		<p>Windsor Brokers International Ltd:</p> <p>Agreed however it needs to be clarified that a domain and its subdomains are considered as one, as they use the same trade name.</p>	<p>A specific domain name such as ABC.com and its subsequent subdomains e.g. complaints.ABC.com, support.ABC.com shall be considered as one domain name.</p> <p>However, a change from ABC.com to ABC.io constitutes as a change in domain name by the licensee and will require approval unless the change is simply for purposes of redirecting clients based on their region, for e.g. a client which has accessed www.ABC.com.sc is redirected to www.ABC.hk due to the country where the website is being accessed, will not be considered as a change in domain name.</p> <p>Note that subdomains, which are prefixes added to a domain name to separate a section of a website, are not being covered in this proposal.</p>
16	7(k) Limitation on worldwide operations.	<p>360 Degrees Markets Ltd:</p> <p>While legal opinions can provide useful guidance and insight into regulatory requirements in different countries, requiring regulated entities to submit them for every country where they onboard clients may be impractical, costly, and potentially unreliable. More specifically:</p> <p>a) <u>Cost</u>: Preparing legal opinions for multiple countries can be time - consuming and costly for both the Regulator and the regulated entities. FSA will need to establish systems and controls as well as to hire the necessary personnel to monitor that indeed each regulated entity onboards clients only from</p>	<p>Kindly refer to the amended provision in the white paper.</p> <p>In relation to the proposal, from an AML/CFT perspective, the FSA publishes notifications of countries which are on UN Sanctions list from the FATF whereby licensees should adopt a robust risk base approach when onboarding and/or transacting with clients. Aside from that, the FSA does not dictate or guide licenses on risk-based framework to adopt as such is specific to each licensee, their mode of business.</p>

		<p>the specific countries that legal opinions would be obtained from.</p> <p>b) <u>Time</u>: Obtaining legal opinions for every country where a regulated entity is onboarding clients may take a significant amount of time, delaying the onboarding process for new clients.</p> <p>c) <u>Limitations</u>: Legal opinions are subject to limitations, and they may not be able to provide a complete picture of the regulatory environment in a particular country. This could result in regulatory risks for the regulated entity, and potential legal issues for clients.</p> <p>d) <u>Inconsistency</u>: Different legal opinions from different law firms or legal experts may have inconsistencies or varying interpretations, causing confusion or uncertainty for clients and regulatory bodies, therefore regulated entities could potentially be treated separately.</p> <p>e) <u>Unnecessary burden</u>: Requesting legal opinions for every country where a regulated entity is onboarding clients may be an unnecessary burden, particularly for entities that operate in many countries or regions, and it could make Seychelles an unattractive jurisdiction for Financial Institutions.</p> <p><u>Proposal</u>: It may be more effective to focus on a risk-based approach that prioritizes high-risk countries or regions for legal analysis and regulatory compliance. In this regards the regulator could prepare a risk assessment analysis that needs to be followed by the regulated entities in relation to the countries that they operate.</p>	
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		<p>Do we understand correctly that for each country it will be enough to provide a legal opinion from lawyers? And the Regulator(FSA) will not request for any official permission from the country's local regulator?</p>	
		<p>Abacus (Seychelles) Limited (on behalf of clients):</p> <p>Do we understand correctly that for each country it will be enough to provide a legal opinion from lawyers? And the Regulator (FSA) will not request for any official permission from the country's local regulator?</p>	<p>RFI from foreign counterparts remains in the Authority's toolbox and shall continue to be utilized in the discharge of its functions.</p>
		<p>Alchemy Markets:</p> <p>Further clarifications should be given in regard to the requirement to obtain a legal opinion.</p> <p>What constitutes an acceptable alternative documentary proof? In the case of reverse solicitation, does the FSA suggest that a legal opinion must be obtained prior to onboarding a client?</p> <p>The cost of obtaining a legal opinion for each country where clients are located will rapidly become insurmountable. We therefore suggest a clearer framework should be adopted, for example:</p> <ul style="list-style-type: none"> • A legal opinion should be required for the countries in which Licensees have declared to the FSA they intend to provide their services. <p>OR</p>	<p>In regards to the provision of an alternative documentary proof, this shall be to the satisfaction of the Authority and depending on the jurisdiction.</p> <p>In the case of reverse solicitation, the onus is placed on licensees to prove to the Authority that they are allowed to do so. 'Legal opinion' is being removed.</p>

		<ul style="list-style-type: none"> • A legal opinion should be required when the Licensee has a minimum number of X clients in a specific country <p>OR</p> <ul style="list-style-type: none"> • A legal opinion should be required for the top five countries where the Licensees' clients are located. 	
		<p>AXSE Brokerage:</p> <p>Based on our experience this would be extremely expensive, and practically almost impossible to get for majority of the countries. We believe it would kill the whole industry if this requirement was in place and strictly required. It may be more prudent to make this requirement only for the "targeted countries", i.e. countries where the SDL is performing active marketing, has a branch, call-center, or similar.</p>	<p>The proposal for this to be applicable only for targeted countries cannot be considered. Implementation should be in line with the provisions stipulated in the White Paper.</p> <p>Kindly refer to amended White Paper and draft regulations.</p>
		<p>Blackbull Markets:</p> <p>The Company suggests that it considers its legal position for countries where it has a significant presence in. Considering its legal positions for all countries where it has limited or no service offering would be cost prohibitive.</p>	<p>Regardless of the number of clients, licensees will need to ensure that operations are conducted in line with the domestic laws.</p>
		<p>CM Trading:</p> <p>This is welcoming a and b especially. However, for option c it is not always easy to get a lawyer who wishes to provide legal opinion for a firm in another jurisdictions. But if the Authority is willing to accept alternative document, we would appreciate if it could be specified within the Act itself to avoid misunderstanding.</p>	<p>In regards to the provision of an alternative documentary proof, this shall be to the satisfaction of the Authority and depending on the jurisdiction.</p>

		<p>Deneo Partners:</p> <p>We are in agreement with the first two bullet points. With regard to the legal opinions, we have seen a resistance by the Licensees as this can be time consuming and costly. The average legal opinion cost is c. \$5K</p> <p>We may also anticipate some complications. For instance, a Licensee may receive an account opening application from a single client from a specific country, so the following points/complications could be raised:</p> <ul style="list-style-type: none"> • Is it worth getting a legal opinion just to have a single client from this specific country? • Does the Licensee onboard the client and then obtain a legal opinion? <p>Having mentioned the above, the Authority could remove the legal opinions or allow the Licensees to focus on, for example, the top five countries where their clients originate from, based on their volume of active clients.</p>	<p>Regardless of the number of clients, licensees will need to ensure that operations are conducted in line with the domestic laws.</p> <p>The Licensee should not onboard any client until proof that they are allowed to do so is obtained. Kindly refer to amended White Paper and draft regulation.</p>
		<p>eToro:</p> <p>FSA needs to have the capacity to review legal opinions received. Existing legal to be shared. Need further clarification on this point:</p>	<p>Regardless of the number of clients, licensees will need to ensure that operations are conducted in line with the domestic laws.</p> <p>See new proposed wording.</p>

		<i>“Licensee must ensure that a legal opinion or alternative documentary proof has been granted to ensure that on-boarding of client is not in contravention of any laws in countries in which they intend on carrying their services.”</i>	
		<p>FinQuotes Financial (Seychelles) Ltd: The Company acknowledges this, and is in agreement with the first 2 proposals.</p> <p>For the third proposal, that is requesting a legal opinion for the on-boarding of clients, is time consuming, costly and may result to loss of business for the Company. If the Company decides to focus on providing services and market its products in countries that require a legal opinion, then it shall take the necessary actions to obtain one.</p>	See new proposed wording.
		<p>Fusion Markets International: We partially agree with this proposal. We believe that legal opinions are too costly and should not be required.</p>	See new proposed wording.
		<p>ICMarkets: The relevant task would need many resources, time and coordination and we believe that SDs should be provided with at least three (3) years to comply with the relevant suggestion.</p>	<p>See new proposed wording.</p> <p>The proposal to provide a 3-year extension cannot be considered. Note that the current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>

		<p>Investingor Ltd:</p> <p>The 3rd point will be difficult to comply with practically, please reconsider.</p>	See new proposed wording.
		<p>Just Global Markets Ltd:</p> <p>In view of the size of the Seychelles jurisdiction it would be unreasonable to only provide services within the Seychelles furthermore considering the amount of licensees in Seychelles. Such limitation would be feasible if the Seychelles were similar to the EU.</p> <p>In view that regulatory authorities cooperate with each other, would it not be better to for the FSA to provide a list of countries which are deemed acceptable rather than the licensee engaging which these regulators through MOU's. This may cause a hindrance in the sense that a foreign regulator will be more willing to cooperate with a regulator rather than a foreign licensed company. Such a provision may prove tedious and SDs may find themselves halting business while waiting response from some regulators.</p> <p>In the context of CySEC, if a licensed company wants to establish a branch in any other EU country, they have to apply to CySEC, then CySEC liaises with the local authority, for example, CNMV, and communication is maintained between the two regulators.</p>	<p>See new proposed wording.</p> <p>When establishing a branch in an alternative jurisdiction, then it would make sense to have inter-regulatory cooperation due to physical presence. However, simply soliciting clients would not.</p>
		<p>M4Markets:</p> <p>Marketing actively within a jurisdiction versus global digital marketing for brand awareness versus Reverse solicitation rules are rather complex and delicate matters for which in most</p>	See new proposed wording.

		<p>cases there are no clear-cut answers. For example, if all of the clients from a given jurisdiction sign a reverse solicitation form in case that direct marketing is not permitted in that jurisdiction yet through digital marketing, clients wish to onboard, be accepted or can it be challenged?</p>	
		<p>MERJ Exchange: <i>“(a) ensure that countries in which they intend on providing services have clear provisions on providing financial services to their residents and/or citizens;”</i></p> <p>Are there clear provisions in Seychelles laws on providing financial services to its residents and/or citizens?</p> <p><i>“(b) Reverse solicitation laws;”</i></p> <p>Reverse solicitation is not usually a "law". It is something that is generally understood globally to be acceptable as regulators cannot stop their citizens from contacting a non-resident financial service provider and engaging in business with them, with very few exceptions (e.g. US CFTC and OTC derivatives contracts).</p>	<p>See new proposed wording.</p>
		<p>Nexo Markets: I agree with the first 2 points and totally against the 3rd one – will be not possible/will be super expensive to have legal opinion for all countries, especially if you are not targeting country but a single client approached you.</p>	<p>See new proposed wording.</p> <p>Regardless of the number of clients, licensees will need to ensure that operations are conducted in line with the domestic laws.</p>

		<p>OPO Finance: Having this requirement followed will not be practical for small number of clients for these countries.</p>	See new proposed wording.
		<p>Otex Universal Holdings Ltd: Obtaining legal opinion or documentary proof will be costly and time-consuming. This point should be removed.</p>	See new proposed wording.
		<p>Pacific Union (Seychelles) Limited: The Licensee is in agreement with points 1 and 2 however would like to express its concerns with the request of a legal opinion as this will be time-consuming and costly whereas as per the market it is difficult to secure such a legal opinion. It is however recommended for the given request to be limited to the top 5 jurisdictions of the clientele of the Licensee.</p>	<p>See new proposed wording.</p> <p>Regardless of the number of clients, licensees will need to ensure that operations are conducted in line with the domestic laws.</p>
		<p>Pepperstone International Markets Limited: While it's positive that the FSA recognizes the legal basis for entities to provide financial services to residents of a jurisdiction via reverse solicitation, we're concerned that the requirement's wording is unclear and could create unnecessary burden for both issuers and the FSA.</p> <p>It's important to note that reverse solicitation means issuers aren't intending to provide financial services within a specific jurisdiction – in fact the very nature of reverse solicitation means that services are being provided from offshore, and are not targeted at residents of a particular jurisdiction (by way of direct solicitation/active marketing). It seems excessive to require legal opinions from every jurisdiction, especially where it could be only a small number of people from that jurisdiction</p>	<p>See new proposed wording.</p> <p>Regardless of the number of clients, licensees will need to ensure that operations are conducted in line with the domestic laws.</p>

		<p>approaching the entity on a reverse solicitation basis. Also having legal opinions demonstrating the legality of reverse solicitation in various jurisdictions doesn't necessarily mean that a firm's reverse solicitation process adequately protects or informs investors.</p> <p>We suggest the following changes be made to better address the potential for harm and reduce the burden on both the issuer and the FSA:</p> <p><i>“A licensee shall ensure that it only deals with residents of countries that are not prohibited from engaging with a licensee licensed under the Act.”</i></p> <p><i>“If a licensee intends to directly solicit or actively market to residents of a particular country and/or offer its services to residents of a country from within that country: it must prove to the Authority that it possesses a legal opinion or alternative documentary evidence that it is permitted to conduct such activities. Should a licensee intend to offer services to a resident of any country not previously notified to the Authority, the licensee shall be required to comply with the above conditions (as applicable) and promptly notify the Authority prior to the on-boarding or solicitation of clients.”</i></p> <p><i>“If a licensee intends to rely on reverse solicitation to enable residents of a particular country to access its services: it must provide the Authority with a list of each country and detailed information about the steps that it intends to take to ensure that it does not directly solicit/actively market to residents of, or provide its services onshore within, such countries. The licensee must also inform residents onboarded by way of</i></p>	
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		<p><i>reverse solicitation that it is not licensed or approved in their jurisdiction of residence.”</i></p> <p>Directly soliciting clients is a more serious issue because clients are being directly marketed to, so individual opinions for each country would be relevant here.</p> <p>By obtaining a list of countries for reverse solicitation purposes, the FSA will also be able to refuse to allow the licensee to deal with specific countries where there are known concerns regarding the ability of firms to rely on reverse solicitation. It also enables them to take action where an entity has a client from a jurisdiction not on their approved list.</p> <p>By requiring a single submission on the reverse solicitation process, the FSA can effectively ensure that the process is robust and can approve or refuse it accordingly. This approach is preferable to reviewing multiple statements of legal advice, which may only confirm that reverse solicitation is allowed or that the legal requirements are limited to onshore operations in each individual country. It would be a significant administrative burden to go through those opinions and they do not necessarily provide an indication that the licensee is operating a robust reverse solicitation process.</p> <p>In the future, on the basis of those submissions, the FSA may decide to ultimately come up with their own procedure on an effective reverse solicitation process which would cut down on the administrative burden further.</p>	
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		<p>PKF Capital Markets (Seychelles) Ltd:</p> <p>Globally, SD licenses are split into different sublicenses/ categories which makes it easier to apply different risk parameters and license requirements. It is recommended that this be applied in the Seychelles. In our opinion this section relates to Contracts For Differences (CFD) traders and therefore conditions for same should be placed under a separate license/ regulations.</p> <p>This will be problematic and if the FSA maintains this provision the industry will require more than 12 months transitional period for compliance.</p> <p><i>“(a) ensure that countries in which they intend on providing services have clear provisions on providing financial services to their residents and/or citizens;”</i></p> <p>Financially this would not make sense considering that SD does not earn a lot in the industry versus CFD traders. Moreover, licensees would not have control over other jurisdictions' requirements/ laws. It makes more sense to ensure that proper disclaimers are introduced and to obtain attestations from clients.</p>	<p>The proposal to split SD licenses into different sublicenses/ categories would be considered in future amendments.</p> <p>In addition, the current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p> <p>See new proposed wording.</p>
		<p>Skilling Ltd:</p> <p>The opinion of Skilling is that enacting numbers one and three above will do more harm than help to the regulatory rigor and reach of the Seychelles FSA. In today's economy customers may transact with ease not only locally but also globally as standards have been elevated on KYC, CTF, and AML just to name a few. Most nations in the world do not have explicit laws prohibiting the online trading of FX and CFDs. Where such laws exist,</p>	<p>See new proposed wording.</p>

	<p>Skilling adheres to local requirements. Examples include countries like Canada, the United States, and Singapore who all have specific requirements to the onboarding of customers trading FX and CFDs. In the absence of any explicit rule banning a nation's customers from transacting in these regulated products, Skilling holds these customers to the strictest standards in the event there is ever a question by a National Competent Authority on the quality of Skilling's onboarding process.</p> <p>The proposal to solicit "legal opinions or alternative documentary proof" will lead to a surge in both legitimate and illegitimate legal "opinions" by all afflicted SDs. The FSA will lengthen the evaluation procedure and include new ancillary actions. A preferable strategy would be to ensure that companies embrace legal obligations and are governed by stringent laws for the supervision of due diligence, good corporate governance, risk management, and other internal control measures.</p> <p>The requirement to seek legal opinions will result in increased licensing fees, which will divert attention away from improving the infrastructure and products that are required to draw business operations from or in Seychelles, causing a large number of small companies to go out of business.</p> <p>Skilling adheres to reverse solicitation where customers may onboard with more than one entity. The company directs its customers to the entity where their NCA would expect customers to be housed. Select customers may proactively select their preferred jurisdiction, and upon doing so, receive</p>	
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		<p>messages alerting them to the differences between their “default” regulator and the one they have selected.</p>	
		<p>TopFX:</p> <p>It should be noted that it will be time consuming and extremely costly for each Licensee to seek for a legal opinion and/or any alternative documentary proof in order to ensure that the on-boarding of clients is not in contravention of any laws in countries in which they intend on carrying their services.</p> <p>It should be noted that our Company does not direct its services to any person in any jurisdiction in which the use of its services is prohibited by the local legislation. The residents and/or citizens of each jurisdiction have the responsibility to ensure that the use of the Company’s services adhere to the local legislation. Our Company does not affirm that its services is suitable to all jurisdictions. That said, disclaimer is included in the Company’s official website.</p> <p>Thus, we strongly believe that it should be (potential) clients’ obligation to ensure that the use of our services adhere to the laws and regulations of their country of residence.</p> <p>In light of the above, we suggest to remove this clause.</p>	<p>See new proposed wording.</p>
		<p>Trade Quo Global Ltd:</p> <p>We suggest to apply this rule to top 3 countries. Obtaining a legal opinion can be costly and time consuming, in case we have only a couple of clients from some country it will be illogical to get legal opinion for only these clients.</p>	<p>See new proposed wording.</p>

		<p>Trade View Ltd:</p> <p>We believe that this should be based on top 3-5 countries that you have clients from, also based on number of clients (benchmark needs to be set based on >1,000 active clients) Otherwise it is not sustainable to get legal opinions in all countries if only a few clients are on boarded.</p> <p>Legal opinion - how in depth does this need to be? We would need clarification on this point.</p>	<p>See new proposed wording.</p>
		<p>Tradeco Limited:</p> <p>Requiring SDs to obtain legal opinions from every jurisdiction in which they onboard clients would put a substantial financial strain on licensees as most SDs accept clients worldwide. It is not realistic that any regulator would provide “documentary proof” or assurances to any entity not licensed in their jurisdiction. Consequently, SDs would be left to incur exorbitant legal fees to obtain legal opinions in each jurisdiction.</p> <p>We feel that the FSA’s efforts are better placed in its proposal to protect the interest of clients through its increased risk disclosures and proposed negative balance protection.</p>	<p>See new proposed wording.</p>
		<p>UHY Premier Financial Services Limited:</p> <p>This measure is not available in other jurisdictions. This is too burdensome and not business friendly. The suggestion is for the licensee to put a disclaimer on its website that each client should first check with their lawyers if they are allowed to open a trading account with the Licensee.</p>	<p>See new proposed wording.</p>

		<p>Valutrades:</p> <p>In some countries there may not be clear provisions for providing financial services but this does not mean these countries want to restrict financial services. Often this is the case in developing economies. This should instead focus on ensuring the entity does not provide services in countries where it is restricted to do so.</p> <p>We already follow reverse solicitation laws.</p> <p>Legal opinions can be extremely expensive and it may not be practical to obtain one for every country where the entity is onboarding only one or a few clients. This should be limited to only countries where the entity conducts significant business.</p>	<p>See new proposed wording.</p> <p>Regardless of the number of clients, licensees will need to ensure that operations are conducted in line with the domestic laws.</p>
		<p>Windsor Brokers International Ltd:</p> <p>If a Company can study the Laws in each jurisdiction and can demonstrate provisions of reverse solicitation should be sufficient if not, then obtain a legal opinion. This can be in the form of one legal opinion for many market participants.</p>	<p>See new proposed wording.</p>
16	7(l) Outsourcing of compliance function.	<p>Alchemy Markets:</p> <p>Although we understand the motive to implement this requirement. We must reiterate our concern for the current impracticalities. This requirement will create a demand which, it seems, cannot currently be met with the available supply of local resources.</p> <p>What steps are the Seychelles authorities planning to take in order to ensure that the local infrastructure supports the development of local resources both from a quantitative and qualitative perspective?</p>	<p>The Authority will maintain the status quo i.e. Outsourcing of compliance function to resident individuals will be allowed for the time being.</p>

		<p>Deneo Partners:</p> <p>We generally understand and are in agreement with the Authority's proposal.</p> <p>Given that it is difficult to find qualified compliance officers maybe new licensees could be allowed to operate on an outsourced basis for the first 12 or 24 months from commencement of operations and then hire internal personnel.</p>	<p>The Authority will maintain the status quo i.e. Outsourcing of compliance function to resident individuals will be allowed for the time being.</p>
		<p>EF Worldwide Ltd:</p> <p>We know that Seychelles faces a problem of lack of specialized personnel on this industry. If you consider that the number of licensed companies are increasing year by year, then it will be very difficult to find people who have the appropriate knowledge and experience to manage such a critical position.</p> <p>Further, there is a possibility that Compliance Officer might be appointed or hired from many companies due to lack of specialized persons.</p>	<p>The Authority will maintain the status quo i.e. Outsourcing of compliance function to resident individuals will be allowed for the time being.</p>
		<p>FiveComply:</p> <p>As per our comments on the matter above. The Authority should also give consideration to the amount of time it takes to acquire the relevant certification in the fields related to the Capital Markets Sector (whether that be ICA, CISI or others) and the time it will take to get on the job training to gain sufficient understanding of the business and requirements to a level that the individual will be able to confidently occupy a core function (even for candidates with existing experience in other sectors)</p>	<p>The Authority will maintain the status quo i.e. Outsourcing of compliance function to resident individuals will be allowed for the time being.</p>

		<p>- the timeframe being proposed appears to be unrealistic given the current circumstances.</p>	
		<p>ICMarkets:</p> <p>Considering the number of current SDs and the potential number of companies planning to apply we believe that finding a suitable, fit and proper individual to undertake the in-house function of CO would be difficult. We believe the three (3) years proposed for compliance with this requirement are reasonable however we would request that the FSA makes the necessary legislative amendments to allow for an extension to be provided in case the SD is not able to find a suitable person. We also have to take into account that there is going to be fierce competition, considering the lack of fit and proper individuals in Seychelles due to the size of the island.</p> <p>Additionally, we would like to see some training and/or certificates issued by the FSA to individuals residing in the Seychelles who want to work towards becoming Compliance and/or AML Officers. Many Regulators have partnered up with educational institutions (see CISI) and put in place a regulatory and an AML certificate which is mandatory for the Compliance and AML Officers respectively.</p> <p>Lastly, we would like to suggest that when the SD is part of a Group, that an employee of the Group, not residing in Seychelles, would be able to be appointed as the CO of the SD. This person could attend an interview and assessment by the FSA and participate in any training and/or certification.</p>	<p>The Authority will maintain the status quo i.e. Outsourcing of compliance function to resident individuals will be allowed for the time being.</p>

		<p>Investingor Ltd:</p> <p>Agreed. However, we had difficulty finding an outsourced Compliance Officer in Seychelles, and it will be even more difficult to recruit a full time CO due to scarcity. Therefore, we kindly suggest the following in such cases:</p> <p>Introduce a Compliance Officer Certification Program which allows the licensee to hire a CO abroad as long as they successfully acquire the Certificate and renews it on regular bases.</p>	<p>The Authority will maintain the status quo i.e. Outsourcing of compliance function to resident individuals will be allowed for the time being.</p>
		<p>Just Global Markets Ltd:</p> <p>The FSA can consider the reintroduction of the concept of "Trainee Compliance Officer". I found that this practice was of great help in developing suitably qualified individuals to undertake the Compliance function. The FSA could consider introduction such a concept within legislation. Companies who fail to identify a qualified individual to undertake its compliance function could have the possibility to outsource for a certain period of time and in the meantime train an individual to take on the Compliance role and hence transition from outsourcing to having an in-house compliance officer.</p>	<p>The Authority will maintain the status quo i.e. Outsourcing of compliance function to resident individuals will be allowed for the time being.</p>
		<p>M4Markets:</p> <p>Agreed subject to the possibility that in cases of Groups with operations outside of Seychelles, backup compliance and/or additional support can be provided by the Group Compliance department.</p>	<p>This is an internal business decision.</p> <p>The Authority will maintain the status quo i.e. Outsourcing of compliance function to resident individuals will be allowed for the time being.</p>

		<p>MBI Consultancy:</p> <p>Refer to point 3 above. Is it the belief of the Authority that within three years it will have sufficient individuals who can take up these positions?</p> <p>I recommend continuing the outsourcing services for newly established companies for a specified period of time. In this case they get expert services at a reduced cost and are able to establish themselves properly prior to taking up a full time personnel within this section. In this case they can train an individual who can eventually replace the outsource service provider.</p>	The Authority will maintain the status quo i.e. Outsourcing of compliance function to resident individuals will be allowed for the time being.
		<p>Trade View Ltd:</p> <p>This is fine, with the outsourced Compliance officer in place just in case the time frame is not met due to lack of staff or a staff member leaves within the grace period. Temporary replacement for 6 months and be reviewed on a case-by-case situation based on unexpected circumstances.</p>	The Authority will maintain the status quo i.e. Outsourcing of compliance function to resident individuals will be allowed for the time being.
16,17	7(m) Fees	<p>Baxia Global Ltd:</p> <p>The annual fee is triple. Please reasonably instead base fee increase proportions off the transaction volume (business) that needs to be analyzed /reviewed.</p>	This would not be practical from a regulatory standpoint and therefore cannot be considered at this point in time.
		<p>CM Trading:</p> <p>We have to bear in mind that one attractive status of Seychelles jurisdictions is the competitive fees it offers compare to other jurisdictions. While we have taken note that the Authority requires resources to function, we also like to remind the Authority that we try our best to ensure that the licensee has a</p>	Based on FSA's research, current fees are lower than other similar jurisdiction and therefore competitive. As such, the proposed annual license fee is being maintained.

		<p>positive ongoing concerns, ensuring we have the ability to pay and also try each year to increase the staff's salary as needed. So, we believe that the increase is from USD3,000 to USD9,000 is a bit too much. This move could very well see many SDL move away from Seychelles. Many, already pays a very hefty sum for Insurance Policy. So, we propose if you wish to increase at least by 40% of the actual fee Maximum.</p>	
		<p>Deneo Partners: We find the proposed annual license fee to be excessive, and would like to suggest the below alternatives:</p> <p>i. A smaller increase of the Securities Dealer annual license fee to twice instead of thrice the existing amount, i.e. to USD6,000; or</p> <p>Propose an increase in annual license fees that is proportionate to the Licensee's volume of operations and revenues and which will adjust accordingly.</p>	<p>Based on FSA's research, current fees are lower than other similar jurisdiction and therefore competitive. As such, the proposed annual license fee is being maintained.</p>
		<p>Evalanch Ltd: Okay, but can be done 5K, not triple to 9K.</p>	<p>Based on FSA's research, current fees are lower than other similar jurisdiction and therefore competitive. As such, the proposed annual license fee is being maintained.</p>
		<p>Excent Capital Ltd: Partially agree. We understand/agree with the need of increasing the fees for the license, however, USD9,000 could be lowered to somewhere around USD 6,000?</p>	<p>Based on FSA's research, current fees are lower than other similar jurisdiction and therefore competitive. As such, the proposed annual license fee is being maintained.</p>

		FinQuotes Financial (Seychelles) Ltd: We suggest that the mentioned fees to be increased by 50% maximum.	Based on FSA's research, current fees are lower than other similar jurisdiction and therefore competitive. As such, the proposed annual license fee is being maintained.
		FiveComply: We consider that an increase of 200% in the license fees makes the FSA non-competitive, compared to other offshore jurisdictions e.g. Mauritius. This is similar to EU fees.	Based on FSA's research, current fees are lower than other similar jurisdiction and therefore competitive. As such, the proposed annual license fee is being maintained.
		Investingor Ltd: We agree with the concept, but the increase is steep. We kindly suggest revising the new fees.	Based on FSA's research, current fees are lower than other similar jurisdiction and therefore competitive. As such, the proposed annual license fee is being maintained.
		Just Global Markets Ltd: This is a substantial increase considering that the fees were increased in 2020. Especially, the annual fee which is proposed to be increased by USD6000.	Based on FSA's research, current fees are lower than other similar jurisdiction and therefore competitive. As such, the proposed annual license fee is being maintained.
		MBI Consultancy: The increase in fees is excessive. In fact tripling in the case of licence fees for securities dealer. What is the raison d'etres of such an extreme increase. A 50 to 75% increase in fees is reasonable and any more than that is actually trying to kill the industry. There are other ways that the authority can make money which I see many have been proposed already from fit and proper determination to domain/trade name approval.	Based on FSA's research, current fees are lower than other similar jurisdiction and therefore competitive. As such, the proposed annual license fee is being maintained.

		<p>Also how come the other license increase are more reasonable at 50% or less in respect to the increase in fees whereas securities dealers' fees has tripled. Investment advisor licence has doubled but not for securities dealers. It seems totally unfair especially taking into account that there are more securities dealers than the other licences and hence more opportunity for the FSA to earn more from the increase in their case. In fact, as there are more securities dealers than the other licensees the increase in fees for them should be much lower.</p>	
		<p>MERJ Exchange:</p> <p>Noting the issues raised in this paper, it is suggested that FSA considers the activities being performed rather than a blanket increase in license fees to all SDs.</p> <p>The focus of this paper is on the SD framework but in the same paper, without any justification provided, the fees for exchange, securities facility and clearing agency are being quadrupled Please explain why noting the same fees were increased from January 2020.!</p> <p>In short, these licensees should not be penalized for issues that supposedly the SDs have caused.</p>	<p>Based on FSA's research, current fees are lower than other similar jurisdiction and therefore competitive. As such, the proposed annual license fee is being maintained.</p>
		<p>Nexo Markets:</p> <p>Double increase will be more reasonable.</p>	<p>Based on FSA's research, current fees are lower than other similar jurisdiction and therefore competitive. As such, the proposed annual license fee is being maintained.</p>
		<p>Otex Universal Holdings Ltd:</p> <p>Increase in fees should be within 20% to 30% maximum.</p>	

			Based on FSA's research, current fees are lower than other similar jurisdiction and therefore competitive. As such, the proposed annual license fee is being maintained.
		PKF Capital Markets (Seychelles) Ltd: Too much of an increase, particularly for the annual license fee which has increased threefold. Should the FSA's intention be to increase the fees based on the levels of risk involved, we propose splitting the license / segregate different activities/ incremental license fee for additional activity. As such, should a licensee cease to conduct one of the activities, administratively it will be easier to manage the fee reduction.	Based on FSA's research, current fees are lower than other similar jurisdiction and therefore competitive. As such, the proposed annual license fee is being maintained. The proposal to split SD licenses into different sublicenses/ categories would be considered in future amendments.
		Sun Capital Markets Ltd: Doubling and tripling the fees at once is harsh. License fee and annual fee can add 20%.	Based on FSA's research, current fees are lower than other similar jurisdiction and therefore competitive. As such, the proposed annual license fee is being maintained.
		Thunder Markets: Continuous raises on fees will put more pressure on licensees, however we would like to understand more on why the suggested fees shall be raised. Nevertheless, a double increase would be more reasonable instead of the annual license fee increasing from USD3,000 to USD9,000.	Based on FSA's research, current fees are lower than other similar jurisdiction and therefore competitive. As such, the proposed annual license fee is being maintained.
		TopFX: As it was stated in point (e) (i.e. paid-up capital requirement), the annual license fee needs to be doubled and not tripled.	Based on FSA's research, current fees are lower than other similar jurisdiction and therefore competitive. As such, the proposed annual license fee is being maintained.

		Trade Quo Global Ltd: We suggest increasing the annual license fee to USD6000.	Based on FSA's research, current fees are lower than other similar jurisdiction and therefore competitive. As such, the proposed annual license fee is being maintained.
		Trade View Ltd: The renewal fee seems a bit steep @ 3 x increase, we believe any increase in fees should be based on revenue.	Based on FSA's research, current fees are lower than other similar jurisdiction and therefore competitive. As such, the proposed annual license fee is being maintained. The proposal to increase fees based on the licensees' revenue would not be practical from a regulatory standpoint and therefore cannot be considered.
		UHY Premier Financial Services Limited: Most of the increase in fees are drastic ones and need to be reviewed. A 50% increase would be considered the maximum acceptable compared to other jurisdictions.	Based on FSA's research, current fees are lower than other similar jurisdiction and therefore competitive. As such, the proposed annual license fee is being maintained.
		Windsor Brokers International Ltd: Generally agreed suggesting the Annual Fee increase to be x2 instead.	Based on FSA's research, current fees are lower than other similar jurisdiction and therefore competitive. As such, the proposed annual license fee is being maintained.
17	7(n) Fit and proper fee	Alchemy Markets: Given the difficulties to source local residents who can pass the fit and proper test, would the FSA consider applying the fee post approval rather than prior to it as many candidates may need to be submitted in order to obtain the approval for one, considerable increasing the cost to Licensees.	This cannot be considered by the Authority. The fee shall be applicable whenever there is a change.

		<p>FiveComply:</p> <p>The Authority should be making the acquisition of the Fit and Proper status more attractive, not less so - and should be motivating and encouraging licensees to aim for the maximum of their employees to be Fit and Proper - The introduction of a fee, especially one of the proposed amount, may be interpreted as being counter-intuitive.</p>	<p>The purpose of the fit and proper status is not to make the individual attractive, but to ensure that the individuals appointed are fit for their particular roles.</p> <p>Through the initial application, the application fee would cater for the processing of the fit and proper. Should there be a change, the fee for change of fit and proper person would cater for the processing again.</p>
		<p>Just Global Markets Ltd:</p> <p>The new fee outlined is substantial. A fee of USD150 or USD200 would be reasonable as opposed to USD500.</p>	<p>The FSA sees the fee of USD500 as justifiable given the vetting process in place to appoint the person.</p>
		<p>MBI Consultancy:</p> <p><i>Introduction of new fees (Fit and Proper/Change of name/Approval for changes in shareholders/sale of company:</i></p> <p>Again, why introducing a fee at such a high amount. The fit and proper and change of name fee is actually the same as that of a securities dealer representative licence. In the case of fit and proper determination are they going to be given a licence. It is again an excessive amount being proposed.</p> <p>I totally understand that processing the aforementioned events is time consuming and should definitely be charged but I propose a more reasonable amount of not more than USD100 be introduced. In the case of changes in shareholders, currently the law exempts securities dealer from paying with the registrar of companies. Hence if the FSA changes for this, does it mean the registrar can also start charging stamp duty?</p>	<p>The FSA sees the fee of USD500 as justifiable given the vetting process in place to appoint the person.</p> <p>The FSA does not interfere with Registrar.</p>

17	<p>7(o) Clarity on permissible activities of Securities Dealers.</p>	<p>360 Degrees Markets Ltd:</p> <p>We agree with such an approach as it gives wider flexibility to the SD licensees as well as to potentially increase revenue, enhance the Company's reputation in the industry and amongst clients as it demonstrates expertise and knowledge in the field.</p> <p>In addition, the Companies offering investment advice and portfolio management will have a competitive advantage as it will be able to offer a broader range of services to its clients compared to entities which only provide reception and transmission. Moreover, customer's satisfaction will be increased as they will be receiving personalised recommendations and management based on their specific financial goals.</p> <p>Lastly, being able to provide investment advice and portfolio management requires the Company to comply with additional regulatory requirements, which can enhance the Company's credibility and demonstrate its commitment to regulatory compliance.</p> <p>However, SDs shall keep in mind that in case where the additional services will be offered then, Companies will need to have in place procedures and control in relation to suitability and appropriateness tests, reporting obligations, competent persons with financial industry knowledge providing such services as well as regularly bringing up to date all necessary information of Clients.</p>	Noted.
		<p>Alchemy Markets:</p> <p>Further clarity on the activities that are considered as investment advice would be welcome.</p>	Noted.

		<p>MBI Consultancy:</p> <p>I am actually intrigued by this proposal as it brings to question as to whether the investment advisor licence is going to be scrapped. A securities dealer can already do investment advice but limited to only when managing a portfolio of securities for a client. Hence, this point will deviate from the current law. Is the Act going to be amended accordingly as I do not believe such a change should be in any other regulatory document.</p>	<p>The intention of the proposal is to provide clarity on the roles and functions on both licenses. Clearly demarcating their roles.</p> <p>If an SD wishes to provide advice, they should apply for an investment advisor license.</p>
		<p>MERJ Exchange:</p> <p>Most securities dealers globally do not provide investment advice. This should actually be removed from activities of a securities dealer and the separate investment advice license remain intact. Any SD wanting to also provide investment advice thus needing to have someone specifically qualified and representing them for that purpose and this separate license. That may resolve some of the "boiler room" activities. SDs should not by default be permitted to provide discretionary investment advice and this does not appear to be the norm globally.</p>	<p>Noted.</p>
17,18	7(p) Negative Balance Protection for Retail Clients trading CFD Products.	<p>Alchemy Markets:</p> <p>No objection, however, a clear definition of what qualifies a client as "retail" would support Licensees in ensuring this protection is afforded to clients appropriately.</p>	<p>Noted.</p>
		<p>eToro:</p> <p>What is the purpose/intent of the categorization of customers? Is it to enforce leverage restrictions or introduce an obligation on licencees to conduct appropriateness tests)?</p>	<p>The categorization is for licensees to be able to conduct suitability test (appropriateness test) and for licensees to be able to differentiate their clients - retail clients and</p>

		<p>The categories proposed do not allow for Retail investors who have liquid assets and who meet the criteria to trade high leverage, the opportunity to do so.</p> <p>In addition, where a client "fail" the appropriateness test, would they be excluded completely from accessing the product (i.e become “negative market”) or can we still offer it under certain conditions (e.g., time, number of trades, etc.)?</p> <p>In some other jurisdictions where a customer fails the appropriateness test but shows intent and still want to proceed with accessing the product or service and customer, appropriate risk warning are displayed prior to the customer accessing the product and after set number of instances of the speculative products being accessed (e.g. 5 or 10 or 15 CFD trades opened)</p> <p>Proposals:</p> <p>Introduce a 3rd category of customers to cover for Retail investors who understand the risks, have liquid assets to sustain losses, have knowledge etc.</p> <p>Example of eligibility criteria currently used can cover the following:</p> <ul style="list-style-type: none"> • Threshold for liquid assets (eg, USD 25k or 50k annual income or liquid assets) • Age limit to exclude students • Knowledge and experience criteria etc 	<p>professional clients which would then indicate the level of protection to be afforded.</p> <p>They can still offer with appropriate disclosures in place.</p> <p>Segregating retail clients in two categories, in the opinion of the Authority, would create unnecessary administrative burden on the licensee in terms of putting different level of protection for the clients. Having a straight forward simple level for retail client is ideal as a small growing market.</p>
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		<p>Include a provision to allow for customer who fail appropriateness test to access speculative product if they show intent and include appropriate risk warnings to be displayed prior to products being accessed and after set number of instances as a reminder to the customer where the product was accessed.</p>	
		<p>ICMarkets:</p> <p>In regard to the Negative Balance Protection (“NBP”) we would like to enquire whether the FSA is planning to allow different classifications for retail clients and/or allow retail clients from opting out from NBP.</p> <p>We also noticed some clients abusing the NBP and for that, we make the relevant references to the Terms & Conditions allowing the Company to take action in case there is an NBP abuse. See below an example:</p> <p>A client could open 2 different accounts, and take the opposite position on each account, looking for a sharp move or gap in the underlying price. On one account the gap will make the client money, On the other account, it will lose the client money. But the loss will be covered by the company (NBP) and the client will end up with the winning PNL only. It is basically a risk-free strategy that we believe is not genuine and does not respect the integrity of the market rules.</p>	<p>The Authority will not be classifying retail clients at this point in time.</p> <p>Also note that the NBP will now be a legal obligation for retail and professional clients, hence, there will be no opting out.</p> <p>Whilst we note this concern, the Authority has to ensure that retail clients engaging in CFD trading are protected. This measure is also in line with IOSCO recommendations which are being implemented in various jurisdictions.</p>
		<p>Just Global Markets Ltd:</p> <p>Will it be possible to include clear definition of the classification of retail, professional and institutional clients to avoid any confusion.</p>	<p>Note that retail and professional clients already defined in the proposed draft regulations. Kindly indicate where clarity is required.</p>

			Also, there is no mention of institutional clients as per the current proposal.
		<p>Pepperstone International Markets Limited:</p> <p>It appears the Professional Investor definition has been taken directly from the MiFID requirements but does not seem to consider the option for a client with the appropriate understanding of the risks etc to elect to be considered as a professional investor, which exists in a number of jurisdictions including the Bahamas, Australia and the UK.</p> <p>The SCB have recently provided some useful, practical guidance outlining their elective professional requirement which would be beneficial for the FSA to consider as an alternative:</p> <p>https://www.scb.gov.bs/wp-content/uploads/2021/02/Compliance-Guide-Elective-Professional-Client-2Feb21.pdf</p>	The issue of subjectivity of the clients prevented the FSA to prescribe the level of understanding of risk of its clients.
		<p>PKF Capital Markets (Seychelles) Ltd:</p> <p>We recommend adding a section stating that leverage should be: limited across different products; that the operation of a b-book (unhedged positions) be based on active risk management processes and should be limited.</p>	To be considered in future amendments, if necessary.
		<p>Sun Capital Markets Ltd:</p> <p>This should be limited to certain amount rather than nullified.</p>	This is not in line with the product intervention measures (client protection) being undertaken by other jurisdictions. Furthermore, this proposal is in line with IOSCO recommendations.

18	7(q) Risk warnings.	<p>360 Degrees Markets Ltd:</p> <p>We agree with such proposition, but the regulator will have to issue guidelines on how the percentage of clients who lost money is calculated. We may propose that the percentage included in the risk warnings will be calculated as per below:</p> <p>The calculation shall be performed every three months and cover the 12-month period preceding the date on which it is performed ('12-month calculation period'). For the purposes of the calculation:</p> <p>a) an individual retail client CFD trading account shall be considered to have lost money if the sum of all realised and unrealised net profits on CFDs connected to the CFD trading account during the 12 - month calculation period is negative;</p> <p>b) any costs relating to the CFDs connected to the CFD trading account shall be included in the calculation, including all charges, fees and commissions;</p> <p>c) the following items shall be excluded from the calculation: i any CFD trading account that did not have an open CFD connected to it within the calculation period; ii any profits or losses from products other than CFDs connected to the CFD trading account; iii any deposits or withdrawals of funds from the CFD trading account.</p> <p>In relation to the content of the risk warning for new firms that do not have 12 months of retail client trading data then regulated entities could replace the percentage with a reference of "The vast majority".</p>	<p>The requirement for licensees to display the percentage of retail clients who have lost money is being removed.</p>
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		Alchemy Markets: The requirement to inform clients of the percentage of clients who have lost money should refer to the percentage of <u>retail clients</u> who have lost money to ensure consistency and reliability of the information for the type of clients it is aimed at.	The requirement for licensees to display the percentage of retail clients who have lost money is being removed.
		AXSE Brokerage: We agree that standardizing a risk warning makes sense. The proposed content however seems too long in our opinion. It will discourage the website visitor from reading such a long text, and it is also not feasible to place such a long text into a mobile version of the website.	Noted.
		Baxia Global Ltd: Please instead require risk warning similar in EU. "Majority of clients" instead of "%".	The requirement for licensees to display the percentage of retail clients who have lost money is being removed.
		Deneo Partners: We understand and are in agreement with the Authority's proposal that a risk warning is required. However, since calculating percentages on a frequent basis can be a complex exercise, we recommend that Licensees introduce a risk warning clearly stating that the majority of clients lose their capital.	The requirement for licensees to display the percentage of retail clients who have lost money is being removed.
		eToro: No objection. However, will need clarity as to where the new risk warning should go as there are different risk warnings for different channels, forms of communications and user	The Authority will issue guidance on the matter.

		interfaces (eg. website, marketing campaigns, first time pop ups, etc.)	
		Excent Capital Ltd: Partially agree. We don't agree with the need of displaying the % of clients that has lost money.	The requirement for licensees to display the percentage of retail clients who have lost money is being removed.
		Fusion Markets International: We agree with the majority of your proposal to have a risk warning for retail clients. We do not feel it is necessary to mention the exact percentage of clients that have lost money. We believe an explanation of "the majority/minority" of clients that have lost money will suffice.	The requirement for licensees to display the percentage of retail clients who have lost money is being removed.
		ICMarkets: It would be very helpful if the FSA is to issue some templates that the SDs may use to comply with this proposition.	The requirement for licensees to display the percentage of retail clients who have lost money is being removed.
		MBI Consultancy: This is already being practiced, but requiring licensees to indicate the percentage of clients who have lost their money does not make sense. Already licensees are warning clients that they can lose all of their money in trading for any securities not just CFD. It is upto the clients to also educate themselves and be aware of the risks of trading. Instead, I suggest that prior to any retail client trading, a specific message is given to them indicating that they can lose all of the money in which they have to agree that they have read this particular risk before they can start trading.	The requirement for licensees to display the percentage of retail clients who have lost money is being removed.

		<p>Otex Universal Holdings Ltd:</p> <p>Provide clients with an average percentage of clients that have incurred loss, e.g., as per ESMA there is a general term that states 74 to 80% of retail investor accounts lose money when trading CFDs.</p>	<p>The requirement for licensees to display the percentage of retail clients who have lost money is being removed.</p>
		<p>Pacific Union (Seychelles) Limited:</p> <p>The Licensee is in agreement with the proposed reform however would like to express its reservations as this will implement an ongoing requirement on the Licensee to calculate the loss percentage and update its website accordingly. We hereby recommend for the requirement to be on an annual basis.</p>	<p>The requirement for licensees to display the percentage of retail clients who have lost money is being removed.</p>
		<p>Pepperstone International Markets Limited:</p> <p>The current risk warning requirement is a little unclear. It requires publishing a statement “<i>as applicable</i>” and then outlines three aspects:</p> <p><i>(a) the prices of securities fluctuates as it may move up or down, and may become valueless. It is as likely, that losses will be incurred rather than profit made when engaging in the buying and selling of securities.</i></p> <p><i>(b) trading in futures involves risk and may result in potentially unlimited losses that are greater than the amount deposited with your broker.</i></p> <p><i>(c) contract for differences are complex financial instruments that requires knowledge and understating as it involves a high risk of losing money rapidly due to leverage.</i></p>	<p>“As applicable” refers to the product/service being provided by the Licensee and which should be displayed accordingly, depending on what is relevant to the product/service which the Licensee offers its retail clients.</p>

		<p>We would also like to seek confirmation that as CFD issuers we would only have to include the following warning:</p> <p><i>“contracts for differences are complex financial instruments that require knowledge and understanding as they involve a high risk of losing money rapidly due to leverage.”</i></p> <p>Including (a) and (b) would be burdensome for CFD providers. In our view, neither point is applicable to CFD traders as they are not technically trading underlying securities and negative balance protection ensures that losses cannot exceed the amount deposited. Including them would mislead investors.</p> <p>International regulator risk warnings also use the term “CFDs” rather than “contracts for differences”, as CFDs is more typically how the products are marketed. An improved version would be:</p> <p><i>“CFDs are complex financial instruments that require knowledge and understanding as they involve a high risk of losing money rapidly due to leverage.”</i></p> <p>Even this can be difficult for certain banner ads. This is also relevant to the requirement for a border around all risk warnings, which is not practical in all circumstances.</p> <p>A number of regulators have defined a shortened version for this purpose. Perhaps something like the following:</p> <p><i>“A high percentage of investors lose money trading CFDs.”</i> OR <i>“Investors can lose money rapidly trading CFDs.”</i></p>	
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		<p>PKF Capital Markets (Seychelles) Ltd:</p> <p>The FSA should consider segregating licenses for dealing in 1) SD and 2) Futures/ FDs as the risks are inherently different. As a SD PKF would not hold leverage positions for clients nor do we offer leverage. Client funds are held in trust.</p>	<p>The proposal to split SD licenses into different sublicenses/ categories would be considered in future amendments.</p>
		<p>Plus500SEY Ltd:</p> <p>Please note that it has been erroneously included here that a licensee is required to reflect in its risk warning, the percentage of clients that have lost money. However, this is not featured in the proposed amendments to the <i>Securities (Advertisement) Regulations, 2008</i> in Annex 3.</p>	<p>Noted. The requirement for licensees to display the percentage of retail clients who have lost money is being removed.</p>
		<p>Skilling Ltd:</p> <p>A standard risk warning that omits the percentage of customers who lost money is preferable as it eliminates the need for calculating the percentage and avoids potential confusion or misinterpretation of the information.</p> <p>On the contrary, the regulator will be forced to recruit more staff to provide support or fulfil ancillary service related to obtaining data from brokers to ascertain the proportion of customers that lose money.</p>	<p>The requirement for licensees to display the percentage of retail clients who have lost money is being removed.</p>

		<p>Thunder Markets:</p> <p>We agree on notifying our customers on the risks involved in CFD trading, however specifying the %, creates an internal complication for the licensee, for creating these statistics periodically.</p> <p>We suggest adding a generic template notifying our clients of the risks involved in CFD trading; such as, ‘The majority of clients trading on CFDs lose their investments.’</p>	The requirement for licensees to display the percentage of retail clients who have lost money is being removed.
		<p>TopFX:</p> <p>We suggest instead of having an exact percentage of clients who lose money and to update such percentage every three (3) months, to include a general statement like for example “<i>the vast majority of clients who trade in CFDs lose money</i>”.</p>	The requirement for licensees to display the percentage of retail clients who have lost money is being removed.
		<p>Trade Quo Global Ltd:</p> <p>We agree with this point, to avoid complications and complexity we suggest adding that “<i>Majority of clients losing their investments</i>” instead of adding % of amount.</p>	The requirement for licensees to display the percentage of retail clients who have lost money is being removed.
18	7(r) Change of licensee name.	<p>Excent Capital Ltd:</p> <p>Totally agree. This fee could be even higher than USD 500.</p>	Noted.
18	7(s) Approval of issue, transfer of disposal of shares.	<p>eToro:</p> <p>Check constitutionality of this impact ownership rights and there is stamp duty imposed for change of ownership. Check whether other entities such as Central Bank is charging a fee in respect of financial institutions.</p>	This is only a processing fee from FSA’s side.

		Sun Capital Markets Ltd: USD500 flat fee?	Yes.
18,19	(t) Role of Securities Dealer's representatives and Investment Advisor's representatives.	FiveComply: It is also suggested for the FSA to provide some guidance on the duties of the SDR and what the FSA expects the SDR to do as part of his/her duties.	Noted.
19	(u) Coming into force of the proposed amendments	Abacus (Seychelles) Limited (on behalf of clients): To request an extension for this point for 3-5 years.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		Alchemy Markets: For the reasons described above, we would suggest aligning the grace period with the timeframe allocated for the discontinuation of the outsourcing of compliance function as a minimum to afford Licensees sufficient time to meet these requirements appropriately.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		Baxia Global Ltd: Please provide 2 years for existing brokers as we have made investments already based off of existing fee structures, rules, budgets.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		Blackbull Markets: The Company suggests a 2-year time frame so there is additional time to onboard new people and train them. Aside from the time frame, the Company does not object to this proposal by FSA.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).

		<p>Deneo Partners:</p> <p><u>Existing Licensees:</u></p> <p>Given the severity and complication of the proposals, we would recommend the Authority extending the grace period for existing Licensees to comply with the requirements once they come into effect to 2 years, unless otherwise specified in the specific proposal, to allow them to prepare and set up their business and resources in accordance with the FSA's requirements.</p> <p><u>New Licensees or New APPLICANTS:</u></p> <p>There are some companies that have already filed a Securities Dealers application with the Authority based on the existing Securities Act requirements. In such circumstances, we believe the Authority should consider those applicants too as they have already made some investments and projections based on the existing requirements.</p> <p>Therefore, we suggest the final grace period that shall be agreed for the existing licensees should also be applicable for the companies that have already filed their application with the Authority so that they are not immediately penalised by the new proposals.</p>	<p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>
		<p>EF Worldwide Ltd:</p> <p>If the framework come into force, then we should have more time for implementation at least 2 years.</p>	<p>The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).</p>
		<p>Evalanch Ltd:</p> <p>To be given more space up to 2-4years.</p>	

			The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		Excent Capital Ltd: Partially agree. As this is an extensive list, we would be more comfortable if the “grace period” given could be of 2 or 3 years.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		FinQuotes Financial (Seychelles) Ltd: The Company does acknowledge the abovementioned requirement, due to the small size of the company we suggest to grant 3 years to comply with the requirement.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		Fusion Markets International: It is suggested this is extended to two years to allow time to source and train staff and set up the offices correctly.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		HSN Capital Group Ltd: Given the changes proposed, we believe that the regulator should allow for more time for their implementation. The additional timeframe to be given should be relevant to the difficulty/challenges that will arise from each task.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).

		ICMarkets: In light of our comments and views above we would like to suggest that the period for compliance with the new amendments is extended to three (3) years.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		Investingor Ltd: We kindly suggest increasing the period for existing licensees because the proposed changes entail a significant workload on the licensees with which it's to cope and oversee the regular business activities simultaneously, i.e. Staffing, IT, Direct Investment, etc.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		LittleBee Securities Limited: Three years will be better.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		M4Markets: This should be extended to 2 years in case licensees cannot conform to this either timely or because they may wish to consider alternative jurisdictions.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		MBI Consultancy: It is recommended that a more reasonable timeframe is given to licensees in which to comply with the new proposed conditions to the licence. I suggest at minimum a period of 2 years as there will be companies which are newly licensed and those who have just applied for licence during the period that	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).

		these conditions are introduced. Hence at least 2 years gives enough warning for the licensees to comply.	
		NAGA Capital Ltd: It is our opinion that this timeframe should be more than 1 year.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		Nexo Markets: I would suggest extending the grace period to comply to 3 years.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		OPO Finance: We suggest 2 years so we have time to hire and train the right team and comply with all mentioned requirements.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		Otex Universal Holdings Ltd: Timeframe should be revised to 3 years.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).

		Pacific Union (Seychelles) Limited: The Licensee would like to suggest for the grace period to be extended to three years so that it has time to act upon the proposed reforms.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		Skilling Ltd: The company has already planned out its annual expenses for the year 2023. The Authority's attempts to create a more regulated industry and the proposed reforms are not unwelcome; however, proper timing and due diligence are needed to ensure a smooth transition to the Authority's proposal.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		Sun Capital Markets Ltd: Minimum of 2 years to comply.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		Thunder Markets: From the licensee's perspective it seems more reasonable extending the grace period to 3 years, so the licensee has adequate time for finding and training the employees.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		TopFX: As already stated above, we suggest that the transition period for all the provisions of the Securities Dealer framework to be extended from one (1) year to three (3) years.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).

		Trade Quo Global Ltd: We suggest extending period to 2 years to have adequate time to find fit and proper staff to fulfill all requirements.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		Trade View Ltd: We believe that a transition of 2-3 years is a more realistic time frame due to potential staffing shortage and also training someone to be of a suitable level takes time. For example if it takes 6 months to employ someone then you only have 6 months to get them up to speed.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		Valutrades: We would suggest the timeline should be extended 3 years to give us enough time to implement sufficient education and training opportunities be given to Seychelles Citizens to ensure that there are adequate human resources to meet all these proposals.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments).
		Windsor Brokers International Ltd: Generally Agreed. Only changes we are suggesting to increase the time frame are for the local Director and 4eyes timeframe to be the same with OCO.	The current timeframe prior to the coming into force of the proposed amendments in the Securities Act is being extended to 18 months (applicable only to entities licensed before coming into force of these amendments). The grace period for existing licensees in relation to the discontinuation of Outsourcing of the Compliance Function will remain at 3 years.

Additional Comments/Proposals:

<i>Licensee</i>	<i>Comments</i>	<i>FSA's Comments</i>
eToro	<p><i>"Complaints handling, compliance function, on-boarding conducted in Seychelles unless part of a Group and would need FSA approval for outsourcing of these functions to another entity which is part of the Group."</i></p> <p>No objection. We presume that existing arrangements already approved or communicated to the FSA will remain valid. To add a provision that says that existing arrangements already approved and communicated to the FSA should remain in place.</p> <p><u>Securities (Amendment) Bill, 2022:</u></p> <p>Provisions 9 (f) & (g): The two proposed are not key or in significant roles within a licensee. Their inclusions do not make sense here. Proposed deletion.</p> <p><u>Securities (Conduct of Business) (Amendment) Regulations, 2022:</u></p> <p>Provision 2(b):</p> <p>1. The proposed provision does not include the exception where a licensee forms part of a Group and complaint's handling is outsourced to an entity forming part of a Group as stipulated in the White Paper.</p> <p>2. In the case of some licensees complaint's handing is carried out by a team and not one individual as the manner by which this is organised within the entity depends on the volume of complaints being received. The requirement should contain exceptions allowed as per the proposed outsourcing requirements below.</p>	<p>There would be a transition period of implementation of the new requirements, whereby existing arrangement would be allowed to be continued. The FSA shall endeavor to issue circulars on that.</p> <p>The authority is of the view that item (f) & (g) should remain as it relates to a basic requirement to be in a significant role or in a key position.</p> <p>The Authority is in agreement with this proposal – has been included in the proposed regulations</p>

	<p><u>Proposal:</u></p> <p>Where an entity forms part of a Group, to allow for First Point of Contact and complaints handling to be conducted by another entity forming part of the Group, through a specialized team. Oversight by and reporting to the local compliance officer.</p> <p>Provision 34(3): Provide for an exception for onboarding based on reverse solicitation where customer shows intent to be on-boarded under Seychelles. The term “within 10 working days” is not clear – within 10 working days of what? Proposal to provide for an exception where customer shows intent to be on-boarded under a specific regulation if all other conditions have been met.</p> <p>Provision 34(4): When does this consent happen and what is the process for doing so? This is not clear. Propose deletion. Directors have responsibility to ensure that the licensee complies with all laws of Seychelles – unsure of necessity to emphasize on the particular provision here.</p> <p>Provision 35(1): Should there be a third category of customers covering individual customers who are individuals who have knowledge, understand the risks and have liquid assets eg. Annual income of liquid assets equivalent in value to USD 50, 000 or more, covering individuals who have knowledge, experience, expertise to make their own investment decisions, have the liquid assets to bear losses and demonstrate intent to be considered as a professional client.</p> <p>Provision 35(8): In other jurisdictions where a customer fail the appropriateness test but shows intent and still want to proceed with accessing the product or service and customer, appropriate risk warning are displayed prior to the customer accessing the product and after set number</p>	<p>Please clarify our understanding - does the client shows or provide proof of being able to be onboarded, rather than the licensee itself where it intends to operate?</p> <p>Given the fiduciary duties of directors, these requirements (section 34(1)(2)(3)) (which shall now be in law) forms part of responsibility of them to ensure that the licensee complies with all laws of Seychelles.</p> <p>No – there shall be only two categories. Retail clients and professional clients.</p> <p>The authority is of the opinion that such is an administrative requisite by the license.</p>
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	<p>of instances of the speculative products being accessed (eg 5 or 10 or 15 CFD trades opened).</p> <p>Include a provision to allow for customer who fail appropriateness test to access speculative product if they show intent and include risk warning to be displayed prior to products being accessed and after set number of instances as a reminder to the customer where the product was accessed.</p> <p><u>Securities (Financial Statements) (Amendment) Regulations, 2022</u></p> <p>Contravention: Need to include the specific offence that is committed under the regulation. There are restrictions on offences that can be created by an SI. Ideally the offence section under the Principal Act is amended to include this part of the regulation.</p>	<p>Section 127 (2) allows for the offences.</p>
Exness (SC) Ltd	<p><u>1. Proposed amendments to Regulation 25(4), Conduct of Business - Communications' Records</u></p> <p><u>Proposal:</u></p> <p><i>25(4) A licensee must keep and maintain all necessary books and records of its business including -</i></p> <ul style="list-style-type: none"> <i>(a) client account statements;</i> <i>(b) records of transactions;</i> <i>c) order tickets;</i> <i>(d) confirmations;</i> <i>(e) stock ledgers;</i> <i>(f) records of communication with clients via email, video conferencing, text, fax, telephone calls and other modes of communication</i> 	<p>The record keeping requirement for seven years is in line with AML/CFT Act. The provision is to align such.</p> <p>The proposed amendment is to ensure availability, accessibility and viewing of records. Despite the FSA may request records/information, the FSA is of the view that as part of its supervision, especially, spontaneous/spot check those records should always be at the principal place of business. To facilitate supervision.</p>

25(4)(1) Records outlined in points (a) to (e) above should be stored for a period of not less than seven (7) years in Seychelles at its registered office or the principal place of business in physical or digital copy, for inspection by the Authority or any person duly authorised by the Authority.

*25(4)(2) Records outlined in point (f) above **may be stored for a period of not less than one (1) year** in Seychelles at its registered office or the principal place of business in physical or digital copy, for inspection by the Authority or any person duly authorised by the Authority, **upon prior 7 business days request.***

25(4)(3) With derogation to the above, licensees are expected to consider, inter alia, their own business model, risk management, data protection and other regulations when determining the appropriate duration for maintaining the records outlined in point (f) above. For instance, records should be stored for a more extended period in the event of an ongoing/open complaint or misconduct investigation and for a shorter period in response to a client's request, or termination of relationship, as relevant and applicable.

In relation to the above, we agree with the current version of Regulation 25(4) which requires the storing of books and records outlined in points (a) to (e). However, the proposed addition as outlined in point (f) which requires licensees to store records of communication with clients for a period of 7 years appears excessive, for the following reasons:

- **Cost implications:** Storing communications for many years can be costly. The cost of storage, maintenance, and retrieval can add up over time, and it may not be worth it for the amount of value that these communications provide. It's important to consider the cost-

	<p>benefit analysis when deciding whether to store communications for such an extended period.</p> <ul style="list-style-type: none"> - Storage space: Communications take up a lot of storage space, especially if you have a large volume of communications. Over time, storing these can take up significant amounts of space on the storage systems, which could be used for other important processes. This could cause extensive resource requirements in the future, such as the need to purchase additional storage space. - Privacy concerns: Storing communications for a long period can compromise the privacy of the individuals involved in the communications. Communication records may contain sensitive information such as phone numbers, names, and addresses, which can be used for fraudulent activities or identity theft. If these records fall into the wrong hands, it could lead to serious consequences for those involved. Storing communications for such a prolonged period significantly increases the need for hefty privacy, administration and security resources (both monetary and non-monetary). - Ethical considerations: There are ethical considerations to storing calls for many years, particularly when it comes to customer trust. Customers may not wish for their communications to be stored for such an extended period, and they may not be comfortable with this idea. It is noteworthy that clients often request the deletion of their communications, and in compliance with data privacy regulations, such requests should be granted, except for records related to anti-money laundering and other regulations. - Use-cases: Communications can be retrieved and reviewed for compliance monitoring purposes as well as to investigate complaints and mis-conduct. However, it is uncommon for a licensee to be 	
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	<p>required to review a communication that is older than a year, especially given that compliance monitoring is an ongoing cycle while clients are usually raising complaints instantly. It is important to highlight that, like most securities dealers, the Company does not allow clients to open, close or modify a transaction through any other medium than the trading platform. As a result, there is no risk of disputing an order due to a miscommunication. Furthermore, communications have limited relevance in cases where licensees do not engage in 'boiler room' activities.</p> <p>Considering all the above, our suggestion, as provided in the table above, is for communications to be stored for one (1) year. In addition, we would like to highlight that retrieving communications cannot be an instant process, especially when there is a need for having extensive security and privacy controls. Hence, we would like to emphasize to the FSA that not all communications would be readily available for inspection, but only upon prior request.</p> <p><u>2. Proposed amendments to Regulation 35, Conduct of Business – Appropriateness Assessment</u></p> <p><i>35(8) Licensees, when providing retail speculative investment services, must carry out an appropriateness assessment of the client and form a reasonable view that the client has:</i></p> <p><i>(a) adequate skills and expertise to understand the risks involved in trading in the type of restricted speculative investment; and</i></p> <p><i>(b) the ability to absorb potential significant losses resulting from trading in the restricted speculative investment due to leverage.</i></p>	<p>See proposed amendments/wordings in the proposed regulations</p>
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Where the licensee considers, on the basis of the information received under subparagraph 35(8), that the product or service is not appropriate to the client or potential client, the licensee shall warn the client or potential client. That warning may be provided in a standardized format.

3. Proposed amendments to Outsourcing Regulations

“The FSA has identified a list of functions of which it believes should be conducted in-house and within Seychelles at all times. These functions are referred to as “Core functions” and are defined as a function that should there be a weakness in, or failure by the licensee to perform the function as it arises, would have a significant impact on the licensee’s ability to conduct its operations in an appropriate manner.

One of such functions is “any interaction or direct contact with clients and investors” and as such this function cannot be outsourced unless they are outsourced to an entity within the same group of companies. Further to the above, the licensee retains full responsibility, legal liability, and accountability to the regulator for all tasks that it may outsource to a service provider to the same extent it would if the service were provided in-house.”

The FSA is arguing that as per the AML/CFT Act, all regulated entities shall undertake KYC/CDD verification in order to conduct business with their clients and therefore, activities such as client on-boarding is considered to be one of the main income generating activities of the business. It is proposed that *“any interaction or direct contact with clients and investors such as, client on-boarding, customer support/ complaint handling and compliance function”* is prohibited to be outsourced unless it is outsourced to an entity in the same group with the Seychelles office being at all times the first point of contact.

	<p>While we understand the importance of these activities, we respectfully disagree with the FSA's characterization of them as core income generating activities. We believe that it is essential to differentiate between core income generating activities and supporting functions. While we understand the importance of customer support and complaint handling, we would like to point out that in reality, these activities are supporting functions that are essential to ensuring a positive client experience but are not income generating activities. Customer Support, and client on-boarding are typically automated processes (through chat bots and verification platforms respectively), and human intervention is only required in cases of troubleshooting. For instance, if a client is unable or does not want to trade on our platform, their on-boarding becomes irrelevant and hence the licensee can only recognise a cost and not an income. In relation to complaint handling, we highlight that indeed the Compliance Function which is locally based has the responsibility and authority to handle escalated cases.</p> <p>The above is also supported by transfer pricing principles and remuneration models. For example, core income generating activities are often remunerated with a profit or revenue split method while support functions are compensated with a "cost plus" model signaling the respective importance or "income generating ability" of certain functions in the value chain of a business.</p> <p>Referring to "first point of contact" is placing an unnecessary infrastructural expectation on the licensed entity. Instead emphasis should be placed on the Seychelles entity being fully responsible for the outcome, with access to all conversations and records at all times. We believe that this would better protect the interests of clients and regulators alike.</p> <p>In light of the above-mentioned arguments, we propose that the white paper attributes less importance to customer support and remove it from the list of core income generating activities. We believe that this would better reflect</p>	
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	<p>the licensable nature of the core-business conducted by the licensees, which is the provision of investment services.</p> <p>Finally, we would like to suggest that the definition of "group" should be interpreted as entities with the same ultimate control but the entities shall not necessarily be in a parent/subsidiary relationship.</p>	
FiveComply	<p><u>"5.4. Compliance Function</u></p> <p><i>Moreover, with the Code for Outsourcing of Compliance Function, some offices may be left vacant, with the outsourced service provider manning the offices of other SDs under its management. It is for these set of reasons that the concept of outsourcing of the compliance function has to be terminated."</i></p> <p>Despite the provided reasoning, we believe that this is still not practicable in Seychelles. There are currently more than 120 SDs (126 as at October 2022) and the number of the people that have the knowledge and experience to serve as Compliance Officers of Securities Dealers is significantly lower thus, making it impossible for each SDL to source a different full-time Compliance Officer and one different AMLCO (despite not being clear whether 1 person will be able to server as MLCO and CO at the same time).</p> <p>The fact that the Authority faces complaints, does not mean that the whole industry needs to be punished, but punishment should target the specific SDLs.</p> <p>Alternatively, the suggestions we can propose:</p> <ol style="list-style-type: none"> 1) They can put a limitation on the number of SDs to whom an outsourced Compliance Officer can be appointed to e.g., 6 licensees maximum; 2) Requirement for visiting the office on a weekly basis from each Compliance Officer; 	<p>This requirement is for licensees to have a resident director in place which does not necessarily need to be a Seychellois. The resident director can be a foreigner employed on a Gainful Occupation Permit (GOP) in Seychelles.</p> <p>The FSA provides scholarships annually to members of the general public who wish to pursue higher education in the financial services field. As such, this is a measure which aims to address the shortage of qualified individuals locally to take up these positions.</p> <p>Furthermore, the FSA is revising the Code for Fit and Proper and Competency Standards as an additional measure.</p>

	<p>3) Monthly time schedule to be sent to the FSA where it shows how much time the CO dedicates to each SDL;</p> <p>4) Appointment of full-time COs only in case of large expansion of the forex broker (the FSA to specify in which cases this shall be required);</p> <p>5) In case of x number of complaints in a year, a full time compliance officer needs to be immediately appointed.</p> <p>In case the FSA proceeds with these suggestions:</p> <p>1. Based on statistical analysis and research on the matter, is the Authority convinced that sufficient COs will be available for one to be appointed for each licensee?</p> <p>2. Is Seychelles a country that has so many compliance professionals that can satisfy these new proposed requirements?</p> <p><u><i>"5.5 General Outsourcing</i></u></p> <p><i>Any function deemed to be a "core function" includes but is not limited to;</i></p> <p><i>(a) any decision-making functions of the entity affecting the operations of an SD;</i></p> <p><i>(b) regulatory responsibilities; or</i></p> <p><i>(c) any interaction or direct contact with clients and investors;"</i></p> <p>This wording implies that the executive directors should be residing in Seychelles? While it would be prudent to impose a requirement for directors to visit the offices in Seychelles every quarter, it would be quite impractical for the directors to be residing in Seychelles.</p>	<p>Lastly, the current timeframe for entities licensed before coming into force of these amendments in the Securities Act is being extended to 18 months.</p> <p>There are no concept of executive directors in Seychelles. The amendments requires to have at least one resident local director to ensure accountability locally full time.</p>
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<p>Just Global Markets Ltd</p>	<p><u><i>"5.3 Inherent Risks</i></u></p> <p><i>Therefore, it is imperative to implement a risk-based supervision (" RBS") approach towards monitoring and supervision of such entities in order for the FSA to better safeguard the reputation of the Seychelles jurisdiction and effectively supervise the SDs."</i></p> <p>Will the parameters to be used for the allocation of risk associated with different licensees be documented and published?</p> <p><u><i>"5.5 General Outsourcing</i></u></p> <p><i>Further to the above, the regulated entity retains full responsibility, legal liability, and accountability to the regulator for all tasks that it may outsource to a service provider to the same extent it would if the service were provided in-house ."</i></p> <p>Will the FSA consider publishing some guidance in regards to best practice for outsourcing of functions other than the compliance function?</p>	<p>No – the FSA has its internal document or tools to identify, allocate and assess risk. Normal procedures allows FSA to issue letter to licensees to advice of risk identified and give them ample time to resolve.</p> <p>Yes.</p>
<p>MERJ Exchange</p>	<p><u><i>"2.0 Background</i></u></p> <p><i>The Act also makes provision for an exemption from the licensing requirements in cases where the SD is a recognized Overseas Securities Dealer and holds current membership to deal on a Seychelles Securities Exchange."</i></p> <p>Clarity on the process for approving such members, noting that the dealer can only be a member if the application for the dealer to be an Exempt Overseas SD has been approved by the Authority.</p>	<p>Refer to item 8 of the Securities dealers application guidelines - https://fsaseychelles.sc/component/edocman/securities-dealer-application-guidelines/download?Itemid=0</p>

	<p><i>“Following 2014, the FSA noted an upsurge in the number of licenses being issued which is attributed to a number of factors as analysed by the FSA whilst comparing with other jurisdictions, as follows: -</i></p> <ul style="list-style-type: none"> <i>(a) Increased popularity and use of the MetaTrader 4/5, an online trading electronic platform with various trading tools for speculative traders and vast array of securities such as contract for differences;</i> <i>(b) Alternative ways of financing following the 2008 financial crisis;</i> <i>(c) The adoption of international standards by other competing jurisdictions;</i> <i>(d) Amendment in laws that governs SDs in other jurisdictions are being augmented with much stricter requirements for licensing, whilst Seychelles laws are more relaxed regulatory wise.</i> <i>(e) Lack of physical substance requirements in the Seychelles’ SD framework that lures a high number of license application.”</i> <p>It is noted that the FSA grants these licenses but is not required to grant any license to an applicant. Particularly if the applicant is not engaging in business that drives the stated objectives of the FSA (i.e. to develop the capital markets of Seychelles, etc.).</p> <p>Noting that Metatrader has been in existence since 2002, it can be argued that this is not the reason for the upsurge in licences from 2018 onwards, but rather regulatory arbitrage.</p> <p>Please advise of the relevance of this and the role purported to being performed by Seychelles SDs to "facilitate alternative financing".</p> <p><u><i>“5.6 Complaints handling</i></u></p> <p><i>The Authority has been receiving an increased number of complaints from clients, partaking in the online offerings made by its licensees, pertaining to</i></p>	<p>Aside from the reasons listed, the FSA agrees because of regulatory arbitrage, through-which these amendments aims to address.</p>
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	<p><i>the operations of Securities Dealers. An average of seven (7) complaints are received every month , which equates to one or two complaints per week ranging from remote access, boiler room activities etc . Consequently, this has become alarming to the Authority resulting in many red flags being raised on the operations of these existing licensed SDs.”</i></p> <p>From a quick review of the FSA website, it is noted that there are over 100 SD's which collectively have many millions (at least 5m and possible 10m+) of accounts. 7 complaints per month appear to be low. At 5m accounts this would be a rate of 0.00014% of customers lodging a complaint each month. How many of those were found to be legitimate and the fault of the SD? Are there particular SDs getting multiple complaints?</p> <p>If after investigation any SD is truly engaged in "boiler room activities" they should have the license revoked immediately. What actions has the FSA taken against the SDs in question? The FSA website does not appear to mention any such actions taken.</p> <p><u><i>“6. Concerns of the FSA</i></u></p> <p><i>The current operation model of SDs stems as a result of a number of concessions granted by the Authority, over the last few years in an effort to develop the industry, whereby companies conducting business overseas were licensed by the FSA, with the intention that these companies will eventually bring their base of operations to Seychelles within a specified period of time. However, to date, most aspects of operations have remained outside of Seychelles, where most SDs has failed to do the necessary to abide by the set requirements.”</i></p> <p>This paragraph is unclear.</p>	<p>All complaints received by the FSA are registered, investigated and where required enforcement actions are needed, the FSA upload it.</p>
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	<p>1. What were such concessions and were the same reflected in the legislations? I.e., is this beyond Schedule 3 of the Act?</p> <p>2. are the "set requirements' referring to the legislations or other conditions imposed on the licensee? In any case, if these are breaches of the legislations/conditions imposed on FSA, what actions have been taken by the Authority to deal with such breaches?</p> <p><i>“This means that most SDs continues to operate outside of the FSA’s jurisdiction, leading to a lack of proper supervision and capability to take enforcement action. While FSA is able to revoke the SD licence, FSA is not able to provide any financial restitution or protection to affected investors.”</i></p> <p>Yet the activity is licensed by the FSA as that of "dealing in securities in, and arguably, from Seychelles"?</p> <p>The FSA has broad authority under the FSA Act to take action against any licensee. It makes no difference if the licensee has employees and offices overseas or not. The FSA can revoke a license at any time and this is immaterial. What does the FSA consider "conducting business overseas" EXACTLY? Having non-Seychelles customers? Having IT hosted in the cloud with AWS? Having distributed staff?</p> <p><i>“This highlights a crucial shortcoming of the current operational model of the SDs, whereby an SD, while licensed, does not operate under the scope of its licence when conducting business overseas, despite giving the impression of the opposite, which results in false investor confidence. Should a malpractice of regulatory breach occur due to activity overseas, FSA will be severely limited in its options with regards to corrective action.”</i></p> <p>And as such activities are purportedly regulated in Seychelles, this results in reputational damages to the jurisdiction.</p>	<p>Schedule 3</p> <p>Enforcement actions (fine, suspend, directive, directions and if need be revocation of license)</p> <p>Conducting business overseas, in the case of SDL, in the opinion of the Authority, means the whole operation (be it core functions or support services) does not have physical presence in Seychelles. Some may have only small cubicles (with or without a compliance officer or administrative person or nothing at all in Seychelles.</p>
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	<p><i>“As the business operations of these securities dealers have grown, these occurrences have resulted in a growing number of negative press attention directed towards Seychelles, FSA and other licensed SDs. A concerning number of websites, news releases and regulatory alerts, issuing scam alerts on Seychelles licensed SDs , continuously highlight the issues with the Seychelles’ licensed SDs, shedding light on unethical business practices, high pressure sales tactics and fraud. The effect is long-term implications, such as reputational damage to the FSA and the Seychelles’ jurisdiction as an international financial centre is becoming a major concern.”</i></p> <p>What exactly are they doing to "scam" people? If they are found to be scamming people, then revoke the license. Simple. Otherwise, this may be a tactic used by other regulators who want all these SDs to operate in and from their jurisdictions instead of Seychelles so that they get the economic benefit. If any SD is found to be doing this then revoke the license. Very simple.</p> <p><i>“The conjuncture of the factors above paints a grim outlook of the SD industry in Seychelles. Given the current trajectory, whilst the short-term implications may be limited to diminishing trust in FSA’s licensees, long-term implications, however, may be far more severe, such as increased growing attention from international financial authorities such as OECD, European Union and FATF. This might potentially lead to affect our ratings, possibility of being blacklisted, affects correspondence and line of communication and cooperation with international organisations as well as other jurisdictions.”</i></p> <p>Really? They are piling up to come here and paying taxes here. If they were all being required to pay the 1.5% then Seychelles would be making out even more.</p> <p><u>Securities (Amendment) Act, 2022.</u></p>	<p>Whenever a scam or complaints is received by the authority, enforcement actions are taken (Enforcement actions (fine, suspend, directive, directions and if need be revocation of license)) depending on the severity and applicability.</p>
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	<p><i>“139 (5). A licensee who fails to comply with subsections (3) & (4) shall be liable to a penalty of \$5000 per day or part thereof during which the contravention continues.”</i></p> <p>Is this a typo or the actual fine per day?</p> <p><u>Amendment of Securities (Advertisement) Regulations 2008</u></p> <p><i>“The Securities (Advertisement) Regulations is amended by inserting after subsection 7(5) the following new subsections –“</i></p> <p>Are these amendments to paragraph 7 of the Schedule of the Regulations noting that Regulation 7 does not have any subsections?</p>	<p>No – actual fine per day</p> <p>Yes – amendment in wordings have been undertaken in the regulations.</p>
<p>PKF Capital Markets (Seychelles) Ltd</p>	<p><u><i>“5.1 Physical Substance</i></u></p> <p><i>It is noted that the Securities Act, specifically section 45(1) states that, a person is granted a licence to carry on business of dealing in “securities” in Seychelles. In other words, the Act is not extra-territorial but rather its effect is limited to the territory of Seychelles only.”</i></p> <p>Should there be ambiguity in the interpretation of this section, the FSA should consider what the intention of the legislature was when this provision was included in the Act. Given the nature of the industry, it is unlikely that the intention was to exclude conducting the business from Seychelles.</p> <p><u>Insertion of new Part 15</u></p>	<p>Noted</p>

	<p><u>Section 138</u></p> <p><i>“Key position or in with significant role” means but is not is limited to:”</i></p> <p>The wording here to be looked at as it is inconsistent with terminology used elsewhere in the document.</p> <p><u>Section 139</u></p> <p><i>“(2). Determination under subsection (1) shall apply to a change in the role of an approved Fit and Proper person occupying a key position or with a significant role as previously approved under section 9(2)(g), 46(5) and 49(4).”</i></p> <p>Should Section 46 (5) then include a new subsection (a)(v) to state his ability and experience to occupy a key position or with a significant role within the licensee's day to day operations. Similarly, then you would have a provision for this under a new Sec 49 (4)(a)(vi).</p> <p><i>“(3). A licensee shall give the Authority prior notice in writing of any change referred to in subsection (2), a completed application for Fit and Proper status and prescribed Fit and Proper Fees within 30 days before the change is deemed effective.”</i></p> <p>This provision is a bit unclear. Do they mean that if an already F&P person undertakes new duties (or stops conducting one of the duties) stated in sec 138 (a) to (g) or other duties then an entirely new F&P application needs to be made to the FSA? Moreover, the 30 day notice period may prove to be unpractical. Perhaps the FSA should be more specific to the type of change requiring a new application based on materiality of such change.</p>	<p>“key position or in significant role” remains the same, however, but “ is not limited to” has been updated.</p> <p>Noted – proposals inserted in the Bill</p> <p>Yes – when one F&P persons stop conducting duties/functions (in a key position or in a significant role), the licensee shall have 30 days to appoint a new F&P person.</p>
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	<p><i>“(5). A licensee who fails to comply with subsections (3) & (4) shall be liable to a penalty of \$5000 per day or part thereof during which the contravention continues.”</i></p> <p>The penalty stipulated here is exorbitant especially considering the dynamics of the industry and the length of time it sometimes takes for the FSA to provide feedback.</p> <p><u>Amendment of Securities (Conduct of Business) Regulations 2008</u></p> <p><i>“complaint handling function” means the handling of complaints by the licensee;”</i></p> <p>This is already addressed in the Financial Consumer Protection Act PART IX - FINANCIAL CONSUMER DISPUTES. Would it be a better approach to rather have the proposed text here within supporting regulations to the Financial Consumer Protection Act instead?</p> <p><i>“(4). A licensee shall maintain an accurate and up-to-date database of all complaints received which shall contain, inter alia, the following information, in relation to each complainant –</i></p> <ul style="list-style-type: none"> <i>(b) Email address;</i> <i>(c) Nationality;</i> <i>(d) Country of residence;</i> <i>(e) Passport number</i> <i>(f) National Identity Number;</i> <i>(g) Date of account opening;</i> <i>(h) Status of the account;”</i> <p>This information would already be in the client database and is not necessary to be captured again in a complaints form.</p>	<p>The fee is administrative considering the work undertaken by the authority to process such changes..</p> <p>The proposed amendments are to complement what is not in the Financial Consumer Protection Act when it comes to complaint handling.</p> <p>If it's in the client's database, hence it would be easy to replicate them in the complaints database for whoever clients raise a complaint.</p>
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“(c) in regulation 25(4),

(i) adding after item (e), the following –

“(f). records of communication with clients via email, video conferencing, text, fax, telephone calls and other modes of communication””

Email is ok as this is already in place. Telephone calls/ video may be problematic as we will need to advise all clients that their telephone calls and video calls are being recorded- which they have a right to object to. How about Clients calling/ contacting us via WhatsApp, sometimes even normal text messages or calling on mobile phones? This cannot practically be implemented.

Part 4 – Worldwide Operations

This is applicable to CFD traders and not SD not involved in CFD trading.

*“(e) insert a new ~~section~~ **regulation 34** as follows –“*

“(2). Further to subsection (1), a licensee shall prove to the Authority that they possess the necessary legal opinion or alternative documentary proof, including but not limited to on-boarding or solicitation of clients, from the relevant authorities of the countries in which they intend on providing their services as part of the application for a licence and at post-licensing stage.”

This is not only impractical but also costly considering the number of countries in which licensees have clients. It would not only imply that we need to know the current legal implications in said jurisdictions but also any changes. Some clients may also have dual citizenship and may not necessarily have disclosed all citizenship held with the SD.

“(3). Should a licensee offer or intend to offer services to any country not previously notified to the Authority, the licensee shall be required to keep proof of such legal opinion or alternative documentary proof and notify the Authority prior to the on-boarding or solicitation of clients within 10 working days.”

Regardless, clients are registering for accounts online (albeit same not being approved until due diligence is performed)

“(4). To ensure compliance with subsection (1), all Directors shall consent to a declaration to the Authority that they shall comply with the laws of the countries they intend on offering their services.”

The services will not be provided to the countries themselves but rather nationals of these countries. There is no need for an additional declaration other than the compliance declaration submitted for annual license renewals/ AML CFT compliance forms.

Part 5 – Clients Protection

This regulation is applicable only for CFDs dealing with restricted speculative investment and therefore should fall under a separate license than SDs.

*“(g) insert a new ~~section~~ **regulation 35** as follows –*

*“35(1). For the purposes of this ~~section~~ **regulation**– “*

““professional client” means a client who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs.”

Based on the below, then all natural persons are excluded. Is this an error?

“(1) Entities which are required to be authorised or regulated to operate in the financial markets shall be all authorised entities carrying out the following activities:”

“(2) Large undertakings meeting two of the following size requirements on a company basis:”

Numbering here should be changed so as not to cause confusion with the previous regulation 35 subsection (1) et seq.

“(2) The rules in this ~~section~~ regulation apply to licensees which carries on or intends to carry on:”

“(11). A licensee must maintain records to demonstrate its compliance with the requirements of this section.”

Technically this regulation would not apply to SDs as we do not perform/ offer speculative investments. Would it therefore be wise for the FSA to draft a separate set of regulations for licensees who do so, whose conditions would be incremental to the existing provisions of the Securities Act and relevant regulations? The same approach can be applied for Securities Dealing licensees which also hold an Investment Advisor license. This approach will better segregate obligations of licensees based on the extent of their business activities.

“(a) the prices of securities fluctuates as it may move up or down, and may become valueless. It is as likely, that losses will be incurred rather than profit made when engaging in the buying and selling of securities.”

Can this sub-regulation be better worded?

	<p><i>“(b) trading in futures involves risk and may result in potentially unlimited losses that are greater than the amount deposited with your broker.</i></p> <p><i>(c) contract for differences are complex financial instruments that requires knowledge and understating as it involves a high risk of losing money rapidly due to leverage;”</i></p> <p>PKF clients are not trading portfolios but rather trade/ hold positions in the long term. The wording of (b) (c) (d) then do not necessarily align with our operations</p> <p><u>“(d) past performance is not an indication of future performance.”</u></p> <p><i>“(7) the relevant risk warnings under subsection (6) must be –</i></p> <p><i>(a) prominent;</i></p> <p><i>(b) contained within its own border and with bold and plain text as indicated;</i></p> <p><i>(c) if provided on a website or via a mobile application, statistically fixed and visible at the top of the screen even when scrolling up or down the page; and</i></p> <p><i>(d) if provided on a website, included on each linked webpage on the website.</i></p> <p>This is not practical as clients are not providing us with discretionary mandates. Such disclaimers should be included in the SD's T&Cs, which are to be made readily accessible to clients. It is fine to bold the relevant text in the standard T&Cs.</p>	
Plus500SEY Ltd	<p><u>Part 4 – Worldwide Operations</u></p> <p><i>““34(1). A licensee shall ensure that the countries in which they intend on providing services allows their residents to engage with a licensee licensed under this Act.</i></p>	

	<p>Example, it may create unnecessary inefficiencies in the operation of a licensee to notify the FSA if a licensee onboards one or two clients from jurisdiction X but would make sense if they exceed, say 100 clients from jurisdiction X.</p> <p><u>Part 5 – Clients Protection</u></p> <p><i>“(3). A licensee shall, before offering a service with or for a person, classify that person as a:</i> <i>(a) retail client; or</i> <i>(b) professional client;</i></p> <p><i>in accordance with the requirements in this section.”</i></p> <p>We note that this imposes a client categorisation obligation on licensees. Following our review:</p> <p>1. Please note that this proposed amendment was omitted from the heading “Proposals to Securities Dealer framework”. However, it is presented here as a legislative amendment in part 5 Clients Protection of the Securities (Conduct of Business) (Amendment) Regulations, 2022. In view of its significance, please clarify.</p> <p><i>“(8). A licensee must not deal in a restricted speculative investment with a retail client, unless the licensee has carried out an appropriateness assessment of the person and formed a reasonable view that the person has:”</i></p> <p>Kindly advise whether additional guidance/clarification will be provided by the FSA in respect of its expectations/criteria for the appropriateness assessment.</p> <p><u>Amendment of Securities (Advertisement) Regulations 2008</u></p>	<p>We have expanded the policy proposal text relating to such in order to reflect the provisions in the amendment legislation.</p> <p>Yes</p>
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	<p><i>“Specific risk warnings obligation for licensed Securities Dealers”</i></p> <p>We propose that the FSA issues further guidance on risk warning requirements and to also allow for some flexibility based on different factors such as marketing medium, content etc. (e.g. such as the use of simplified risk warnings, where applicable).</p> <p>To include as an amendment to this regulation, a provision which will allow licensees to use a standardised short risk warning in instances where the number of characters contained in the risk warning statement exceeds the character limit permitted for such marketing medium being utilised. e.g. "Your capital is at risk". Kindly note that this is the standard practice that is undertaken in other jurisdictions e.g. Cyprus, UK, Australia, Singapore etc.</p> <p><i>“(6) (c) contract for differences are complex financial instruments that requires knowledge and understating as it involves a high risk of losing money rapidly due to leverage;”</i></p> <p>Please clarify whether a licensee will be required to utilise the exact risk warning proposed or adopt something similar in content to what is being proposed.</p> <p>Please note that this is a typing error. The correct word to be used here is "understanding".</p> <p><i>“(c) if provided on a website or via a mobile application, <u>statistically</u> fixed and visible at the top of the screen even when scrolling up or down the page; and”</i></p> <p>Please note that this is a typing error. The correct wording to be used here is "statically".</p>	<p>Yes</p> <p>We did not want to be prescriptive in the warning, we simply stipulated the basic requirement of standard risk warning.</p> <p>See above response</p> <p>Noted – see updated wordings</p> <p>Noted – see updated wordings</p>
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<p>UHY Premier Financial Services Limited</p>	<p><u>Section 5.1(d)</u></p> <p>There should be a meeting between the FSA and the Central Bank of Seychelles to work out on the process for opening of bank account for SDs by local banks.</p> <p><i>"The Act, however is silent on whether the directors of the company must be based in Seychelles, as well as whether or not these directors must be actively involved in the management of the company."</i></p> <p>We are of the opinion that that the two directors should be those involved in the day-to-day operations of the SD company and these would be usually the foreign directors (being the clients).</p> <p><u>Section 5.4 – Compliance Function</u></p> <p>This position needs to be reviewed - the Compliance function can be outsourced to for example to the Registered Agent as is the case in other jurisdictions.</p> <p>Page 23 – <i>"A licensee who fails to comply with subsections (3) & (4) shall be liable to a penalty of \$5000 per day or part thereof during which the contravention continues. "</i></p> <p>This figure is highly punitive and is not practiced elsewhere</p>	<p>The FSA shall endeavor to organize such.</p> <p>The FSA is not agreement with such, given that there should be segregation of duties, roles and function between the directors and managers of business. this shall ensure proper governance framework and control, however, there are exigencies based on the size of the business, whereby at least one director is involved in day-to-day operations but this is a business decision as well.</p> <p>The fee is administrative considering the work undertaken by the authority to process such changes..</p>
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