

PREVENTION OF FRAUD (INVESTMENTS)*Appointed Day, p. 183.**Licensing, p. 189.**Licensed Dealers :**Conduct of Business, p. 183.***Appointed Day**

ORDER OF THE MINISTRY OF COMMERCE, DATED DECEMBER 19, 1945,
UNDER SECTION 22 OF THE PREVENTION OF FRAUD (INVESTMENTS)
ACT (NORTHERN IRELAND), 1940, (4 & 5 GEO. 6 CHAP. 9).

1945. No. 129

The Ministry of Commerce in exercise of the powers conferred upon it by sub-Section (1) of Section 22 of the Prevention of Fraud (Investments) Act (Northern Ireland), 1940, and of all other powers enabling it in that behalf hereby orders that the first day of March, 1946, shall be the appointed day for the purposes of the said Act.

Sealed with the Official Seal of the Ministry of Commerce this
19th day of December, 1945, in the presence of

(L.S.)

W. Robson,

Assistant Secretary.

Licensed Dealers : Conduct of Business

RULES MADE BY THE MINISTRY OF COMMERCE FOR NORTHERN IRELAND
UNDER THE PREVENTION OF FRAUD (INVESTMENTS) ACT (NORTHERN
IRELAND), 1940 (4 GEO. 6, c. 9), WITH RESPECT TO CONDUCT OF
BUSINESS OF LICENSED DEALERS.

1945. No. 77

PART I.*Offers of Securities for Purchase*

1. For the purpose of this Part of these Rules the expression
"securities" shall not include

- (a) securities of the Government of any part of His Majesty's dominions or the Government of any foreign state or of any municipal body in His Majesty's dominions or any foreign state, or
- (b) securities of any corporation incorporated by Royal Charter or by special Act of Parliament, or

- (c) rights (whether actual or contingent) in respect of money lent to or deposited with any industrial and provident society or building society.

2.—(i) A licensed dealer shall not in writing offer securities for purchase or invite a person to make an offer to purchase securities unless

- (a) in the case of securities which are quoted on or are dealt in on any recognised stock exchange the offer or invitation as the case may be so states and specifies the stock exchange on which they are quoted or dealt in, or
- (b) in the case of securities which are units of an authorised unit trust scheme the offer or invitation as the case may be contains the name and address of the manager and the name and address of the trustee or is accompanied by the booklet issued by the manager which contains the particulars aforesaid, or
- (c) in the case of other securities the offer or invitation as the case may be is accompanied by a document which conforms to the requirements of the Companies Act (Northern Ireland), 1932, with respect to the contents of prospectuses or by a statement in writing which contains the particulars specified in the Schedule to these Rules.

(ii) The statement in writing referred to in this Rule shall be entitled "Statement delivered pursuant to the Prevention of Fraud (Investments) Act (Northern Ireland), 1940," and shall not contain any matter other than the particulars specified in the Schedule to these Rules, and shall not be in characters less large or less conspicuous than any characters used in the offer or any document sent therewith, and shall be dated and signed by the licensed dealer making the offer.

- (iii) A licensed dealer shall not in consequence of any offer made by telegraph or advertisement enter into any contract for the sale of securities unless before the contract is so entered into he has furnished to the purchaser a written statement containing the particulars required by this Rule to accompany an offer in writing.

3.—(i) A licensed dealer shall not, during or as a consequence of a call upon any person, deal in securities unless—

- (a) he calls upon such person at his request ; and
- (b) before any contract is entered into he furnishes to such person a written statement containing the particulars required by Rule 2 to accompany an offer in writing.

(ii) The expression "call" includes a communication by telephone.

4. Any offer or invitation in writing shall state whether or not the licensed dealer is prepared to effect settlement of all transactions through the bank of the person to whom the offer or invitation is made.

5. Nothing in this part of these Rules shall apply to any offer made by a licensed dealer to—

- (a) a person whose business involves the acquisition holding and disposal of securities (whether as principal or agent) or the authorised representative of any such person, or
- (b) a person with whom he can show that he has done business in the purchase or sale of securities at least three times in the period of seven years immediately preceding the offer, or
- (c) the shareholders or debenture-holders of a corporation in regard to the securities of that corporation.

PART II.

Contract Notes

6. A licensed dealer shall issue a contract note in respect of every transaction of sale or purchase of securities to the purchaser or vendor with or for whom he contracts, whether as principal or agent, provided that nothing in these Rules shall make it obligatory on a licensed dealer to issue a contract note in respect of a transaction between a licensed dealer and a person whose business involves the acquisition and disposal or the holding of securities.

7. Every contract note shall include the following particulars—

(i) the name in which the licensed dealer is authorised to carry on business and the address at which he is carrying on business ;

(ii) (a) the name of the licensed dealer where he carries on business in a name other than his own, or

(b) the names of all the partners where the licensed dealer is a firm consisting of two or more holders of principal's licences, or

(c) the names of all directors where the licensed dealer is a corporation ;

(iii) the nationality, if not British, and former nationality (if any) of the licensed dealer, and where the licensed dealer is a firm or a corporation the nationality, if not British, and former nationality (if any) of all members of the firm or directors of the Corporation as the case may be ; and where the Corporation is incorporated in any country other than Great Britain or Northern Ireland the name of the country in which it is incorporated ;

(iv) a statement that the licensed dealer is acting in the capacity of principal when he is so acting ;

(v) the name of the person with whom the licensed dealer has entered into the contract ;

(vi) the date of the contract ;

- (vii) the amount and description of the securities the subject of the contract ;
 - (viii) the price of the securities (per share or per right or interest or per unit of stock or per £100 of stock) ;
 - (ix) the amount of the consideration money ;
 - (x) if any commission charged the rate and amount thereof ;
 - (xi) the amounts of all stamp duties and fees (if any) ;
 - (xii) the date of settlement.
8. All contract notes shall be signed by the licensed dealer and duly stamped.

PART III.

Books, Accounts and Documents to be kept by a Licensed Dealer

9. Every licensed dealer shall keep books of account showing :—
- (a) as regards transactions effected by him as principal—
 - (i) particulars of all securities bought and sold ;
 - (ii) the dates on which they were bought and sold ;
 - (iii) the persons from whom bought or to whom sold ;
 - (iv) the buying or selling price ;
 - (v) the actual amount paid or received ;
 - (b) as regards transactions effected by him as agent, the particulars specified in paragraphs (v) to (xii) of Rule 7.
10. Every licensed dealer shall keep a record of the following matters :—
- (a) in respect of every transfer of securities received or issued—
 - (i) full details of the securities included therein ;
 - (ii) the dates of receipt and despatch ;
 - (iii) the names and addresses of the persons from whom received or to whom despatched ;
 - (iv) the names of the transferor and transferee :
 - (b) in respect of securities belonging to other persons which are in the possession of the dealer for any purpose—
 - (i) the name of the owner of the securities ;
 - (ii) the description and amount of the securities ;
 - (iii) the distinctive numbers of all certificates so held ;
 - (iv) the manner of disposal.
11. A licensed dealer shall retain for a period of not less than seven years all books of account and other records required to be kept in pursuance of this Rule as well as every contract note received by him and a copy of every contract note issued by him.
12. A licensed dealer shall supply on demand to any person on

whose behalf he has carried out a transaction as an agent copies of all entries in his books relating to that transaction, and he shall be entitled to charge therefor a sum not exceeding sixpence for every hundred words or fractional part thereof to be copied: Such person shall also be entitled at any time free of charge either personally or by his agent to inspect the contract notes and vouchers relating to the said transaction.

PART IV.

General

13.—(i) A licensed dealer shall not hold himself out as prepared to enter into any margin, contango, single put, single call, put and call, backwardation or other option transaction in respect of securities unless he acts as an agent and the transaction is supported by a corresponding transaction with a member of a recognised stock exchange.

(ii) A licensed dealer shall not effect on terms involving payment by instalments any transaction unless the payments by instalments are to be made at intervals of not more than one month and in amounts at any one time of not less than 10 per cent. of the total consideration and unless interest is limited to 10 per cent. per annum on the amount outstanding and unless the transaction is supported by a transaction or transactions with a member of a recognised stock exchange.

(iii) This Rule shall not apply to the conduct of business between a licensed dealer and a person whose business involves the acquisition and disposal or the holding of securities.

14. A licensed dealer shall not enter into any transaction by way of dealing in securities if, in respect of that transaction, he would be entitled to avoid payment by pleading the Gaming Act.

15. A licensed dealer shall not, in any advertisement, catalogue, circular, business letter or in any other manner whatsoever, hold himself out as carrying on the business of dealing in securities under the authority of the Ministry of Commerce or any Government Department ; and he shall in all such communications and in contracts describe himself by the term " licensed dealer in securities ".

16. In these Rules the expression " Licensed Dealer " means the holder of a principal's licence, and where the context so requires includes a partnership consisting of two or more holders of principal's licences, and shall also include for the purposes of Part I of these Rules the holder of a representative's licence acting on behalf of the holder of a principal's licence whose servant or agent he is.

17. These Rules may be cited as the Prevention of Fraud (Investments) Rules with respect to Conduct of Business of Licensed Dealers (Northern Ireland), 1945.

Sealed with the Official Seal of the Ministry of Commerce for
Northern Ireland this 27th day of June, 1945, in the
presence of

(L.S.)

G. H. E. Parr.

THE SCHEDULE HEREINBEFORE REFERRED TO.

Particulars required to be included in the statement in writing referred to in Part I of these Rules.

(1) The statement in writing required by Part I of these Rules to accompany an offer of securities for purchase or an invitation to a person to make an offer to purchase such securities shall state with full details as to dates wherever relevant—

(a) whether the person making the offer is acting as principal or agent, and if as agent the name of his principal and an address in Northern Ireland where that principal can be served with process ;

(b) the year in which, and the country in which, the corporation was incorporated, and the address of its registered or principal office in Great Britain or Northern Ireland, or if none, its principal address in the country in which it was incorporated ;

(c) the authorised capital of the corporation and the amount thereof issued and outstanding at the date specified as the close of the three financial years of the corporation immediately preceding the statement, the classes of shares into which it is divided and the rights of each class of shareholder in respect of capital, dividend and voting, and the number and amount respectively of shares issued for cash and shares issued as fully or partly paid up otherwise than in cash.

(d) the number of shares or the amount of stock issued since the close of the last financial year, the classes of shares into which it is divided and the rights of each class of share in respect of capital, dividend and voting, and the number and amount respectively of shares issued as fully or partly paid up for cash and/or issued as fully or partly paid up otherwise than in cash and/or the number and amounts repaid ;

(e) particulars of any reorganization of capital during each of the three financial years immediately preceding the statement ;

(f) the rate per cent. of dividends paid by the corporation and the amount distributed by way of dividends on each class of shares during each of the three financial years immediately preceding the offer.

[*Note.*—Where no dividend has been paid in respect of shares of any particular class during any of the said years this fact must be stated] ;

(g) the total amount of any debentures issued by the corporation and outstanding at the dates specified as the close of each of the last three financial years preceding the statement, together with the rate of interest payable thereon and the rate of interest paid in each such year and the total amount of any mortgage debts, loans or charges due by the corporation at such dates with similar particulars as to the interest thereon ;

(h) the amount of debentures, mortgage debts, loans or charges issued between the end of the last financial year and the date of the statement, and whether issued for cash or otherwise and/or the amounts repaid ;

(i) the names and addresses of the directors of the corporation ;

(j) whether or not the shares or debentures offered are fully paid up, and, if not, to what extent they are paid up, together with the dates fixed by the corporation for payment of outstanding calls and the amount of each such call ;

(k) whether the securities offered are quoted on or dealt in on any stock exchange outside the United Kingdom of Great Britain and Northern Ireland, and if so which, and, if not, a statement that the securities are not quoted on any stock exchange outside the United Kingdom.

(l) where the offer relates to units (not being units of an authorised unit trust scheme), particulars of the names and addresses of the persons in whom the shares represented by units are vested, the date of and the parties to any document defining the terms on which those shares are held, and an address in Northern Ireland where that document or a copy thereof can be inspected.

(2) If any of the particulars required by subparagraphs (b) to (k) of paragraph (1) of this Schedule are not available, a statement to that effect must be made in the information required by the relevant subparagraph and in the case of corporations incorporated in Great Britain or Northern Ireland a further statement may be added that the said particulars are not available in the returns of the corporation filed with the Registrar of Companies.