



Communiqué No. 1 of 2021

Date: 29th January, 2021

Awareness of business being conducted by Securities Dealers

The Financial Services Authority (“FSA”) issues this Communiqué for the purpose of providing guidance to the public to effectively identify and ensure that persons claiming to be Securities Dealers licensed by the FSA are genuine.

Securities Dealers are issued a securities dealer license under the Securities Act, 2007 pursuant to section 46, with the following conditions (amongst others):

1. The license shall only cover securities business done in the Seychelles.
2. The license shall not be used to solicit clients for business other than that which will be carried on in the Seychelles.

A complete list of entities and individuals licensed by the Authority is contained on the FSA’s website at the following link: <https://fsaseychelles.sc/regulated-entities/capital-markets>

Please note that, in order to operate and/or offer services in any other jurisdiction, the Securities Dealer must hold the required exemption, cross border agreement or relevant approval from the regulatory body in the jurisdiction within which it wishes to operate or offer its services.

The onus rests on clients, investors and the public in general to ensure that the platform which they have chosen to trade on is appropriately licensed by the relevant Authority within the jurisdiction they are domiciled.

To invest wisely and avoid investment scams, individuals wishing to commence trading relationships are advised to:

1. Always check to see if the entity is registered with the FSA or is appropriately licensed to operate in your jurisdiction before opening an account or paying any money.
2. Ensure you understand the company’s business and its products or services.
3. Read the terms and conditions before trading.
4. Check the FSA’s website for posting of any scam alerts with regards to any entities purporting to be licensed by the FSA.

The public is advised to watch out for common fraud tactics such as:

1. **Oversized returns:** This entails promises of large profits often paired with guarantees or promises of little or no risk associated with trades.
2. **Urgency:** Traders pushed to act now before the market changes, is a fear of missing out tactic which is often used. Ensure that what you are told is true and validate what is said in writing or seek alternative opinions.
3. **Credibility building:** Ensure that the person you are dealing with is registered with the company or appropriately licensed.
4. **Reciprocity:** Scams tend to offer a free gift, whether a demo, free course book, a few tokens or other promises. It is important to verify that the entity with which you are trading is effectively regulated.

Clients and investors choosing to trade on such platforms must ensure that they conduct their research so as to ensure that sites used are credible. Clients and investors must understand that trading of any form carries with it a degree of risk and the onus rests on them to ensure that trade relationships with such entities are valid and based on informed analysis.

Further to the above, the Securities Act, 2007 provides for the licensing of securities dealer representatives pursuant to section 52. Clients and investors are advised to ensure that the representative is accredited to a licensed securities dealer or investment advisor before entering and/or proceeding with the business relationship.

Note that whilst the FSA may take enforcement actions against a licensee for breach of its licence conditions (including examples mentioned above), the range of enforcement actions is limited to the relevant legislation under its purview and does not extend to the remedy of any disgorgement, recuperation of funds or similar matters.

Financial Services Authority