

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2001**

**SESSION LAW 2001-225  
SENATE BILL 275**

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

The General Assembly of North Carolina enacts:

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

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

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

- (1) A person from Canada who is residing in this State temporarily and with whom the Canadian dealer had a bona fide dealer-client relationship before the person entered the United States; or
- (2) A person from Canada who is a resident of this State and whose transactions are in a self-directed tax advantaged retirement plan in Canada of which the person is the holder or contributor.

This subsection only applies to dealers that are registered in accordance with this section.

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

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

- (1) The dealer files an application in the form required by the jurisdiction in which it has its head office.
- (2) The dealer files a consent to service of process.
- (3) The dealer is registered as a dealer in good standing in the jurisdiction from which it is effecting transactions into this State and files evidence thereof.
- (4) The dealer is a member of a self-regulatory organization, the Bureau des services financiers or a stock exchange in Canada.

(d) A salesman who will be representing a Canadian dealer registered under this section in effecting transactions in securities in this State may register under this section provided that the salesman meets all of the following conditions:

- (1) The salesman files an application in the form required by the jurisdiction in which the dealer has its head office.
- (2) The salesman files a consent to service of process.
- (3) The salesman is registered in good standing in the jurisdiction from which the salesman is effecting transactions into this State and files evidence thereof.

(e) If no denial order is in effect and no proceeding is pending under G.S. 78A-39, registration becomes effective on the thirtieth day after an application is filed, unless the registration is made effective earlier.

(f) A Canadian dealer registered under this section shall meet all of the following conditions:

- (1) The dealer maintains its provincial or territorial registration and its membership in a self-regulatory organization, the Bureau des services financiers or a stock exchange in good standing.
- (2) The dealer provides the Administrator, upon request, with its books and records relating to its business in this State as a dealer.
- (3) The dealer informs the Administrator forthwith of any criminal action taken against it or of any finding or sanction imposed on the dealer as a result of any self-regulatory or regulatory action involving fraud, theft, deceit, misrepresentation, or similar conduct.
- (4) The dealer discloses to its clients in this State that the dealer and its agents are not subject to the full regulatory requirements under this Article.

(g) A salesman of a Canadian dealer registered under this section shall meet all of the following conditions:

- (1) The salesman maintains the salesman's provincial or territorial registration in good standing.
- (2) The salesman informs the Administrator forthwith of any criminal action taken against the salesman or of any finding or sanction imposed on the salesman as a result of any self-regulatory or regulatory action involving fraud, theft, deceit, misrepresentation, or similar conduct.

(h) Renewal applications for Canadian dealers and salesmen under this section shall be filed before December 31 of each year and may be made by filing the most recent renewal application, if any, filed in the jurisdiction in which the dealer has its head office, or if no such renewal application is required, the most recent application filed pursuant to subdivision (c)(1) of this section or subdivision (d)(1) of this section, as applicable.

(i) Every applicant for registration or renewal of registration under this section shall pay the fee for dealers and salesmen as required in this Chapter.

(j) Every Canadian dealer or salesman registered under this section may effect transactions in this State only:

- (1) As permitted in subsection (a) or (b) of this section, and
- (2) With or through:
  - a. The issuers of the securities involved in the transactions;
  - b. Other dealers; and
  - c. Banks, savings institutions, trust companies, insurance companies, investment companies, as defined in the Investment Company Act of 1940, pension or profit-sharing trusts, or other financial institutions or institutional buyers, whether acting for themselves or as trustees.

(k) Article 2 of this Chapter applies to Canadian dealers and salesmen registered under this section.

(l) Except as otherwise provided in this section, Canadian dealers or salesmen registered under this section and acting in accordance with the limitations set out in subsection (j) of this section are exempt from all of the requirements of this Chapter. A registration under this section may be denied, suspended, or revoked pursuant to G.S. 78A-39 only for a breach of Article 2 of this Chapter or this section."

**SECTION 2.** This act is effective when it becomes law.  
In the General Assembly read three times and ratified this the 6<sup>th</sup> day of June,  
2001.

s/ Beverly E. Perdue  
President of the Senate

s/ James B. Black  
Speaker of the House of Representatives

s/ Michael F. Easley  
Governor

Approved 4:35 p.m. this 15<sup>th</sup> day of June, 2001