

THE ROLE

A trading member, as implied, is a member responsible for the trading of securities on the board of the International Securities Market (ISM). Trading members will fall into one of the following three categories:

- I. **Brokers** – A Broker is a person who will engage in the business of effecting transactions in securities for the account of others/third parties. Brokers will only be allowed to trade on behalf of **Qualified Investors**. A Qualified Investor is a person who has such knowledge and experience in financial, securities, investment and other business matters that he or she is capable of evaluating the merits and risks of the prospective investments and who subscribes for securities of an issuer in an amount of at least \$US 100,000.00.
- II. **Dealers** – A dealer is a person engaged in the business of buying and selling securities for his own account.
- III. **Market Makers** – A market maker is a broker-dealer firm that assumes the risk of holding a certain number of shares of a particular security in order to facilitate the trading of that security. It is expected that trading members shall operate with integrity, competence and capability, and financial soundness.

REGULATORY REQUIREMENTS

All Trading Members are regulated by the **ISM Trading Rules** (Series 2000).

Trading members from within Barbados must comply with the rules and regulations of the Barbados Stock Exchange (**BSE**) and the Barbados Central Securities Depository Inc. (**BCSDI**). Regulatory oversight for the capital market falls within the purview of the Financial Services Commission (**FSC**).

Trading members outside of Barbados must ensure that their respective exchange meets the FSC's standards for quality administration. Specifically, the foreign securities exchange:

- must be regulated by an IOSCO member or signatory to the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (**MMoU**) and
- must have rules that have been approved by its regulator to govern its members

In addition, the **regulator** of the foreign securities exchange and jurisdiction should be:

- a member of IOSCO and
- a signatory of the MMoU

Finally, as a trading member from outside the local Barbados' market, you must:

- satisfy the Exchange that you are duly registered with the FSC as a market actor;
- satisfy the Exchange that you, including your directors, officers and substantial shareholders holding more than 10% of the equity, are fit and proper to be an ISM trading participant;
- satisfy the Exchange that you have in place:
 - adequate internal procedures and controls;
 - adequate systems for the execution, recording and reporting of transactions;
 - systems and controls which satisfactorily address the identification and management of risk;
 - adequate insurance for the type of business you undertake;
 - satisfactory systems or arrangements for the clearing and settlement of transactions whereby either you will be a BCSDI participant or use the facilities of a clearing agent.
- comply with the rules of the ISM and such other requirements for trading membership as the Exchange may from time to time prescribe.

REGISTRATION DOCUMENTS

Trading Participant Approval

An applicant for approval as a Trading Participant on the ISM, under the Trading Membership Rules, must file a completed “**Application Form for Approval as a Trading Participant of the ISM**” with the Barbados Stock Exchange.

This form can be found under [Appendix 1A](#) of the [Definitive Guide to Being a Trading Member on the International Securities Market](#).