

**191—50.18(502) Limited registration of Canadian broker-dealers and agents.**

**50.18(1)** A Canadian broker-dealer may register under this rule if the broker-dealer:

- a.* Files with the administrator an application in the form required by the jurisdiction in which the broker-dealer has its principal office;
- b.* Files with the administrator a consent to service of process on Form U-2;
- c.* Is registered as a broker-dealer and is in good standing in the jurisdiction from which the broker-dealer is effecting transactions into Iowa and files with the administrator satisfactory evidence thereof;
- d.* Is a member of a self-regulatory organization or stock exchange in Canada; and
- e.* Pays a \$200 filing fee.

**50.18(2)** An agent representing a Canadian broker-dealer registered under this rule in effecting transactions in securities in Iowa may register under this rule if the agent:

- a.* Files with the administrator an application in the form required by the jurisdiction in which the broker-dealer has its principal office;
- b.* Files with the administrator a consent to service of process;
- c.* Is registered and is in good standing in the jurisdiction from which the agent is effecting transactions into Iowa and files with the administrator satisfactory evidence thereof; and
- d.* Pays a \$40 filing fee.

**50.18(3)** A Canadian broker-dealer that is resident in Canada and has no office or other physical presence in Iowa may, provided that the broker-dealer is registered under this rule, effect transactions in Iowa:

- a.* With or for a person from Canada temporarily residing in Iowa with whom the Canadian broker-dealer had a bona fide broker-dealer-client relationship before the person entered the United States;
- b.* With or for a person from Canada currently residing in Iowa whose transactions are in a self-directed, tax-advantaged retirement plan in Canada of which the person is the holder or contributor; or
- c.* With or through:
  - (1) The issuers of the securities involved in the transactions;
  - (2) Other registered broker-dealers;
  - (3) Banks, savings institutions, trust companies, insurance companies, or investment companies as the term is defined in the Investment Company Act of 1940;
  - (4) Pension or profit-sharing trusts; or
  - (5) Other financial institutions or institutional investors, whether acting on their own behalf or as trustees.

**50.18(4)** An agent registered pursuant to subrule 50.18(2) representing a Canadian broker-dealer registered pursuant to subrule 50.18(1) may effect all securities transactions that the broker-dealer is authorized by subrule 50.18(3) to effect.

**50.18(5)** If no denial order is in effect and no proceeding is pending pursuant to Iowa Code section 502.304, a registration filed pursuant to this rule becomes effective on the forty-fifth day after an application is filed, unless otherwise provided by order of the administrator.

**50.18(6)** A Canadian broker-dealer registered under this rule shall:

- a.* Maintain provincial or territorial registration and membership in a self-regulatory organization or stock exchange and remain in good standing in each;
- b.* Provide, upon the administrator's request, all books and records relating to its business in Iowa as a broker-dealer;
- c.* Promptly inform the administrator of any criminal action taken against the broker-dealer or of any finding or sanction imposed on the broker-dealer as a result of a self-regulatory or other regulatory action involving fraud, theft, deceit, misrepresentation, or like conduct; and
- d.* Disclose in writing to each of the broker-dealer's clients in Iowa that the broker-dealer and its agents are not subject to the full regulatory requirements of the Act.

**50.18(7)** An agent of a Canadian broker-dealer registered under this rule shall:

- a.* Maintain the agent's provincial or territorial registration and remain in good standing; and

*b.* Promptly inform the administrator of any criminal action taken against the agent or of any finding or sanction imposed on the agent as a result of a self-regulatory or other regulatory action involving fraud, theft, deceit, misrepresentation, or like conduct.

**50.18(8)** Renewal applications for Canadian broker-dealers and agents under this rule must be filed before December 1 each year and may be made by filing with the administrator the most recent renewal application, if any, filed in the jurisdiction in which the broker-dealer has its principal office or, if no such renewal application is required, the most recent application filed pursuant to paragraph 50.18(1)“*a*” or 50.18(2)“*a*.”

**50.18(9)** Every applicant for registration or renewal registration pursuant to this rule shall pay the applicable fee for broker-dealers and agents as set forth in Iowa Code section 502.410.

**50.18(10)** A Canadian broker-dealer or agent registered under this rule and in compliance with paragraph 50.18(3)“*c*” is exempt from all the requirements of the Act, except for the antifraud sections and the requirements set out in this rule.

**50.18(11)** All transactions in securities effected between Canadian broker-dealers or agents registered under this rule and Canadian persons meeting the requirements of paragraph 50.18(3)“*a*” or “*b*” are exempt from Iowa Code sections 502.301 and 502.504.

This rule is intended to implement Iowa Code section 502.401(4).

[ARC 9169B, IAB 10/20/10, effective 11/24/10]