



Dutch Caribbean
Securities Exchange

A DCSX Memo

Advantages for a Member/Broker on the “DCSX”



July, 2017



Curaçao (Dutch Caribbean)

Strategically located between South America, the United States and Europe, Curaçao has an excellent physical and financial infrastructure. Curaçao is an autonomous country within the Kingdom of the Netherlands.

The international financial services sector is, along with tourism, a very important pillar of our economy.



A Sophisticated International Financial Center

A high-speed telecommunications infrastructure (highest in the Caribbean) provides reliable state-of-the-art global communications. And, perhaps most importantly, its sophisticated financial and legal infrastructure (the ground works of which were laid in 1945 at the time when World War II initiated) provides comfort to both investors and financial service providers.

The financial services industry of Curaçao is supervised and regulated by the Central Bank of Curaçao and St. Maarten (“CBCS”), in close cooperation with the Dutch Central Bank, thus guaranteeing a very reputable international financial services center with financial and legal security and stability.

Curaçao is a member of the Caribbean Financial Action Task Force, which forms part of the Financial Action Task Force based in Switzerland. It has enacted up-to-date legislation for combating money laundering, including ‘Know Your Client’ (“KYC”) rules. These initiatives resulted in the broad acceptance of Curaçao by developed countries and global organizations focusing on fair tax practices.

The New Fiscal Framework of 2001 is in full compliance with the policies of the OECD for fair tax practices yet creates advantageous tax rates for very specific situations based on the premises of transparency and substance requirements.

Curaçao as a country is:

- FATF/OECD compliant;
- EU-compliant;
- AML compliant; and
- the enactment as per March 1, 2004 of the new book 2 of the Civil Code ensured that corporate governance conforms to international standards of compliance and Directors' accountability.

Dutch Caribbean Securities Exchange (DCSX)

The Dutch Caribbean Securities Exchange (“DCSX”) forms part of this international financial services sector of Curaçao.

The DCSX is a self-regulatory international exchange for the listing and trading in domestic and international securities.

The DCSX is licensed by the Minister of Finance and supervised by the Central Bank of Curaçao and St. Maarten.



Our mission is to create prosperity by connecting investment opportunities to investors and reach that by being the regional financial centre of choice for listing of securities

At the DCSX we have developed listing rules for the issuer, tailored to the needs of the market. The emphasis lies on the disclosure of vital information that guides the issuer through the administrative process.

Becoming a Broker on the DCSX

To become an approved broker on the DCSX the broker applicant must have been accepted as a shareholder and member of the DCSX. Applicants shall mostly be parties who either themselves or thru an affiliate are already authorized to act as broker under a DCSX approved existing supervisory authority somewhere else. But also new brokers can apply. It is simple: a broker applicant shall satisfy the DCSX that it has the operational (including KYC and compliance monitoring capabilities) and technical infrastructure in place to professionally act as broker for its clients on the DCSX.

Once approved, the DCSX broker can trade stocks, bonds a/o funds listed on the DCSX for both its retail and institutional clients as well as for its own account. The broker shall adhere to the stipulations and regulations of the Rules and Regulations of the DCSX and/or as further detailed in the relevant individual brokerage agreement that is entered into with the DCSX. Clearly the approved broker can also trade on any other international platform it wishes to use. In the latter case the DCSX will generally require that it has the authority to have an expert third party conduct a review of adherence by the broker to the Rules and Regulations of such other international platform.

Main Requirements for Becoming a Broker on the DCSX

- One time application fee of USD 5,000 (non-refundable);
- Approval to become a shareholder and a member;
- Purchase of one ordinary share 'B' with a nominal value of USD 60,000;
- Annual fee of USD 5,000;
- Brokerage agreement with DCSX;
- Broker shall comply with the DCSX's Rules and Regulations, especially Chapters 2 and 3.

In general the approval process may take about two weeks provided the relevant documentation submitted is complete.

Other/Tax Advantages

Curaçao has introduced a new *export regime* for companies that are active internationally. The most important requirement is that 90% or more of the company's business income is the result of transactions with foreign clients. In addition, the company must have real presence in Curaçao that is suitable for the nature and extent of the company's activities. There is no distinction between income from trade or from services. The regime supports the following activities (including brokerage and investment advisory services):

- Export of goods;
- International trade and services;
- Repair and maintenance services performed on behalf of foreign clients or performed abroad;
- International warehousing services;
- Providing of loans and licenses, providing the use of intellectual property, acting as a holding company, or being a member of a cooperation;
- Other services performed for foreign clients.

The effective tax rate for the new regime is approximately 3.2%.

Supervision by the Central Bank of Curacao and Sint Maarten

In December 2016 the so called National Ordinance on the supervision of securities brokers and asset managers/advisors was approved by Parliament (hereafter "NOSSA").



In brief the NOSSA Ordinance covers the followings important areas:

- ✚ Background: assuring confidence by the public in properly functioning Brokers/Advisors and soundness and transparency in the capital markets served;
- ✚ Intent of NOSSA: all Brokers/Advisors fall under the law; the CBCS can issue Generally binding Regulations;
- ✚ Ethical and controlled business operations;
- ✚ Separate safekeeping and prevention of conflicts of interest
- ✚ A clear ban on “churning”;
- ✚ Advertising of services, the pre-contractual duties and ongoing provision of objective information;
- ✚ KYC requirements for the Brokers/Advisors;
- ✚ Other requirements like confidentiality;
- ✚ Transition rules (one year after the NOSSA becomes effective) for already operating Brokers/Advisors;
- ✚ Outsourcing of certain business activities;
- ✚ Written Complaints procedure in place.

We trust the above provides an initial clear overview for any securities Broker/Advisor of the many advantages Curacao and the DCSX offer to set up operations with us.

We hope the above provides the necessary initial information.

Please contact us at info@dcsx.cw