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HANDS-ON TRAINING

SEC-BED MEMORANDUM CIRCULAR NO. 01, April 26, 2000

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It has been observed that trading by unlicensed individuals has become very rampant primarily because broker/dealer firms allow unlicensed individuals to undergo hands-on training. This is in violation of Section 19 of the Revised Securities Act, which provides:

> No . . . salesman shall engage in business in the Philippines as such . . . salesman or sell any securities, including securities exempted under this Act, except in exempt transaction, unless he has been registered as a . . . salesman pursuant to the provisions of this Section."

In this connection, the following guidelines shall be observed with respect to hands-on training:

> While hands on training will improve the competence of securities representatives to perform their jobs, only registered and licensed securities representatives/salesmen shall participate in hands-on training. He/she shall be assigned to a specific Supervisor appointed by the broker/dealer. The Supervisor, who is a duly registered and licensed securities representative/salesman, will have direct responsibility for the conduct and actions of the trainee-salesman and will work closely with the latter to ensure that he applies the knowledge acquired from the training and examination phases in a professional manner. The Supervisor shall coach him on a point-by-point basis. All recommendations made by the trainee-salesman to an investor shall be concurred with by his appointed Supervisor and all orders entered by a trainee-salesman on behalf of an investor must be co-signed by the Supervisor.

The hands-on training shall be compulsory with respect to those who are registered and licensed after recently passing the Certified Securities Representative Exam and shall be for a period of at least two (2) months after registration. As proof of compliance with this requirement, the broker/dealer to which the registered and licensed securities representative-trainee is affiliated shall submit to the Commission a certification under oath of completion of the hands-on training.

Adopted: 26 April 2000

(SGD.) ELIZABETH C. MARTIN
Director

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