



Monetary Authority of Singapore

SECURITIES AND FUTURES ACT (CAP. 289)

NOTICE ON MINIMUM ENTRY AND EXAMINATION REQUIREMENTS FOR REPRESENTATIVES OF HOLDERS OF CAPITAL MARKETS SERVICES LICENCE AND EXEMPT FINANCIAL INSTITUTIONS

FREQUENTLY ASKED QUESTIONS
(Reissued on 10 December 2018)

Disclaimer: The FAQs are meant to provide guidance to the industry on MAS' policy and administration of the Securities and Futures Act and regulations. They do not constitute legal advice. MAS expects industry participants to retain their independent legal counsel to advise them on how their business operations should be conducted in order to satisfy the legal/regulatory requirements and to advise them on all applicable laws, rules or regulations of Singapore.

**SECURITIES AND FUTURES ACT
(CAP. 289)**

**NOTICE ON MINIMUM ENTRY AND EXAMINATION
REQUIREMENTS FOR REPRESENTATIVES OF
HOLDERS OF CAPITAL MARKETS SERVICES LICENCE
AND EXEMPT FINANCIAL INSTITUTIONS**

**FREQUENTLY ASKED QUESTIONS
(Reissued on 10 December 2018)**

(A) Corporate Finance

Q1 Does a representative appointed to conduct the regulated activity of corporate finance need to pass the relevant CMFAS modules to deal in capital markets products in connection with his corporate finance activities?

A1 Prior to 8 October 2018, a representative who conducted corporate finance activities was not required to pass Modules 1A, 1B or 6 to conduct dealing in securities in connection with his corporate finance activities.

Currently, paragraph 11 of the Notice on Minimum Entry and Examination Requirements for Representatives of Holders of Capital Markets Services Licence and Exempt Financial Institutions (the “**SFA Exam Notice**”) states that a representative is not required to pass Modules 1A, 1B or 6 to conduct dealing in capital markets products that are securities in connection with his corporate finance activities.

For the purpose of paragraph 11 of the SFA Exam Notice, a representative who deals in the following capital markets products in connection with his corporate finance activities, is also not required to pass the relevant CMFAS Modules set out in paragraph 10 of the SFA Exam Notice:

- (i) Units in a collective investment scheme;
- (ii) Exchange-traded derivative contracts; or
- (iii) Over-the-counter derivatives contracts.

(B) Fund Management

Q2 Are existing fund management representatives required to pass Module 6A, in addition to Modules 3 and 6?

A2 A representative authorised to conduct fund management is only required to pass Modules 3 and 6. The SFA Exam Notice will be amended to remove reference to Module 6A for fund management representatives.

Q3 Does the exemption for fund management representatives who only serve accredited and/or institutional investors apply to fund management representatives who market funds?

A3 Yes, marketing representatives of fund management companies who meet the criteria set out in paragraph 28 of the SFA Exam Notice are exempted from the requirement to pass Modules 5, 8 and 8A.

Q4 Are fund management representatives who are portfolio managers required to pass Modules 5, 8 and/or 8A, in addition to Modules 3 and 6, if they accompany marketing representatives to speak at roadshows or meetings with investors?

A4 No, such portfolio managers are only required to pass Modules 3 and 6. They are not required to pass Modules 5, 8 and/or 8A.

(C) Dealing in capital markets products that are units in a collective investment scheme

Q5 What are the CMFAS Exam requirements for representatives of a fund management company who markets funds managed by third-parties and is appointed to conduct the regulated activity of dealing in capital markets products that are units in a collective investment scheme?

A5 Such representatives are required to pass Modules 5, 8 and/or 8A instead of Modules 1A/1B and Modules 6/6A.

Q6 What are the CMFAS Exam requirements for representatives who prior to 8 October 2018, were appointed for the regulated activity of marketing of collective investment schemes under the FAA?

A6 MAS will be providing savings and transitional provisions for representatives who were appointed for the regulated activity of marketing of collective investment schemes under the FAA prior to 8 October 2018, and thereafter are appointed for the regulated activity of dealing in capital markets products that are units in a collective investment scheme. Such representatives would be treated as having met the CMFAS Exam requirements. Newly appointed representatives on or after 8 October 2018 will have to pass Modules 5, 8 and/or 8A.

Q7 Are representatives of fund management companies who manage or market funds which are only offered to non-retail investors in Singapore exempted from

the CMFAS Exam and continuous professional development (“CPD”) requirements?

A7 Representatives who manage or market funds offered only to non-retail investors in Singapore are exempted from the CMFAS Exam and CPD requirements.

Representatives who manage or market a fund that is offered to retail investors in Singapore are required to meet the CMFAS Exam and CPD requirements.

(D) Persons who work in a specialised unit serving high net worth individuals exempted under section 100(2) of the Financial Advisers Act (“FAA”)

Q8 Are persons who work in a specialised unit serving high net worth individuals exempted under section 100(2) of the FAA exempted from CMFAS Exam requirements?

A8 Persons who work in a specialised unit serving high net worth individuals exempted under section 100(2) of the FAA are exempted from CMFAS Exam and CPD requirements for the following regulated activities:

- (a) Dealing in capital markets products that are:
 - (i) Securities;
 - (ii) Units in a collective investment scheme;
 - (iii) Exchange-traded derivatives contracts;
 - (iv) Over-the-counter derivatives contracts;
 - (v) Spot foreign exchange contracts for the purposes for leveraged foreign exchange; and
- (b) Fund management.

(E) Representatives serving accredited investors and institutional investors (“AI/II”)

Q9 Are representatives serving AI/II only exempted from the CMFAS Exam and CPD requirements?

A9 Currently, representatives serving AI/II only (except representatives of fund management companies) are required to comply with the relevant requirements under the SFA and FAA Exam Notices.

There is a related proposal for representatives who only serve non-retail customers to be exempted from the CMFAS Exam requirements, which is not in force and will depend on the outcome of MAS’ review and consultation on whether to exempt such

representatives from the representative notification framework. MAS will respond to the consultation and provide further clarity in due course.

(F) Representatives appointed for dealing in capital markets products that are over-the-counter derivative contracts

Q10 Is a representative's overseas working experience recognised towards meeting the requirements set out in paragraph 43 for representatives appointed for dealing in capital markets products that are over-the-counter derivatives contracts?

A10 Yes, MAS will recognise overseas working experience that amounts to carrying out of dealing in capital markets products that are over-the-counter derivatives contracts.

(G) New representatives of banks and merchant banks appointed for dealing in capital markets products that are over-the-counter derivatives contracts and spot foreign exchange contracts for the purposes of leveraged foreign exchange

Q11 MAS has provided a two-year transition period for FIs to appoint representatives who were previously already conducting the regulated activity of dealing in capital markets products that are over-the-counter derivatives contracts and spot foreign exchange contracts for the purposes of leveraged foreign exchange. Does this transition period apply to newly appointed representatives?

A11 No, new representatives who join the industry are required to meet the relevant CMFAS Exam requirements and become appointed representatives before they can conduct dealing in capital markets products that are over-the-counter derivatives contracts and spot foreign exchange contracts for the purposes of leveraged foreign exchange.