

**DRAFT AMENDMENTS TO SECURITIES AND FUTURES (EXEMPTION FROM
REQUIREMENT TO HOLD CAPITAL MARKETS SERVICES LICENCE)
REGULATIONS**

DISCLAIMER: This version of the amendments is in draft form and subject to change.

SECURITIES AND FUTURES ACT
([CHAPTER 289, SECTION 99\(1\)\(H\)¹](#))
SECURITIES AND FUTURES (EXEMPTION FROM REQUIREMENT TO HOLD CAPITAL MARKETS
SERVICES LICENCE) REGULATIONS

Rg 11

REVISED EDITION 2004
(29th February 2004)

[1st October 2002]

Citation

1. [These Regulations](#) may be cited as the Securities and Futures (Exemption from Requirement to Hold Capital Markets Services Licence) Regulations.

Definitions

1A. In these Regulations, unless the context otherwise requires —
“customer”, in relation to a person, does not include —

(a) for the purposes of [regulation 2\(3\)](#), the person, when carrying on business in dealing in securities for the person’s own account; and

(b) for the purposes of [regulation 2\(4\)](#) —

(i) the person, when carrying on business in trading in futures contracts for the person’s own account; or

(ii) a related corporation of the person, with respect to an account belonging to and maintained wholly for the benefit of that related corporation;

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“financial institution”, for the purposes of [regulation 2\(1\)](#), means any institution licensed or approved by, or registered with or otherwise regulated by, the Authority under any written law;

“financial services” means any services regulated, or supplied by any person regulated, under any written law administered by the Monetary Authority of Singapore;

“relevant offence” means —

(a) an offence, whether under the law of Singapore or elsewhere, involving fraud or dishonesty, or the conviction for which involved a finding that the offender had acted fraudulently or dishonestly;

(b) an offence under the [Act](#) or any regulations made under the [Act](#); or

(c) an offence under the [Banking Act](#) (Cap. 19), the [Commodity Trading Act](#) (Cap. 48A), the [Finance Companies Act](#) (Cap. 108), the [Financial Advisers Act \(Cap. 110\)](#), the [Insurance Act](#) (Cap. 142), the [Monetary Authority of Singapore Act](#) (Cap. 186), the [Money-changing and Remittance Businesses Act \(Cap. 187\)](#), the [Penal Code \(Cap. 224\)](#) or any subsidiary legislation made under any of those Acts;

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“relevant regulator”, in relation to a jurisdiction other than Singapore, means the regulator in respect of dealing in securities or trading in futures contracts in that jurisdiction;

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“resident in Singapore” has the same meaning as in section 2 of the Income Tax Act (Cap. 134);

“structured warrant” means an instrument listed for quotation on the Singapore Exchange Securities Trading Ltd and issued by a financial institution on an underlying financial instrument which gives the holder of the instrument the right —

(a) to purchase from, or sell to, the financial institution that underlying financial instrument in accordance with the terms of issue of the instrument; or

- (b) to receive from the financial institution a cash payment calculated by reference to the fluctuations in value or price of that underlying financial instrument in accordance with the terms of issue of the instrument;

“underlying financial instrument” means —

- (a) foreign exchange, interest rate, gold or any produce, item, goods or article, and includes an index of such foreign exchange, interest rate, gold, produce, item, goods or article; or
- (b) an index of futures contracts in respect of foreign exchange, interest rate, gold or any produce, item, goods or article.

[\[S 147/2008 wef 28/03/2008\]](#)

Exemption

2.—(1) Subject to the conditions and restrictions specified in writing by the Authority, Citibank Aktiengesellschaft shall be exempted from the requirement to hold a capital markets services licence to carry on business in dealing in securities when dealing in securities on behalf of any financial institution.

(2) The holder of a capital markets services licence to deal in securities shall, in respect of the holder’s business of trading in structured warrants, be exempted from the requirement under [section 82\(1\) of the Act](#) to hold a capital markets services licence to trade in futures contracts.

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(3) A person which —

- (a) is incorporated outside Singapore;
- (b) is a member of any approved exchange or Singapore-incorporated recognised market operator operating a securities market;
- (c) does not serve any customer ~~resident~~~~domiciled~~ in Singapore;
- (d) does not carry on any business in [providing financial services in](#) Singapore;
- (e) carries on business in any jurisdiction the relevant regulator of which has an arrangement with the Authority for information exchange and co-operation in respect of securities; and
- (f) is registered, licensed, approved or otherwise regulated in respect of dealing in securities by the relevant regulator referred to in [sub-paragraph \(e\)](#),

shall, in respect of securities that are listed or quoted on the securities market operated by that approved exchange or Singapore-incorporated recognised market operator, be exempted from the requirement under [section 82\(1\) of the Act](#) to hold a capital markets services licence to carry on business in dealing in securities.

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[\[Amended on \(date\)\]](#)

(4) A person which —

- (a) is incorporated outside Singapore;
- (b) is a member of any approved exchange, ~~or~~ Singapore-incorporated recognised market operator operating a futures market, [approved clearing house or recognised clearing house](#);
- (c) does not serve any customer ~~resident~~~~domiciled~~ in Singapore;
- (d) does not carry on any business in [providing financial services in](#) Singapore;
- (e) carries on business in any jurisdiction the relevant regulator of which has an arrangement with the Authority for information exchange and co-operation in respect of futures contracts; and

- (f) is registered, licensed, approved or otherwise regulated in respect of trading in futures contracts by the relevant regulator referred to in [sub-paragraph \(e\)](#),

shall, in respect of futures contracts that are traded on the futures market operated by that approved exchange, ~~or~~ Singapore-incorporated recognised market operator, or futures contracts cleared by that approved clearing house or recognised clearing house, be exempted from the requirement under [section 82\(1\) of the Act](#) to hold a capital markets services licence to carry on business in trading in futures contracts.

*[S 501/2010 wef 07/09/2010]
[Amended on (date)]*

- (5) A person which would otherwise be, or which is, exempted under [paragraph \(3\)](#) or [\(4\)](#) (referred to in this paragraph as the exempt person) shall not be, or shall cease to be, so exempted if —

- (a) the exempt person carries on business in dealing in securities other than in accordance with [paragraph \(3\)](#), or carries on business in trading in futures contracts other than in accordance with [paragraph \(4\)](#), as the case may be;
- (b) the exempt person is in the course of being wound up or otherwise dissolved, whether in Singapore or elsewhere;
- (c) execution against the exempt person in respect of a judgment debt has been returned unsatisfied in whole or in part;
- (d) a receiver, a receiver and manager, a judicial manager, or any other person having the powers and duties of a receiver, receiver and manager or judicial manager, has been appointed, whether in Singapore or elsewhere, in relation to or in respect of any property of the exempt person;
- (e) the exempt person has, whether in Singapore or elsewhere, entered into a compromise or scheme of arrangement with its creditors, being a compromise or scheme of arrangement that is still in operation;
- (f) the exempt person has been convicted of a relevant offence;
- (g) the exempt person is not a fit and proper person in relation to the conduct of the regulated activity for which it is exempted, or any substantial shareholder or equivalent person of the exempt person is not a fit and proper person to be in such capacity; or
- (h) any person who, acting alone or together with any other person —
- (i) controls, directly or indirectly, not less than 20% of the voting power or equivalent decision-making power in the exempt person; or
 - (ii) acquires or holds, directly or indirectly, not less than 20% of the issued shares or equivalent share of ownership of the exempt person,

is not a fit and proper person to control such percentage of power or hold such percentage of shares or share of ownership.

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(6) Where the person referred to in [paragraph \(3\)](#) or [\(4\)](#) is a branch of an entity, and the head office of the entity and the branch carry on business in different jurisdictions, the relevant regulator referred to in [paragraph \(3\)\(e\)](#) and [\(f\)](#) or [\(4\)\(e\)](#) and [\(f\)](#), as the case may be, is the relevant regulator of the jurisdiction in which the branch carries on business.

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