

**SECURITIES AND FUTURES
(LICENSING AND CONDUCT OF BUSINESS)
(AMENDMENT)**

REGULATIONS 2014

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No. S 000 -

SECURITIES AND FUTURES ACT
(CHAPTER 289)

SECURITIES AND FUTURES
(LICENSING AND CONDUCT OF BUSINESS)
(AMENDMENT) REGULATIONS 2014

In exercise of the powers conferred by sections 100, 104, 123 and 341 of the Securities and Futures Act, the Monetary Authority of Singapore hereby makes the following Regulations:

Citation and commencement

1. These Regulations may be cited as the Securities and Futures (Licensing and Conduct of Business) (Amendment) Regulations 2014 and shall come into operation on [] 2014¹.

Amendment of regulation 2

2. Regulation 2 of the Securities and Futures (Licensing and Conduct of Business) Regulations (Rg 10) (referred to in these Regulations as the principal Regulations) is amended –

(a) by inserting, immediately after the definition of “bond”, the following definition:

“ “debentures of a real estate investment trust” means any debenture stock, bond, note and any other debt securities of a real estate investment trust issued or proposed to be issued by a trustee on behalf of the real estate investment trust;”;

(b) by inserting, immediately after the definition of “quarter”, the following definition:

“ “real estate investment trust” means a trust —

(a) that invests primarily in real estate and real estate-related assets specified by the Authority in [the Code](#) on Collective Investment Schemes;

(b) all or any units of which are listed for quotation on a securities exchange; and

(c) which is —

¹ [These Regulations will come into operation 6 months from the date of publication of these Regulations.]

- (i) authorised under section 286 of [the Act](#) or is one for which an application for authorisation has been made and has not been refused by the Authority under that section; or
 - (ii) recognised under section 287 of [the Act](#) or is one for which an application for recognition has been made and has not been refused by the Authority under that section;”; and
- (c) by inserting, immediately after the definition of “Rules and Market Practices”, the following definition:
- “ “unlisted derivatives”, in relation to a holder of a capital markets services licence, means any of the following products which are not quoted or traded on a securities exchange or an overseas securities exchange, a futures exchange or an overseas futures exchange, or a recognised market operator –
- (a) any right, option or derivative in respect of any debentures, stocks or shares issued or proposed to be issued by a government, a corporation or body unincorporate;
 - (b) any right under a contract for differences or under any other contract the purpose or pretended purpose of which is to secure profit or avoid a loss by reference to fluctuations in –
 - (i) the value or price of any debentures, stocks or shares issued or proposed to be issued by a government, a corporation or body unincorporate;
 - (ii) the value or price of any group of any debentures, stocks or shares issued or proposed to be issued by a government, a corporation or body unincorporate; or
 - (iii) an index of any debentures, stocks or shares issued or proposed to be issued by a government, a corporation or body unincorporate;
 - (c) any right, option or derivative in respect of any debentures of a real estate investment trust;

- (d) any right under a contract for differences or under any other contract the purpose or pretended purpose of which is to secure a profit or avoid a loss by reference to fluctuations in the value or price of any debentures of a real estate investment trust, any group of such debentures of a real estate investment trust or any index of such debentures of a real estate investment trust; or
- (e) any contract or arrangement the purpose of which is for leveraged foreign exchange trading.”.

Amendment of regulation 16

3. Regulation 16 of the principal Regulations is amended –

- (a) by deleting the word “Moneys” in paragraph (4) and substituting with the words “Subject to paragraph (5), moneys”; and
- (b) by inserting, immediately after paragraph (4), the following new paragraphs:

“(5) Where the holder receives moneys on account of any customer who is not an accredited investor, an expert investor or an institutional investor, the holder shall deposit the moneys received in respect of the customer’s transactions in any unlisted derivatives in a trust account separate from that of the customer’s other transactions.

(6) The Authority may, on application of any person, exempt the person from paragraph (5), by notice in writing, subject to such conditions or restrictions as may be imposed by the Authority.”.

Amendment of regulation 17

4. Regulation 17 of the principal Regulations is amended –

- (a) by deleting the words “subject to the customer’s prior written consent, the holder may,” in paragraph (2) and substituting the words “subject to paragraph (3), the holder may, with its customer’s prior written consent and”; and

- (b) by inserting, immediately after paragraph (2), the following new paragraph:

“(3) Paragraph (2) shall not apply to a holder who received moneys which are denominated in a foreign currency on account of a customer who is not an accredited investor, an expert investor or an institutional investor and in respect of the customer’s transactions in any unlisted derivatives.”.

Amendment of regulation 21

5. Regulation 21 of the principal Regulations is amended by inserting, immediately after the words “with the written direction of the customer” in paragraph (d), the words “, unless –

- (i) the customer is not an accredited investor, an expert investor or an institutional investor; and
- (ii) the payment is for the purpose of meeting any obligation of the holder of a capital markets services licence in relation to any transaction in any unlisted derivatives for or on behalf of such customer or any other customer;”.

Amendment of regulation 35

6. Regulation 35 of the principal Regulations is amended by deleting the words “customer’s written directions” in paragraph (c) and substituting the words “written direction of the customer, unless –

- (i) the customer is not an accredited investor, an expert investor or an institutional investor; and
- (ii) the transfer of the asset is for the purpose of meeting any obligation of the holder of a capital markets services licence in relation to any transaction in any unlisted derivatives for or on behalf of such customer or any other customer;”.

Amendment of regulation 37

7. Regulation 37 of the principal Regulations is amended by inserting, immediately before the words “trade in futures contract” in paragraph (1), the words “deal in securities, ”.

New regulation 47F

8. The principal Regulations are amended by inserting, immediately after regulation 47E, the following regulation:

“Dealing in contracts for differences and carrying out leveraged foreign exchange trading as principal

47F. The holder of a capital markets services licence which carries on the business of dealing in securities, or leveraged foreign exchange trading, or both, shall only enter into a transaction for a sale or purchase of contracts for difference or a transaction connected with leveraged foreign exchange trading, as the case may be, with any customer who is not an accredited investor, an expert investor or an institutional investor, as principal and not as agent.”.

Amendment of regulation 54

9. Regulation 54 of the principal Regulations is amended by deleting the word “47E” in paragraph (1) and substituting the word “47F”.

Amendment of regulation 55

10. Regulation 55 of the principal Regulations is amended –

- (a) by deleting, immediately after the word “16(1)”, the words “or (2)” and substituting the words “, (2) or (5)”;
- (b) by inserting, immediately after the word “17(1)”, the words “or (3)”;
- (c) by inserting, immediately after the word “47”, the word “, 47F”.

Made this day of 2014.

RAVI MENON
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Monetary Authority of Singapore.