

Notice No : FAA-N13 (Amendment No. 2) 2015
Issue Date : 31 December 2015

**NOTICE ON MINIMUM ENTRY AND EXAMINATION
REQUIREMENTS FOR REPRESENTATIVES OF LICENSED
FINANCIAL ADVISERS AND EXEMPT FINANCIAL ADVISERS**

Introduction

1 This Notice is issued pursuant to section 58 of the Financial Advisers Act (Cap. 110) [“the Act”] and amends the MAS Notice FAA-N13 on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers [“the Existing Notice”].

Amendments

2 The Existing Notice issued on 26 November 2010 and last revised on 7 October 2015, is amended as follows:

- a) by deleting the word “education” in paragraph 4(e), and substituting the words “professional development”;
- b) by inserting, immediately after the words “Financial Advisers Regulations” in paragraph 5A, the words “(Reg 2) [“FAR”]”;
- c) by deleting the footnote 1B in paragraph 15(d);
- d) by inserting, immediately after paragraph 15, the following paragraph:

“15A For the purposes of paragraph 15(d), a financial adviser shall determine if such other academic qualification is the equivalent to the qualifications set out in paragraph 15(a), 15(b) or 15(c). The Authority will provide guidance on the determination of such other academic qualification.”;

- e) by inserting, immediately before the words “had been providing” in paragraph 16(a), the word “he”;

- f) by inserting, immediately before the words “had been providing” in paragraph 16(b), the word “he”;
- g) by deleting the word “whose” in paragraph 16(c), and substituting with the word “his”;
- h) by deleting the words “an appointed representative” in paragraph 16(c), and substituting with the words “its appointed representative”;
- i) by deleting “;” at the end of paragraph 16A(b), and substituting “.”;
- j) by deleting the words “Financial Advisers Regulations (Rg 2) [the “FAR”]” in paragraph 24(a), and substituting with the word “FAR”; and
- k) by deleting paragraphs 30 to 33, and substituting the following paragraphs:

**“CONTINUING PROFESSIONAL DEVELOPMENT
REQUIREMENTS FOR APPOINTED
REPRESENTATIVES**

30 As set out in the Guidelines on Fit and Proper Criteria (Guideline No. FSG-G01), competence and capability are criteria which the Authority will take into account in considering whether a person is fit and proper. The Authority expects appointed representatives of financial advisers to undergo continuing education so as to keep abreast of developments in the financial advisory industry and update their skills and knowledge in relation to the type of financial advisory services which they provide. In this regard, a principal must include the structured continuing professional development (“CPD”) training undertaken by its appointed representatives under paragraph 30A of this Notice in its assessment on whether its appointed representatives remain fit and proper in respect of their provision of financial advisory services⁴.

⁴ Under regulations 14A(1)(a)(ii) and 14A(2)(b) of the FAR, exempt financial advisers and licensed financial advisers are respectively required to ensure that their representatives are fit and proper persons in relation to the carrying out of financial advisory services as representatives. Pursuant to section 23J of the Act, the Authority may revoke or suspend the status of an individual as an appointed representative if he or his principal fails to satisfy the Authority that he remains a fit and proper person to be an appointed representative.

30A Every appointed representative of a financial adviser must –

(a) undergo structured CPD training^{4A} which is relevant to the type of financial advisory services that he provides; and

(b) obtain and retain relevant supporting evidence that he has completed the minimum hours of structured CPD training under paragraph 31 or 31B of this Notice, as applicable, within the stipulated period.

30B Every principal must –

(a) review and follow up on each of its appointed representatives' structured CPD training needs on an annual basis; and

(b) obtain and retain the relevant supporting evidence that each of its appointed representatives has completed the minimum hours of structured CPD training under paragraph 31 or 31B of this Notice, as applicable, within the stipulated period.”

Minimum hours of structured CPD training required and calculation of structured CPD training hours

“31 With effect from 1 January 2016 and subject to paragraph 31D(b), an individual who acts or holds himself out to be an appointed representative –

(a) immediately before 1 January 2016 and continues to

^{4A} Structured CPD training includes lectures, conferences, workshops and courses which have clear learning objectives and outcomes. The learning objectives and outcomes must be clearly documented and independently verified. Structured CPD training excludes activities that are part of the job scope of an appointed representative, such as carrying out research on products and services for clients. For the avoidance of doubt, structured CPD training may include product seminars prior to the launch of new products and e-learning courses.

be so from that date; or

(b) from 1 January 2016, and provides –

(i) only one type of financial advisory service, must complete by the end of every calendar year –

(A) the minimum number of training hours in Ethics and Rules and Regulations respectively set out in the second column of Table A for that type of financial advisory service; and

(B) the minimum number of training hours set out in the third column of Table A for that type of financial advisory service; and

(ii) two or more types of financial advisory services, must complete by the end of every calendar year –

(A) the minimum number of training hours in Ethics and Rules and Regulations, respectively set out in the second column of Table A for those types of financial advisory service; and

(B) the higher of the minimum number of training hours set out in the third column of Table A for those types of financial advisory services.

The minimum number of training hours under paragraph 31(i)(A) or 31(ii)(A), as the case may be, applicable to an appointed representative is referred to in this Notice as the Core CPD hours, and the minimum number of training hours under paragraph 31(i)(B) or 31(ii)(B), as the case may be, applicable to an appointed representative is referred to in this Notice as Supplementary CPD hours. The total of the Core CPD hours and

Supplementary CPD hours is referred to as the Total Annual CPD hours.

Table A

<i>First Column</i>	<i>Second Column</i>	<i>Third Column</i>
<i>Types of financial advisory service</i>	<i>Core CPD hours</i>	<i>Supplementary CPD hours</i>
<p>1. Advising others, either directly or through publications or writings, and whether in electronic, print or other form, concerning any contract of insurance in respect of mortgage reducing term assurance policies or group term life insurance policies or both (as the case may be), other than –</p> <p>(a) in the manner set out in item 2; or</p> <p>(b) advising on corporate finance within the meaning of the Securities and Futures Act (Cap. 289).</p>	<p>(a) 4 training hours in respect of Ethics; and</p> <p>(b) 8 training hours in Rules and Regulations.</p> <p>* Only training hours of courses in Ethics or Rules and Regulations or both, as the case may be, which are accredited by IBF or SCI will be counted towards the Core CPD hours.</p>	4 hours
<p>2. Advising others by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any contract of insurance in respect of mortgage reducing term assurance policies or group term life insurance policies or both (as the case may be).</p>		
<p>3. Arranging of any contract of insurance in respect of mortgage reducing term assurance policies or group term life insurance policies or both (as the case may be), other than a contract of reinsurance.</p>		
<p>4. Advising others, either directly or through publications or writings, and whether in electronic, print or other form, concerning any investment product (other than mortgage</p>		

<p>reducing term assurance policies or group term life insurance policies), other than –</p> <p>(a) in the manner set out in item 5; or</p> <p>(b) advising on corporate finance within the meaning of the Securities and Futures Act (Cap. 289).</p>		
<p>5. Advising others by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product (other than mortgage reducing term assurance policies or group term life insurance policies).</p>		
<p>6. Marketing of any collective investment scheme.</p>		
<p>7. Arranging of any contract of insurance in respect of life policies (other than a contract of reinsurance, mortgage reducing term assurance policy or group term life insurance policy).</p>		

31A An appointed representative who has prior to 1 January 2016 completed courses in Ethics or Rules and Regulations or both, as the case may be, which have been accredited by IBF or SCI prior to 1 January 2016, may count the training hours in such completed courses towards his Core CPD hours for the calendar year of 2016 only.

31B Subject to paragraphs 31C and 31D(b), where an individual is an appointed representative of a particular principal for an aggregate period of less than a year in a calendar year, the appointed representative must complete by the end of that calendar year –

(a) a pro-rated minimum number of training hours in

Ethics and Rules and Regulations calculated in accordance with the formulas in sub-paragraphs (i) and (ii) below respectively (“Pro-rated Core CPD hours”); and

(b) a pro-rated minimum number of Supplementary CPD training hours calculated in accordance with the formula in sub-paragraph (iii) (“Pro-rated Supplementary CPD hours”).

The total of the Pro-rated Core CPD hours and Pro-rated Supplementary CPD hours is referred to in this Notice as the Total Pro-rated CPD hours.

Formulas:

(i) Pro – rated minimum number of training hours in Ethics =
Total number of days appointed as an appointed representative of the particular
principal in the calendar year
----- ×
365
4 hours

(ii) Pro –
rated minimum number of training hours in Rules and Regulations =
Total number of days appointed as an appointed representative of the particular
principal in the calendar year
----- ×
365
8 hours

(iii) Pro –
rated minimum number of Supplementary CPD hours =
Total number of days appointed as an appointed representative of the
particular
principal in the calendar year
----- ×
365
Supplementary CPD hours

For avoidance of doubt, where an appointed representative has more than one principal in a calendar year, paragraph 31B shall apply only in respect of the particular principal for whom the

appointed representative still provides financial advisory services.

31C Subject to paragraph 31D(a), an individual who is an appointed representative of a particular principal for an aggregate period of less than 183 days in a calendar year and is unable to complete his Total Pro-rated CPD hours by the end of that calendar year, may carry over his unfulfilled Total Pro-rated CPD hours to the next calendar year (“New Calendar Year”) on the condition that he completes his unfulfilled Total Pro-rated CPD hours by the end of the New Calendar Year.

31D In respect of an appointed representative who –

(a) carries over his unfulfilled Total Pro-rated CPD hours to the New Calendar Year and changes his principal in the New Calendar Year (the “new principal”), the appointed representative is not required to comply with the condition under paragraph 31C as an appointed representative of the new principal⁵; or

(b) ceases to be an appointed representative in any calendar year, the appointed representative is not required to complete his Total Annual CPD hours or Total Pro-rated CPD hours, as the case may be, for that calendar year.

31E For purposes of calculating Supplementary CPD hours or Pro-rated Supplementary CPD hours, as applicable, an appointed representative who completes at least 2 hours of structured CPD training⁶ on –

⁵ For avoidance of doubt, the appointed representative must comply with paragraph 31 or 31B, as the case may be.

⁶ Please see paragraph 9A of MAS Notice 117.

- (a) Medishield Life Scheme content;
- (b) shield plan content; or
- (c) a combination of MediShield Life Scheme content and shield plan content, as required under MAS Notice 117 (Training and Competency Requirement: Health Insurance) (“MAS Notice 117”) before the end of any calendar year may –
 - (i) treat up to 2 hours of that structured CPD training, as equivalent to the same in structured CPD training hours under this Notice for the same calendar year (“Equivalent CPD hours”); and
 - (ii) count the Equivalent CPD hours towards his Supplementary CPD hours or Pro-rated Supplementary CPD training hours, as applicable.

For avoidance of doubt, the Equivalent CPD hours do not count towards Core CPD hours or Pro-rated Core CPD hours, as applicable. For purposes of this paragraph, “MediShield Life Scheme” and “shield plan” have the same respective meanings as in paragraph 2 of MAS Notice 117.

31F Where an appointed representative (other than an appointed representative referred to in paragraph 31D) is or will be unable to fulfil any of the requirements under paragraph 30A, 31 or 31B of this Notice, as the case may be, within the stipulated period due to circumstances beyond the control of the appointed representative that could not reasonably have been foreseen by the appointed representative, the appointed representative will not be treated as having breached the requirements under paragraph 30A, 31 or 31B of this Notice, if the appointed representative –

(a) immediately informs his principal upon being aware of his inability to fulfil the requirements; and

(b) completes the unfulfilled number of Total Annual CPD hours or Total Pro-rated CPD hours (as the case may be) within 12 months of being aware of his inability to fulfil the requirements.

The principal of the appointed representative, who has been informed of the fact referred to in sub-paragraph (a), must take reasonable steps to ensure that the appointed representative completes the unfulfilled number of Total Annual CPD hours or Total Pro-rated CPD hours (as the case may be) within 12 months of the appointed representative being aware of his inability to fulfil the requirements.

32 With effect from 1 January 2016, a principal must –

(a) calculate the total number of completed structured CPD training hours of each of its appointed representatives as at the end of each calendar year; and

(b) maintain a register containing records of each of its appointed representatives' total number of completed structured CPD training hours for each calendar year, and the principal must retain the register for a period of not less than 5 years from the end of the calendar year in which the appointed representative is appointed by the principal.”

CIRCUMSTANCES UNDER WHICH THE CPD REQUIREMENTS DO NOT APPLY

32A A financial adviser should ensure that its representatives have undergone adequate relevant training in any new Specified Investment Products, prior to their providing financial advisory services concerning such products.

33 Paragraphs 30A, 31 and 31B do not apply to an individual who has been appointed as an appointed representative of any financial adviser for the first time, for the period starting on the date of his first appointment as an appointed representative and ending on the last day of the same calendar year.

33A Where an appointed representative –

(a) is required to take or re-take 1 or more applicable modules under the CMFAS Exams in any calendar year so as to –

(i) be able to continue providing the types of financial advisory service for which he is appointed;

(ii) provide a type of financial advisory service other than that in sub-paragraph (i); or

(iii) satisfy sub-paragraphs (i) and (ii); and

(b) passes the applicable module or applicable modules under the CMFAS Exams (as the case may be),

paragraphs 30A, 31 and 31B of this Notice do not apply to the appointed representative for the period of the entire calendar

year in which he passes the applicable module or applicable modules (as the case may be).

33B Paragraphs 30A, 31 and 31B do not apply to –

(a) individuals referred to in paragraph 8 of this Notice;

(b) a representative referred to in paragraph 24 of this Notice; and

(c) an appointed representative whose principal is a financial adviser referred to in paragraph 13 of FAA-N16 and who only provides execution-related advice to clients.”.

Commencement

3 This Notice shall take effect on 1 January 2016.