

CONSULTATION PAPER

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# Proposed Fees under the Representative Notification Framework

MAS

Monetary Authority of Singapore

## PREFACE

To streamline and ensure greater consistency in the process for allowing representatives to conduct, on behalf of financial institutions (“**principals**”), regulated activities under the Securities and Futures Act, Cap. 289 (the “**SFA**”) and the Financial Advisers Act, Cap. 110 (the “**FAA**”), MAS has proposed to introduce a notification framework for all representatives in the banking, insurance and capital markets sectors.

2 The rationale and features of the proposed notification framework for representatives were set out in our consultation paper issued on 25 September 2006. This paper sets out the proposed fee structure under the representative notification framework.

3 MAS invites interested parties to forward their views and comments on the issues outlined in this consultation paper. Parties who do not wish to comment on all of the issues may confine their responses to the specific sections that are of interest. Written comments should be submitted to:

Capital Markets Intermediaries Department  
Monetary Authority of Singapore  
10 Shenton Way  
MAS Building  
Singapore 079117  
Email: [repfees@mas.gov.sg](mailto:repfees@mas.gov.sg)  
Fax: (65) 6225-9766

MAS would like to request for all comments and feedback to be submitted by 18 January 2008.

4 Please note that all submissions received may be made public unless confidentiality is specifically requested for the whole or part of the submissions.

# FEE STRUCTURE UNDER THE REPRESENTATIVE NOTIFICATION FRAMEWORK

## INTRODUCTION

The proposed fees under the notification framework will apply to all representatives conducting regulated activities under the SFA and FAA (henceforth referred to as Capital Markets Services (“**CMS**”) and Financial Advisory (“**FA**”) activities respectively), regardless of whether they act for licensed principals or exempt principals<sup>1</sup>.

2 The proposed fee structure under the notification regime aims to streamline and simplify the existing fee structure by eliminating some transaction fees, and reducing the level of other types of transaction fees. To this end:

- Application fees for new representatives to conduct CMS activities will be reduced from \$200 to \$100. “Application fees” will be known as notification fees under the notification framework;
- Application fees for the addition of regulated activities and/or investment products will be abolished; and
- Renewal fees for all representatives will be abolished.

3 MAS will keep annual licence fees at their current levels for all regulated activities. “Licence fees” will be known as annual fees under the notification framework. Please refer to Appendix 1 for a comparison of fees under the current licensing regime and the proposed notification framework.

4 Notification and annual fees will go towards defraying the cost of supervision. While the fees will be imposed on individual representatives, MAS will collect the fees from principals on behalf of their representatives for efficiency and ease of administration. Please

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<sup>1</sup> In this paper, the term “exempt principals” refers to banks, merchant banks, finance companies and insurance companies that are already licensed under other MAS-administered Acts, such as the Banking Act and the Insurance Act and are exempted from licence requirements under the SFA and FAA.

refer to the schedule below for the notification and annual fees under the notification framework.

**Schedule of Fees under the Notification Framework**

<b>Notification Fees for All Representatives</b>	<b>CMS Representative</b>	<b>FA Representative</b>
Initial notification	\$100	\$100
<b>Annual Fees for All Representatives</b>		
(a) Dealing in securities (SGX-ST members)	\$800	NA
(b) Dealing in securities (non SGX-ST members)	\$300	NA
(c) Trading in futures contracts; (d) Leveraged foreign exchange trading; (e) Advising on corporate finance; (f) Fund management;		
(g) Advising others, either directly or through publications or writings, whether in electronic, print or other form, concerning any investment product, other than — (1) in the manner set out in paragraph (h); or (2) advising on corporate finance within the meaning of the SFA;	NA	\$200
(h) Advising others by issuing or promulgating research analyses or research reports, whether in electronic, print or other form, concerning any investment product;		
(i) Marketing of any collective investment scheme; and		
(j) Arranging of any contract of insurance in respect of life policies, other than a contract of reinsurance.		

## **NOTIFICATION FEES**

### Initial notification

5 A notification fee will be payable for the initial notification of a new representative's intention to carry out regulated activities on behalf of his principal.

6 The notification fee will be payable only once so long as the representative continues to act for the same principal.

### Additional activities and/or investment products

7 No additional fees will be payable for the subsequent notification of a representative's intention to carry out with the same principal:

- (a) CMS activities if he has been carrying out FA activities, or
- (b) FA activities if he has been carrying out CMS activities.

8 No fee will be payable for the notification of additional regulated activities under the SFA. Similarly, in the case of an FA representative, no fee will be payable for the addition of one or more types of financial advisory services and/or investment products not specified in the initial notification.

### Cessation of activities

9 No fee will be payable when a representative notifies MAS that he is ceasing some or all of his regulated activities.

### Changes in key particulars

10 MAS will require notification of changes in key particulars of an existing representative. Key particulars refer to the name, nationality, NRIC, Foreign Identification Number (FIN) or passport identification number of the representative. No fee will be payable for the notification of changes in key particulars.

### Change of principal

11 In the case where a representative moves from one principal to another, MAS will require a notification of the representative's intention to cease acting for the existing principal, and a separate notification of the representative's intention to act for the new principal. A notification

fee will be payable for the notification of the representative's intention to act for the new principal.

## **ANNUAL FEES**

12 Annual fees will be levied on all representatives conducting CMS and/or FA activities. A representative will pay a single annual fee, regardless of the number of different activities he conducts. The fee payable will be set at the highest applicable fee for the range of regulated activities conducted.

13 Annual fees will be prorated for a representative who commences the conduct of regulated activities with his principal during the year. A representative who adds on a regulated activity which carries a higher annual fee will be required to pay the difference in fees from the time that he takes on the additional activity.

14 Where a representative ceases part or all of his regulated activities during the year, no refunds of annual fees will be made.

## **TEMPORARY REPRESENTATIVES**

15 Individuals may apply to act as a temporary representative to carry out one or more regulated activities under the SFA. A temporary representative will be allowed to act for its principal for a maximum period of 6 months within a 24-month period.

16 Temporary representatives will be subject to a one time notification fee of \$100, similar to that payable by full representatives. In addition, a temporary representative fee, set at the same rate as the applicable annual fee for the activity to be conducted, will be payable upon notification. This fee will be valid for the first year of the temporary representative's 24-month temporary status. If the period of a temporary representative's stay in Singapore extends into the second year, the temporary representative fee will be payable for the second year of the 24-month temporary status.

## **PROVISIONAL REPRESENTATIVE SCHEME**

17 MAS has proposed to introduce a provisional representative scheme with a view to accommodating the relocation of experienced individuals to Singapore currently or previously licensed, authorised, or otherwise regulated to work in an overseas jurisdiction with a regulatory regime that is comparable to the regulatory regime in Singapore.

18 Provisional representatives will be subject to the same notification and annual fees. However, MAS will require a conversion notification of the provisional representative's fulfilment of examination requirements<sup>2</sup> by the end of the stipulated grace period. No fee will be payable for the conversion notification.

19 There will not be any refund of fees once notification is received. Please refer to Appendix 2 for examples of how to calculate the fees payable.

## **ANNUAL FEE COLLECTION**

20 Presently, MAS collects annual licence fees from all CMS and FA licensed representatives four times a year based on one of the following standard anniversary dates: 31 March, 30 June, 30 September and 31 December. As part of the notification framework, MAS is proposing to collect all representatives' annual fees on 31 December each year for administrative ease. Notification fees will be payable at the point of notification.

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<sup>2</sup> MAS' Notice on Minimum Entry and Examination Requirements for Representatives of Holders of Capital Markets Services Licence and Exempt Financial Institutions [Notice No: SFA 04-N06] and MAS' Notice on Minimum Entry and Examination Requirements for Representatives of Licensed Financial Advisers and Exempt Financial Advisers [Notice No: FAA-N07].

## TRANSITIONAL ARRANGEMENTS

21 When the proposed notification framework comes into operation, all existing representatives, whether licensed, exempt or temporary at that point in time, will be migrated to the proposed notification framework. There will be different migration processes for licensed and exempt principals and representatives.

### Licensed Representatives

22 The migration of licensed representatives will be based on their existing records with MAS. The initial notification fee will be waived for all existing licensed representatives who are migrated to the notification framework.

### Exempt Representatives

23 To enable relevant information to be made available on the public register, and for MAS' records, exempt representatives will be required to submit their particulars, through their principals, to MAS. The initial notification fee for the migration of existing exempt representatives to the proposed notification framework will also be waived, provided that principals complete the migration process within a period specified by MAS. MAS will provide more information on the form and manner of the migration process at a later stage.

#### **MAS seeks views on the:**

- (i) proposed fee structure for all representatives, including temporary and provisional representatives, under the notification framework; and**
- (ii) proposed collection of representatives' annual fees on 31 December each year.**



**APPENDIX 1**

**Comparison of Fees under the Current Regulatory  
and Proposed Notification Frameworks**

Activities	Current regulatory framework		Proposed notification framework	
CMS	<u>Application fees</u> <ul style="list-style-type: none"> <li>▪ Initial</li> <li>▪ Renewal</li> <li>▪ Addition of activities</li> </ul>	\$200 \$100 \$100	<u>Notification fees</u> <ul style="list-style-type: none"> <li>▪ Initial</li> <li>▪ Renewal</li> <li>▪ Addition of activities</li> </ul>	\$100 NA NA
	<u>Licence fees</u> <ul style="list-style-type: none"> <li>▪ Dealing in securities (SGX-ST member)</li> <li>▪ Dealing in securities (non SGX-ST member) and all other SFA regulated activities</li> </ul>	\$800 \$300	<u>Annual fees</u> <ul style="list-style-type: none"> <li>▪ Dealing in securities (SGX-ST member)</li> <li>▪ Dealing in securities (non SGX-ST member) and all other SFA regulated activities</li> </ul>	\$800 \$300
FA	<u>Application fees</u> <ul style="list-style-type: none"> <li>▪ Initial</li> <li>▪ Renewal</li> <li>▪ Addition of activities/ investment products</li> </ul>	\$100 \$50 \$50	<u>Notification fees</u> <ul style="list-style-type: none"> <li>▪ Initial</li> <li>▪ Renewal</li> <li>▪ Addition of activities/ investment products</li> </ul>	\$100 NA NA
	<u>Licence fees</u> <ul style="list-style-type: none"> <li>▪ All FAA regulated activities</li> </ul>	\$200	<u>Annual fees</u> <ul style="list-style-type: none"> <li>▪ All FAA regulated activities</li> </ul>	\$200
Remarks	Licensed representatives pay the above fees. Exempt representatives do not pay fees.		All representatives, whether licensed or exempt, pay the same fees.	

## APPENDIX 2

### Guide to Computation of Fees

The rules for fee computation are as follows:

- (i) Initial notification fees will be payable at the point of initial notification.
- (ii) Annual fees will be payable for all representatives conducting CMS and/or FA activities on a yearly basis. A representative will pay a flat amount as annual fees, irrespective of the number of activities that he conducts. The annual fee will be the **highest** amount of fees among the regulated activities that the representative is conducting. The first year annual fee, payable at the point of initial notification, shall be prorated to 31 December of each year and rounded down to the nearest dollar.
- (iii) For a representative who conducts both CMS and FA activities with the same principal, only one initial notification fee is payable. For a representative who wishes to conduct CMS activities and who had previously notified to conduct FA activities with the same principal, the difference in applicable prorated annual fees is payable.

Examples of how to apply these rules are given below:

**Example 1:**

Representative A intends to conduct the CMS activity of futures trading and the FA activity of issuing research reports with Principal A on 1 August 2008. Representative A subsequently adds the regulated activity of leveraged foreign exchange trading on 1 September 2008.

**Fees payable**

<b>Fee type</b>	<b>Fee payable</b>	<b>Remarks</b>
Initial notification on 1 August 2008	\$100	Only one notification fee is applicable.
First year annual fee	\$125	The higher annual fee is applicable and prorated to 31 December 2008.
Notification for additional CMS activity on 1 September 2008	\$0	
Subsequent year annual fee	\$300	

**Example 2:**

Representative B joins Principal B, a large local brokerage firm, as a financial adviser on 1 April 2009. On 1 July 2009, he decides to join the securities trading team of his company as a remisier.

**Fees payable**

<b>Fee type</b>	<b>Fee payable</b>	<b>Remarks</b>
Initial notification on 1 April 2009	\$100	
First year annual fee	\$150	The first year annual fee is prorated to 31 December 2009.
Subsequent notification on 1 July 2009	\$0	
First year annual fee (revised)	\$300	The first year annual fee, prorated to 31 December 2009 is \$400. This is partially offset by the unused \$100 of the \$150 first year annual fee already paid.
Subsequent annual fee	\$800	

**Example 3:**

Temporary Representative C is engaged by Principal C to conduct corporate finance advisory work in Singapore on 1 July 2008. Over the subsequent 24-month period, Temporary Representative C flies into Singapore on 3 July 2008, 18 August 2008 and 1 October 2009, each time staying exactly 1 month. A fresh notification is lodged with MAS on 1 October 2009 for the appointment of Temporary Representative C.

**Fees payable**

Fee type	Fee payable	Remarks
Initial notification on 1 July 2008	\$100	Notification is valid until 30 September 2008
Temporary Representative fee	\$300	Temporary Representative fee is valid until 30 June 2009
Second notification on 1 October 2009	\$0	Notification is valid until 31 December 2009
Temporary Representative fee	\$300	Temporary Representative fee is valid until 30 June 2010

**Example 4:**

Provisional Representative D, an overseas-based fund manager planning to relocate to Singapore, joins Principal D to conduct fund management activities in Singapore on 1 September 2008. Principal D subsequently notifies MAS that Provisional Representative D passes the relevant CMFAS examinations on 30 November 2008.

**Fees payable**

Fee type	Fee payable	Remarks
Initial notification on 1 September 2008	\$100	
First year annual fee	\$100	The first year annual fee is prorated to 31 December 2008
Conversion notification on 30 November 2008	\$0	
Subsequent annual fee	\$300	



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