

## **RESPONSE TO FEEDBACK RECEIVED – PROPOSED FEES UNDER THE REPRESENTATIVE NOTIFICATION FRAMEWORK**

On 10 December 2007, MAS issued a policy consultation paper setting out the proposed fee structure under the representative notification framework. The consultation period closed on 18 January 2008.

We have carefully considered all comments received in our policy deliberation. We thank all respondents for their feedback. Comments of wider interest and our responses are set out below. Please refer to [Appendix 1](#) for a summary of the fee structure under the representative notification regime, along with the fee structure under the current licensing regime.

### **PROPOSED FEE STRUCTURE UNDER THE PUBLIC CONSULTATION PAPER**

MAS had proposed to streamline and simplify the existing fee structure under the representative notification regime by eliminating some transaction fees, and reducing the level of other types of transaction fees. The fees will apply to all representatives conducting Capital Markets Services (“CMS”) and Financial Advisory (“FA”) activities, regardless of whether they act for licensed or exempt principals. To this end, we had proposed that:

- Application fees for new representatives to conduct CMS activities would be reduced from \$200 to \$100, to align with the application fees for representatives conducting FA activities. “Application fees” will be known as lodgement fees under the representative notification regime<sup>1</sup>;
- Application fees for the addition of regulated activities and/or investment products would be abolished; and
- Renewal fees for all representatives would be abolished.

### **COMMENTS RELATING TO THE PROPOSED FEE STRUCTURE AND MAS’ RESPONSE**

#### **1. Proposed Fee Quantum**

A number of exempt principals expressed concerns that the proposed representative fees would result in additional costs for them. They requested that MAS reconsider imposing the notification and annual fees for representatives, on top of the corporate licence fees. Some respondents sought to clarify the use of the fees and the expected benefits to the industry. Other respondents suggested alternative fee structures such as a “decreasing fee tier based structure” or “fee caps” above a certain number of representatives. It was

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<sup>1</sup> Lodgement fees were referred to as notification fees in the public consultation paper.

also suggested that MAS waive first year annual fees since companies would be incurring set-up costs to administer the new notification framework.

### MAS' Response

MAS has carefully considered alternative fee structures on notified representatives, including the use of fee caps and tiered structures. We are of the view that the fee structure should be kept as simple as possible.

The industry had in the past commented that the current bifurcated framework creates an uneven playing field between licensed representatives and exempt representatives. The introduction of the notification framework is intended to streamline and level the playing field for all representatives conducting regulated activities on behalf of their principals. Under the notification regime, a public register of representatives will be maintained to allow consumers to verify that they are dealing with regulated representatives and to assist principals in conducting probity checks.

MAS notes the industry's concern that the proposed fees would be an additional cost on exempt representatives – or their exempt principals, where the principal decides to bear the fees on behalf of its representatives – who are currently exempt from licensing and fees. To this end, MAS had earlier sought to alleviate the cost of regulatory fees on the industry by reducing certain fees (for example, the application (lodgement) fee for representatives conducting CMS activities) and abolishing others.

To further alleviate the burden of regulatory fees on the industry, MAS has decided to reduce the annual fees for all representatives by \$100. (See Appendix 1 for details.) MAS will provide further guidance on the calculation of fees payable prior to implementation.

## **2. Fee Calculation and Waivers**

Respondents sought clarification on the calculation of the annual fee in instances where a representative joins or leaves his principal during the year. They asked whether MAS would prorate annual fees if a representative joined, resigned, or ceased part or all of his regulated activities during the year, and whether the notification and annual fees were refundable, for example, in the event the notification was not successful.

### MAS' Response

Lodgement and annual fees under the notification framework will be non-refundable. Likewise, application and licence fees for representatives are currently non-refundable.

Annual fees will be charged only upon successful notification, and prorated from the date of commencement of the representative's conduct of regulated activity. When a representative ceases to conduct regulated activities with his principal and joins another principal within the same calendar year, he does not need to pay additional annual fees, so long as the regulated activities being conducted with his new principal do not attract a higher annual fee. If a higher fee is payable at the new principal, it will be offset against the unutilised portion of his annual fee at the original principal.

Further guidance on fee computations will be provided prior to the implementation of the notification regime.

### **3. Fee Collection**

Most respondents did not object to MAS' proposal to collect fees on 31 December each year in advance for the next year.

### MAS' Response

MAS will collect annual fees for corporate CMS and FA licence holders and all representatives on 31 December each year in advance for the next year. The annual fee collection cycle will replace the current quarterly collection when the notification system for representatives is operational.

**MONETARY AUTHORITY OF SINGAPORE  
27 JUNE 2008**

**Summary of Fee Structure under  
the Licensing and Notification Regimes**

Activities	Licensing Regime		Notification Regime	
CMS	<u>Application fees</u>		<u>Lodgement fees</u>	
	▪ Initial	\$200	▪ Initial	\$100
	▪ Renewal	\$100	▪ Renewal	NA
	▪ Addition of activities	\$100	▪ Addition of activities	NA
	<u>Licence fees</u>		<u>Annual fees</u>	
	▪ Dealing in securities (SGX-ST member)	\$800	▪ Dealing in securities (SGX-ST member)	\$700
	▪ Dealing in securities (non SGX-ST member) and all other SFA regulated activities	\$300	▪ Dealing in securities (non SGX-ST member) and all other SFA regulated activities	\$200
FA	<u>Application fees</u>		<u>Lodgement fees</u>	
	▪ Initial	\$100	▪ Initial	\$100
	▪ Renewal	\$50	▪ Renewal	NA
	▪ Addition of activities/ investment products	\$50	▪ Addition of activities/ investment products	NA
	<u>Licence fees</u>		<u>Annual fees</u>	
	▪ All FAA regulated activities	\$200	▪ All FAA regulated activities	\$100