

**SECURITIES AND FUTURES (LICENSING AND CONDUCT OF
BUSINESS)
REGULATIONS 2009**

DISCLAIMER: This version of the Regulations is in draft form and subject to change. It is also subject to review by the Attorney-General's Chambers.

SECURITIES AND FUTURES ACT

DRAFT SECURITIES AND FUTURES (LICENSING AND CONDUCT OF BUSINESS) REGULATIONS

(CHAPTER 289, Sections 2(1), 84, 85, 90, 91, 93 to 97, 99, 99B, 99C, 99D, 99E, 99F, 99H, 99I, 99K, 99L, 100, 102, 104, ~~118, 120~~, 123, ~~128~~, 337, 339(3) and 341)

PART I PRELIMINARY

[.....]

PART II LICENSING, REPRESENTATIVE NOTIFICATION AND RELATED MATTERS

Forms

3.—(1) The forms to be used for the purposes of these Regulations are those set out at the Authority's Internet website at <http://www.mas.gov.sg> (under "Regulations and Licensing" "~~Legislation and Notices~~", "~~Securities and Futures~~"), and any reference in these Regulations to a numbered form shall be construed as a reference to the current version of the form bearing the corresponding number which is displayed at that website.

(2) Any document required to be lodged with the Authority under any provision of Parts IV to VII and Part XV of the Act or these Regulations shall be lodged in the relevant form and in the manner specified in the website referred to in paragraph (1), or in such other manner as the Authority may specify from time to time.

(3) All forms used for the purposes of these Regulations shall be completed in the English language and in accordance with such directions as may be specified in the form or by the Authority.

(4) The Authority may refuse to accept any form if —

- (a) it is not completed or lodged in accordance with this regulation; or
- (b) it is not accompanied by the relevant fee referred to in regulation 6.

(5) Where strict compliance with any form is not possible, the Authority may allow for the necessary modifications to be made to that form, or for the requirements of that form to be complied with in such other manner as the Authority thinks fit.

(6) A person who is required to maintain a form for the purpose of these Regulations, shall ensure that a copy of such forms (except for those which are lodged with the Authority) be kept in Singapore.

Temporary Representative's Licence

~~3A.—(1) For the purpose of section 87A (6) (a) of the Act, the Authority shall not grant a temporary representative's licence to any applicant who has held a temporary representative's licence for a period which exceeds or for periods which together exceed 6 months, within the period of 24 months before the date of his application for the first-mentioned licence.~~

~~(2) For the purpose of section 87A (6) (b) of the Act, the holder of a capital markets services licence supporting an application for a temporary representative's licence shall furnish to the Authority an undertaking in the form set out in Part XI of Form 4A.~~

~~(3) The holder of a capital markets services licence shall comply with the undertaking given by it under paragraph (2).~~

Lodgment of documents

3A.—(1) For the purpose of section 99H (1) (a) and (b) of the Act, the holder of a capital markets services licence who desires to appoint an individual as an appointed, provisional or temporary representative, as the case may be, in respect of any type of regulated activity, shall lodge the following documents with the Authority:

(a) a notice of intent by the holder to appoint the individual as an appointed, provisional or temporary representative in respect of that type of regulated activity in Form 3A, 3B and 3C respectively; and

(b) a certificate by the holder that the individual is a fit and proper person to be an appointed, provisional or temporary representative in respect of that type of regulated activity in Form 3A, 3B and 3C respectively.

(2) Where the holder of a capital markets services licence submits the certification under paragraph (1)(b), the holder shall retain copies of all information and documents which it relied on in giving the certification, for a period of 5 years after the certification is provided to the Authority.

(3) For the purpose of section 99H (1) (c) of the Act, the holder of a capital markets services licence who desires to appoint an individual as a provisional representative or temporary representative, as the case may be, shall lodge with the Authority an

undertaking to undertake such responsibilities in relation to the representative in Form 3B and 3C respectively.

(4) The holder of a capital markets services licence shall comply with the undertaking given by it under paragraph (3).

Provisional Representative

3B.— (1) An individual shall only carry out regulated activity as a provisional representative for a period not exceeding 3 months from the date the individual's name is entered in the public register of representatives as a provisional representative.

(2) For the purpose of section 99E (5) of the Act –

(a) where a provisional representative in relation to any regulated activity has satisfied the examination requirements specified for that type of regulated activity, his principal shall lodge with the Authority a notice in Form 3D;

(b) a principal of a provisional representative shall lodge with the Authority the notice referred to in subparagraph (a) no later than 3 months from the date the provisional representative's name is entered in the public register of representatives.

(3) For the purpose of section 99M (1) (z) (i) and (ii) of the Act, the Authority shall refuse to enter the name and other particulars of an individual in the public register of representatives as a provisional representative in respect of a type of regulated activity if such individual -

(a) is not or was not previously licensed, authorised or otherwise regulated as a representative in relation to a comparable type of regulated activity in a foreign jurisdiction for at least a period of 12 months; or

(b) was previously so licensed, authorised or regulated in a foreign jurisdiction but the period between the date of his ceasing to be so licensed, authorised or regulated and the date of his proposed appointment as a provisional representative exceeds 12 months.

Temporary Representative

3C.— (1) For the purpose of section 99M (1)(s)(iii) of the Act, the Authority shall refuse to enter the name and other particulars of an individual in the public register of representatives as a temporary representative in respect of a type of regulated activity, if such individual has been appointed as a temporary representative for a period which exceeds or for periods which together exceed 6 months (inclusive of the period of the proposed appointment), within the immediately preceding 24 month period from the last day of his proposed appointment as a temporary representative.

(2) Each appointment as a temporary representative shall be valid for a period of 3 months.

~~**Change of place at which register of interests in securities is kept**~~

~~4. Where there is a change in the place at which a person keeps the register of his interests in securities under section 132 (1) of the Act, the person shall —~~

~~(a) where the person is the holder of a capital markets services licence, lodge a notice in Form 10; or~~

~~(b) where the person is the holder of a representative's licence, lodge a notice in Form 9 or 10, as appropriate.~~

Register of securities

4.—(1) Pursuant to section 341(2)(la) of the Act, a relevant person shall —

(a) maintain in Form 15 a register of his interest in securities;

(b) enter into the register, within 7 days after the date that he acquires any interest in securities, particulars of the securities in which he has an interest and particulars of his interest in those securities; and

(c) retain that entry in an easily accessible form for a period of not less than 5 years after the date on which such entry is first made.

(2) Where there is a change in any interest in securities of a relevant person, he shall

—

(a) enter in the register, within 7 days after the date of the change, particulars of the change including the date of the change and the circumstances by reason of which the change has occurred; and

(b) retain that entry in an easily accessible form for a period of not less than 5 years after the date on which such entry was first made.

(3) A relevant person shall, upon the Authority's request -

(a) produce for the Authority's inspection the register of his interests in securities; and

(b) allow the Authority to make a copy of, or take extracts from, the register.

(4) The Authority may provide a copy of an extract of a register obtained under paragraph (3) to any person who, in the opinion of the Authority, should in the public interest be informed of the dealing in securities disclosed in the register.

(5) In this regulation and regulation 4A-

(a) "relevant person" means —

- (i) a holder of a capital markets services licence to deal in securities and a representative of such a holder;
 - (ii) a holder of a capital markets services licence to advise on corporate finance and a representative of such a holder;
 - (iii) a holder of a capital markets services for fund management and a representative of such a holder; or
 - (iv) a holder of a capital markets services licence for real estate investment trust management and a representative of such a holder; and
- (b) a reference to securities is a reference to securities which are listed for quotation, or quoted, on a securities exchange or a recognised market operator.

Place at which register is kept

4A. — (1) A relevant person shall keep the register of his interest in securities referred to in regulation 4 –

- (a) in the case of an individual, at his principal place of business; or
- (b) in the case of a corporation, at any of its places of business.

(2) The register of interests in securities referred to in paragraph (1) may be kept in electronic form if the relevant person ensures that full access to such register may be gained by the Authority at the place referred to in paragraph (1) (a) or (b), as the case may be.

(3) A relevant person who is a holder of a capital markets services licence shall give notice to the Authority –

- (a) of the place at which it will keep the register of his interests in securities or, if the register is in electronic form, the place at which full access to the register may be gained, when it applies to be licensed;
- (b) where there is a change in the place at which it keeps the register of its interests in securities or, if the register is in electronic form, a change in the place at which full access to the register may be gained, by lodging a notice in Form 10; and
- (c) of such other particulars as are set out in Form 10.

(4) A relevant person who is a holder of a capital markets services licence shall maintain records of the place at which its representatives keep their register of interests in their securities and, where copies of their registers of interests in securities are required to be kept in Singapore pursuant to regulation 3(6), records of the place at which such copies are kept.

(5) The relevant person shall, upon the Authority's request -

- (a) produce for the Authority's inspection such records referred to in paragraph (4); and
- (b) allow the Authority to make a copy of, or take extracts from, such records.

Change of particulars of representative

~~5.—(1) A representative who previously provided particulars to the Authority in Form 3 or 4A in relation to his application to act as a representative shall notify the Authority of any change in any of the particulars specified in Part III or VI of Form 3 or in Part III or VII of Form 4A, as the case may be.~~

~~(2) A person deemed to hold a representative's licence at the date of commencement of Part IV of the Act by virtue of regulation 3 (3) of the Securities and Futures (Capital Markets Services Licence and Representative's Licence) (Transitional and Savings Provisions) Regulations (Rg 7) shall notify the Authority of any change in any of the particulars that he would, but for that provision, be required to provide to the Authority in Form 3.~~

~~(3) Any change in particulars referred to in paragraph (1) or (2) shall be notified to the Authority in Form 16—~~

~~(a) for the purpose of paragraph (1), within 14 days after such change; and~~

~~(b) for the purpose of paragraph (2)—~~

~~(i) where the change took place before 1st July 2005, within 14 days after that date; and~~

~~(ii) where the change takes place on or after 1st July 2005, within 14 days after such change.~~

5.—(1) An individual whose particulars have been provided to the Authority in Form 3A, 3B or 3C in relation to his appointment to act as an appointed, provisional or temporary representative, as the case may be, shall notify his principal of any change in any of the particulars specified in Form 16, as the case may be, within 14 days of after such change.

(1A) The principal of a representative specified in paragraph (1) shall notify the Authority of any change in any of the particulars specified in Form 16, as the case may be.

(2) A person deemed to be an appointed or temporary representative at <provision and date of commencement of the relevant transitional Regulations>, shall notify his principal of any change in any of the particulars that he would, but for that provision, be required to provide to the Authority in Form 16, within 14 days after such change.

(2A) The principal of a person specified in paragraph (2) shall notify the Authority of any change in any of the particulars that he would, but for that provision, be required to provide to the Authority in Form 16.

(3) A person deemed to be an appointed representative at <provision and date of commencement of the relevant transitional Regulations>, shall notify his principal of any change in any of the particulars that have been provided to the Authority under regulation < > of the <transitional Regulations>, within 14 days after such change.

(3A) The principal of a person specified in paragraph (3) shall notify the Authority of any change in any of the particulars that have been provided to the Authority under regulation < > of the <transitional Regulations>.

(4) Any change in particulars referred to in paragraph (1A), (2A) or (3A) shall be notified to the Authority in Form 16 within 14 days after being aware of the change.

Fees

~~6. (1) The application fees payable to the Authority under section 84 (3) of the Act shall be as follows:~~

~~(a) in respect of an application for a capital markets services licence, \$1,000;~~

~~(b) in respect of an application for the renewal of a capital markets services licence, \$500;~~

~~(c) in respect of an application for a representative's licence, \$200;~~

~~(d) in respect of an application for the renewal of a representative's licence (other than a temporary representative's licence), \$100.~~

~~(1A) The application fees payable to the Authority under section 90 (2) of the Act shall be as follows:~~

~~(a) in respect of an application for the variation of a capital markets services licence, \$500;~~

~~(b) in respect of an application for the variation of a representative's licence, \$100.~~

~~(2) The licence fee for a period of one year or part thereof payable to the Authority under section 85 of the Act by the holder of a capital markets services licence in respect of a regulated activity shall be as follows:~~

~~(a) for dealing in securities —~~

~~(i) where the holder is a member of the Singapore Exchange Securities Trading Limited, \$8,000; or~~

~~(ii) where the holder is any other person, \$4,000;~~

~~(b) for fund management, \$4,000;~~

~~(c) for advising on corporate finance, \$4,000;~~

- ~~(d) for trading in futures contracts, \$2,000;~~
- ~~(e) for leveraged foreign exchange trading, \$2,000;~~
- ~~(f) for securities financing, \$2,000;~~
- ~~(g) for custodial services for securities, \$2,000.~~

~~(3) Where the holder of a capital markets services licence is licensed to carry on business in more than one regulated activity, the amount of the licence fee payable to the Authority shall be the sum of the fees specified in paragraph (2) for the regulated activities that the holder is licensed to carry out.~~

~~(4) Subject to paragraph (4A), the licence fee payable to the Authority under section 85 of the Act by the holder of a representative's licence shall be as follows:~~

- ~~(a) where the licence relates to dealing in securities and the principal is —
 - ~~(i) a member of the Singapore Exchange Securities Trading Limited, \$800; or~~
 - ~~(ii) any other person, \$300;~~~~
- ~~(b) where the licence relates to fund management, \$300;~~
- ~~(c) where the licence relates to advising on corporate finance, \$300;~~
- ~~(d) where the licence relates to trading in futures contracts, \$300;~~
- ~~(e) where the licence relates to leveraged foreign exchange trading, \$300.~~

~~(4A) The licence fee referred to in paragraph (4) shall be —~~

- ~~(a) in the case of a temporary representative's licence, for the duration of the licence; or~~
- ~~(b) in any other case, for a period of one year or part thereof.~~

~~(5) Where the holder of a representative's licence is licensed for more than one regulated activity in relation to the same principal, the licence fee payable to the Authority shall be an amount equivalent to the higher or, as the case may be, highest of the fees specified in paragraph (4) for the regulated activities that the holder is licensed to carry out.~~

~~(6) The Authority may, as it thinks fit, waive the whole or any part of the licence fee payable by the holder of a capital markets services licence or a representative's licence.~~

~~(7) Where the holder of a capital markets services licence or a representative's licence fails to pay the licence fee by the day on which the fee is due as determined in accordance with a guideline issued by the Authority, the Authority may impose a late payment fee not exceeding \$100 for every day or part thereof that the payment is late, subject to a maximum of \$3,000.~~

~~(8) Payment of fees may be made through such electronic funds transfer system as the Authority may designate from time to time, whereby payment may be effected by directing the transfer of funds electronically from the bank account of the payer to a bank account designated by the Authority.~~

6.— (1) The fees specified in the Third Schedule shall be payable to the Authority in the circumstances specified in that Schedule.

(2) Where the holder of a capital markets services licence is licensed to carry on business in more than one regulated activity, the amount of the licence fee payable to the Authority shall be the sum of the fees specified in the Third Column of the Third Schedule for all the regulated activities that the holder is licensed to carry out in the Second Column of the Third Schedule.

(3) The annual fees referred to in the Third Schedule shall be for a period of one year or part thereof.

(4) Where an appointed representative changes its principal during the period referred to in paragraph (3), such appointed representative shall not be required to pay any further annual fee for the remainder of the validity of such period.

(5) The temporary representative fees referred to in the Third Schedule shall be for a period of three months or part thereof.

(6) Where an appointed, provisional or temporary representative is appointed for more than one regulated activity in relation to the same principal, the applicable annual or temporary representative fee payable to the Authority shall be an amount equivalent to the higher or, as the case may be, highest of the fees specified in the Third Column of the Third Schedule for the regulated activities that the representative is appointed to carry out in the Second Column of the Table in the third Schedule.

(7) The Authority may, as it thinks fit, waive the whole or any part of the –

(a) licence fee payable by the holder of a capital markets services licence;

(b) annual fee payable by an appointed or provisional representative; or

(c) temporary representative fee payable by a temporary representative.

(8) Where the holder of a capital markets services licence fails to pay the licence fee by the date on which such fee is due as determined in accordance with a guideline issued by the Authority, the Authority may impose a late payment fee not exceeding \$100 for every day or part thereof that the payment is late, subject to a maximum of \$3,000.

(9) Where an appointed, provisional or temporary representative fails to pay any fee prescribed in the Third Schedule by the date on which such fee is due as determined in accordance with a guideline issued by the Authority, the Authority may impose a late payment fee not exceeding \$100 for every day or part thereof that the payment is late, subject to a maximum of \$3,000.

(10) Payment of fees may be made through such electronic funds transfer system as the Authority may designate from time to time, whereby payment may be effected by directing the transfer of funds electronically from the bank account of the payer to a bank account designated by the Authority.

Deposit to be lodged in respect of capital markets services licence to deal in securities

~~7.—(1) The Authority shall not grant or renew a capital markets services licence of a person (other than a member of a securities exchange) to carry on business in dealing in securities unless, at the time of the application for such grant or renewal, the person has lodged with the Authority, in such manner as the Authority may determine, a deposit of \$100,000. The Authority shall not grant a capital markets services licence to a person (other than a member of a securities exchange) to carry on business in dealing in securities unless, at the time of the application for such grant, the person has lodged with the Authority, in such manner as the Authority may determine, a deposit of \$100,000.~~

(2) The deposit referred to in paragraph (1) shall be lodged with the Authority in cash or in the form of a banker's guarantee issued by a bank licensed under the Banking Act (Cap. 19).

(2A) The person referred to in paragraph (1) shall be required to maintain the deposit at \$100,000 for the entire duration of its licence.

(3) The deposit lodged by the holder of a capital markets services licence under paragraph (1) shall be applied by the Authority for the purpose of compensating any person (other than an accredited investor) who suffers pecuniary loss as a result of any defalcation committed by the holder or by any of its agents in relation to any money or other property which, in the course of or in connection with its business in dealing in securities, was —

(a) entrusted to or received by the holder or agent for or on behalf of any other person; or

(b) entrusted to or received by —

(i) the holder, as trustee (whether or not with any other person) of that money or property; or

(ii) the agent as trustee of, or on behalf of the trustee of, that money or property.

(4) Subject to these Regulations, every person who suffers pecuniary loss as provided in paragraph (3) shall be entitled to claim compensation in relation to the relevant deposit lodged with the Authority.

(5) The amount which any claimant shall be entitled to claim as compensation shall be the amount of actual pecuniary loss suffered by him (including the reasonable cost of and disbursements incidental to the making and proof of his claim) less the amount or value of all moneys or other benefits received or receivable by him from any source, other than the Authority, in reduction of the loss.

(6) The Authority may cause to be published in a daily newspaper published and circulating generally in Singapore a notice in Form 17 specifying a date, not being earlier

than 3 months after the date of publication, on or before which claims for compensation in relation to the deposit lodged by the person specified in the notice may be made.

(7) A claim for compensation in respect of a defalcation shall be made in writing to the Authority —

(a) where a notice under paragraph (6) has been published, on or before the date specified in the notice; or

(b) where no such notice has been published, within 6 months after the claimant becomes aware of the defalcation,

and any claim which is not so made shall be barred unless the Authority otherwise determines.

(8) The Authority may, subject to these Regulations and after such enquiry as it thinks fit —

(a) allow and settle any proper claim made in accordance with paragraph (7) and determine the amount payable as compensation; or

(b) disallow any improper claim.

(9) For the purposes of paragraph (3), where the Authority is satisfied that the defalcation on which a claim is founded was actually committed, it may allow the claim and act accordingly notwithstanding that the person who committed the defalcation has not been convicted or prosecuted therefor or that the evidence on which the Authority acts would not be sufficient to establish the guilt of that person upon a criminal trial in respect of the defalcation.

(10) Nothing in these Regulations shall require the Authority to settle a claim in full or in part where the relevant deposit lodged with the Authority is insufficient to meet the aggregate amount of the claims for compensation.

[.....]

Lapsing of licence

~~9.—(1) For the purposes of section 95 (1) (e) of the Act, where the Authority has not revoked a capital markets services licence or representative's licence under section 95 (2) (a) (ii) or (b) (ii) of the Act, as the case may be, or suspended the capital markets services licence or representative's licence under section 95 (3) of the Act, the licence shall lapse~~

~~(a) in the case of the capital markets services licence, where—~~

~~(i) the holder has not commenced business in at least one of the regulated activities to which the licence relates within 6 months (or such longer period as the Authority may allow) from the date of the grant of the licence; or~~

~~(ii) the holder —~~

~~(A) has ceased to carry on business in all of the regulated activities to which the licence relates;~~

~~(B) has not resumed business in any of those regulated activities for a continuous period of 2 months from the date of cessation; and~~

~~(C) has not notified the Authority of such cessation at any time during the period of 2 months from the date of cessation; or~~

~~(b) in the case of the representative's licence, where —~~

~~(i) the holder has not commenced to act as a representative in at least one of the regulated activities to which the licence relates within 6 months (or such longer period as the Authority may allow) from the date of the grant of the licence;~~

~~(ii) the holder —~~

~~(A) has ceased to act as a representative in respect of all of the regulated activities to which the licence relates;~~

~~(B) has not resumed acting as a representative in respect of any of those regulated activities for a continuous period of one month from the date of cessation; and~~

~~(C) has not notified the Authority of such cessation at any time during the period of one month from the date of cessation; or~~

~~(iii) the holder has notified the Authority of his cessation to act as a representative in respect of all of the regulated activities to which his licence relates and has not subsequently, at any time until the date on which the holder would otherwise have to pay the licence fee for the licence, notified the Authority that he has resumed to act as a representative of the principal or another principal in respect of any of those regulated activities.~~

~~(2) In this regulation, “representative's licence” does not include a temporary representative's licence.~~

9.—(1) For the purposes of section 95 (1) (b) of the Act, where the Authority has not revoked a capital markets services licence under section 95 (2) (b) of the Act, or suspended the capital markets services licence under section 95 (3) of the Act, the licence shall lapse where —

(a) the holder has not commenced business in at least one of the regulated activities to which the licence relates within 6 months (or such longer period as the Authority may allow) from the date of the grant of the licence; or

(b) the holder —

(i) has ceased to carry on business in all of the regulated activities to which the licence relates;

- (ii) has not resumed business in any of those regulated activities for a continuous period of 2 months from the date of cessation; and
- (iii) has not notified the Authority of such cessation at any time during the period of 2 months from the date of cessation.

Cessation of status of an Appointed Representative

9A. For the purpose of section 99D (4) (e) of the Act, where the Authority has not revoked the status of an appointed representative under section 99M (1) (a) of the Act, or suspended the status under section 99M (2) (a) of the Act, an individual shall cease to be an appointed representative where —

(a) the appointed representative has not commenced to act as a representative in at least one of the regulated activities to which the appointment relates within 6 months (or such longer period as the Authority may allow) from the date when the representative's name is entered in the public register of representatives as an appointed representative; or

(b) the appointed representative —

- (i) has ceased to act as such a representative in respect of all of the regulated activities to which the appointment relates;
- (ii) has not resumed acting as such a representative in respect of any of those regulated activities for a continuous period of one month from the date of cessation; and
- (iii) has not notified the Authority of such cessation at any time during the period of one month from the date of cessation.

Change of principal

~~10.—(1) The holder of a representative's licence may change his principal in relation to which his licence was granted by lodging with the Authority a notice in Form 9 and returning his licence to the Authority for cancellation.~~

~~(1A) The holder referred to in paragraph (1) who changes his principal shall lodge the notice in Form 9 and return his licence to the Authority not later than 14 days from the date of change of his principal.~~

~~(2) For the avoidance of doubt, paragraph (1) shall apply also to the holder of a representative's licence who has ceased to act as a representative in respect of all of the regulated activities to which his licence relates, unless his licence has lapsed under regulation 9 (1) (b) (iii).~~

~~(3) The holder may act as a representative of his new principal in respect of any regulated activity to which the licence referred to in paragraph (1) relates from the date of the change of principal indicated on the notice in Form 9 lodged with the Authority.~~

~~(4) The Authority shall, unless the licence of the representative has lapsed, has been revoked or suspended or has expired in the meantime, issue a new licence to the representative with the name of the new principal specified on the licence.~~

~~(5) This regulation shall not apply to the holder of a temporary representative's licence.~~

Return of licence

~~11. (1) Where the holder of a capital markets services licence ceases to carry on business in all of the regulated activities to which its licence relates, the holder and its representatives who cease to act as representatives as a result of such cessation shall lodge with the Authority, within 14 days from the date of such cessation, a notice in Form 7 and, together with the Form, return their licences to the Authority.~~

~~(2) Where the holder of a capital markets services licence ceases to carry on business in any of the regulated activities to which its licence relates, the holder and its representatives who cease to act as representatives in respect of that regulated activity as a result of such cessation shall lodge with the Authority, within 14 days from the date of such cessation, a notice in Form 7 and, together with the Form, return their licences to the Authority; whereupon the Authority shall cancel the licences of the holder and those representatives (other than a representative whose licence relates solely to that regulated activity) and issue to them new licences in respect of any remaining regulated activity or activities.~~

~~(3) Where the holder of a representative's licence (other than a representative referred to in paragraph (1) or (2)) ceases to act as a representative in respect of all of the regulated activities to which his licence relates, he shall lodge with the Authority, within 14 days from the date of such cessation, a notice in Form 8 and, together with the Form, return his licence to the Authority.~~

~~(4) Where the holder of a representative's licence (other than a representative referred to in paragraph (2)) ceases to act as a representative in respect of any of the regulated activities to which his licence relates, he shall lodge with the Authority, within 14 days from the date of such cessation, a notice in Form 8 and, together with the Form, return his licence to the Authority for cancellation and the Authority shall issue to the holder a new licence in respect of the remaining regulated activity or activities.~~

~~(5) Where the holder of a capital markets services licence has not commenced business in any of the regulated activities to which the licence relates within 6 months of being granted the licence (or such longer period as the Authority may allow), the holder shall immediately return its licence to the Authority for cancellation and, where applicable, the~~

~~Authority shall issue to the holder a new licence in respect of the remaining regulated activity or activities.~~

~~(6) Where the holder of a representative's licence (other than a temporary representative's licence) has not commenced to act as a representative of his principal in respect of any of the regulated activities to which the licence relates within 6 months of being granted the licence (or such longer period as the Authority may allow), the holder shall immediately return his licence to the Authority for cancellation and, where applicable, the Authority shall issue to the holder a new licence in respect of the remaining regulated activity or activities.~~

~~(7) Where the application of a licensed person for the variation of his licence under section 90 of the Act has been approved by the Authority, the person shall immediately return his licence to the Authority for cancellation and the Authority shall issue a new licence to the licensed person.~~

~~(8) Where the Authority varies any condition or restriction imposed on a licence or imposes further conditions or restrictions on a licence, the licensed person shall immediately return the licence to the Authority for cancellation and the Authority shall issue a new licence to the licensed person.~~

11.-(1) Where the holder of a capital markets services licence ceases to carry on business in all of the regulated activities to which its licence relates, the holder shall lodge with the Authority, within 14 days from the date of such cessation, a notice in Form 7 and, together with the Form, return its licence to the Authority.

(2) Where the holder of a capital markets services licence ceases to carry on business in any of the regulated activities to which its licence relates, the holder shall lodge with the Authority, within 14 days from the date of such cessation, a notice in Form 7 and, together with the Form, return its licence to the Authority; whereupon the Authority shall cancel the licence of the holder and issue to it a new licence in respect of any remaining regulated activity or activities.

(3) Where the holder of a capital markets services licence has not commenced business in any of the regulated activities to which the licence relates within 6 months of being granted the licence (or such longer period as the Authority may allow), the holder shall immediately return its licence to the Authority for cancellation and, where applicable, the Authority shall issue to the holder a new licence in respect of the remaining regulated activity or activities.

(4) Where the application of a holder of a capital markets services licence for the variation of his licence under section 90 of the Act has been approved by the Authority, the person shall immediately return his licence to the Authority for cancellation and the Authority shall issue a new licence to the holder of a capital markets services licence.

(5) Where the Authority varies any condition or restriction imposed on a holder of a capital markets services licence or imposes further conditions or restrictions on such a

licence, the Authority may require the holder to return the licence to the Authority for cancellation and issuance of a new licence , and the holder shall comply with such a requirement.

Lodgment of cessation for Representatives

11A.— (1) For the purposes of sections 99D(8), 99E(4) read with 99D(8) and 99F(4) read with 99D(8), a principal shall, no later than the next business day after the day -

(a) an individual ceases to be his representative;

(b) an individual who is his representative ceases to carry on business in any type of regulated activity which he is appointed to carry on business in;

lodge with the Authority, in respect of his representative, a notice in Form 8.

(2) Where an appointed representative has ceased to be a representative under regulation 9A(a), his principal shall immediately lodge with the Authority, a notice in Form 8 to notify of the cessation of the representative as an appointed representative.

Application for appointment of chief executive officer and director

12.—(1) For the purposes of section 96 (1) of the Act, the holder of a capital markets services licence shall submit to the Authority an application for approval of the appointment of a person (referred to in this regulation as the appointee) as its chief executive officer or director, or change of appointment of a person as a director from one that is non-executive to one that is executive, in Form 11.

(2) For the purposes of section 96 (2) of the Act, the criteria to which the Authority may have regard in determining whether to grant its approval in respect of an application made under paragraph (1) are —

(a) whether the holder has provided the Authority with such information relating to the appointee or director as the Authority may require;

(aa) whether the appointee or director has had a prohibition order made by the Authority against him that remains in force;

(b) whether the appointee or director is an undischarged bankrupt in Singapore or elsewhere;

(c) whether execution against the appointee or director in respect of a judgment debt has been returned unsatisfied in whole or in part;

(d) whether the appointee or director has, in Singapore or elsewhere, entered into a compromise or scheme of arrangement with his creditors, being a compromise or scheme of arrangement that is still in operation;

(e) whether the appointee or director —

- (i) has been convicted, whether in Singapore or elsewhere, of an offence involving fraud or dishonesty or the conviction for which involved a finding that he had acted fraudulently or dishonestly; or
- (ii) has been convicted of an offence under the Act;
- (f) the educational or other qualification, experience or expertise of the appointee or director, having regard to the nature of the duties he is to perform as a chief executive officer or director, as the case may be, of the holder;
- (g) whether the appointee or director is a fit and proper person to be a chief executive officer or director, as the case may be, of the holder;
- (h) the financial standing of the appointee or director;
- (i) the past performance of the appointee or director, having regard to the nature of the duties he is to perform as a chief executive officer or director, as the case may be, of the holder; and
- (j) whether there is reason to believe that the appointee or director will not conduct himself professionally or act in an ethical manner in discharging the duties he is to perform as a chief executive officer or director, as the case may be, of the holder.

Duties of chief executive officer and director

13. For the purposes of section 97 (2) of the Act and without prejudice to any other matter that the Authority may consider relevant, the Authority shall, in determining whether a chief executive officer or a director of the holder of a capital markets services licence has failed to discharge the duties or functions of his office, have regard to whether the chief executive officer or director has —

- (a) implemented, and ensured compliance with, effective written policies on all operational areas of the holder, including the holder's financial policies, accounting and internal controls, internal auditing and compliance with all laws and rules governing the holder's operations;
- (aa) put in place compliance function and arrangements that are commensurate with the nature, scale and complexity of its business in relation to the conduct of regulated activities that the holder of the relevant capital markets services licence is licensed to carry out, which shall include the roles and responsibilities for carrying out specific compliance activities and responsibilities;
- (b) identified, addressed and monitored the risks associated with the trading or business activities of the holder;
- (c) ensured that the business activities of the holder are subject to adequate internal audit;

(d) set out in writing the limits of the discretionary powers of each officer, committee, sub-committee or other group of persons of the holder empowered to commit the holder to any financial undertaking or to expose the holder to a risk of any nature; and

(e) ensured —

(i) that the holder keeps a written record of the steps taken by it to monitor compliance with its policies, the limits on discretionary powers and its accounting and operating procedures;

(ii) that the internal audit of the holder or the holder's holding company includes inquiring into the holder's compliance with all relevant laws and all relevant business rules of any securities exchange, futures exchange and clearing house; and

(iii) the accuracy, correctness and completeness of any report, book or statement submitted by the holder to its head office (if any) or to the Authority.

Exemptions from requirement to hold licence

~~14.—(1) Each person specified in the Second Schedule is exempted from holding a capital markets services licence or a representative's licence, as the case may be, in the circumstances specified in that Schedule.~~

~~(2) Where a person acts as a representative of any person specified in paragraphs 1 to 7 of the Third Schedule to the Act (referred to in this paragraph as the principal), he shall be exempted from holding a representative's licence, in so far as —~~

~~(a) the type and scope of the regulated activity carried out by the person acting as a representative are within or the same as those of the regulated activity carried out by the principal in his capacity as specified in the relevant paragraph of the Third Schedule; and~~

~~(b) the manner in which the person acting as a representative carries out the regulated activity is the same as the manner in which the principal carries out the regulated activity in his capacity as specified in the relevant paragraph of the Third Schedule.~~

~~(3) Where a person acts as a representative of a foreign company specified in paragraph 9 of the Third Schedule to the Act, the person acting as a representative shall be exempted from holding a representative's licence, in so far as he complies with every condition or restriction imposed on the foreign company pursuant to an approval granted for the arrangement between the foreign company and its related corporation under that paragraph, where such condition or restriction is applicable to him.~~

~~(4) A person who is exempted from holding a capital markets services licence under section 99 (1) (a), (b), (c) or (d) of the Act shall lodge with the Authority —~~

~~(a) a notice of commencement of that person's business in any regulated activity in Form 26 not later than 14 days after the commencement of business in that regulated activity;~~

~~(b) a notice of change of particulars in Form 27 where any change subsequently occurs to any particulars entered in Form 26 in accordance with sub-paragraph (a) and which change is required to be notified in Form 27, not later than 14 days after the date of change; and~~

~~(c) a declaration in Form 28 within 14 days after the end of the financial year of the person; and~~

~~(d) a notice of cessation of business in Form 29 when that person ceases to carry on business in all the regulated activities for which notice had been given by that person in Form 26 or 27 or both, not later than 14 days after the cessation of business in all the regulated activities.~~

~~(5) For the purposes of section 99 (4) of the Act—~~

~~(a) a person who is exempted from holding a capital markets services licence under section 99 (1) (a), (b), (c), (d), (f) or (g) of the Act shall ensure that—~~

~~(i) he is a fit and proper person in relation to the carrying out of the regulated activity for which he is exempted; and~~

~~(ii) his representatives are fit and proper persons in relation to the carrying out of the regulated activity as his representative; and~~

~~(b) a person who is exempted from holding a capital markets services licence under paragraph 4 (1) (c), 5 (1) (d) or 7 (1) (b) of the Second Schedule shall ensure that—~~

~~(i) he is a fit and proper person in relation to the carrying out of the regulated activity for which he is exempted;~~

~~(ii) his representatives are fit and proper persons in relation to the carrying out of the regulated activity as his representative; and~~

~~(iii) where the person is an entity—~~

~~(A) its directors or equivalent persons are fit and proper persons for office;~~

~~(B) its substantial shareholders or equivalent persons are fit and proper persons to be in such capacity; and~~

~~(C) persons (other than a person referred to in sub-paragraph (A) or (B)) alone or acting together with any connected person, who—~~

~~(CA) control, directly or indirectly, not less than 20% of the voting power or such equivalent decision-making power in the entity; or~~

~~(CB) acquire or hold, directly or indirectly, not less than 20% of the issued shares or such equivalent share of ownership of the entity, are fit and proper persons to control such power or hold such shares or share of ownership.~~

14. — (1) Each person specified in the Second Schedule is exempted from holding a capital markets services licence or from the requirement to be notified as an appointed, provisional, or temporary representative, as the case may be, in the circumstances specified in that Schedule.

(2) For the purpose of section 99B(2), where a person acts as a representative of any person specified in paragraphs 1 to 7 of the Third Schedule to the Act (referred to in this paragraph as the principal), he shall be exempted from section 99B(1), in so far as —

(a) the type and scope of the regulated activity carried out by the person acting as a representative are within or the same as those of the regulated activity carried out by the principal in his capacity as specified in the relevant paragraph of the Third Schedule; and

(b) the manner in which the person acting as a representative carries out the regulated activity is the same as the manner in which the principal carries out the regulated activity in his capacity as specified in the relevant paragraph of the Third Schedule.

(3) For the purpose of section 99B(2), where a person acts as a representative of a foreign company specified in paragraph 9 of the Third Schedule to the Act, the person acting as a representative shall be exempted from section 99B(1), in so far as he complies with every condition or restriction imposed on the foreign company pursuant to an approval granted for the arrangement between the foreign company and its related corporation under that paragraph, where such condition or restriction is applicable to him.

(4) A person who is exempted from holding a capital markets services licence under section 99 (1) (a), (b), (c) or (d) of the Act shall lodge with the Authority —

(a) a notice of commencement of that person's business in any regulated activity or notice of commencement of any regulated activity in addition to that person's current regulated activity, in Form 26 not later than 14 days prior to the commencement of business in that regulated activity or such later date as the Authority may allow;

(b) a notice of change of particulars in Form 27 where any change subsequently occurs to any particulars entered in Form 26 in accordance with sub-paragraph (a) and which change is required to be notified in Form 27, not later than 14 days after the date of change or such longer period as the Authority may allow;

(c) a declaration in Form 28 within 14 days after the end of the financial year of the person or such longer period as the Authority may allow; and

(d) a notice of cessation of business in Form 29 when that person ceases to carry on business in any or all the regulated activities for which notice had been given by that person in Form 26, not later than 14 days after the cessation of business in the regulated activity or such longer period as the Authority may allow.

(5) For the purposes of section 99 (4) of the Act —

(a) a person who is exempted from holding a capital markets services licence under section 99 (1) (a), (b), (c), (d), (f) or (g) of the Act shall ensure that –

(i) he is a fit and proper person in relation to the carrying out of the regulated activity for which he is exempted; and

(ii) his representatives are fit and proper persons in relation to the carrying out of the regulated activity as his representative; and

(b) a person who is exempted from holding a capital markets services licence under paragraph 4 (1) (c), 5 (1) (d) or 7 (1) (b) of the Second Schedule shall ensure that —

(i) he is a fit and proper person in relation to the carrying out of the regulated activity for which he is exempted;

(ii) his representatives are fit and proper persons in relation to the carrying out of the regulated activity as his representative; and

(iii) where the person is an entity —

(A) its directors or equivalent persons are fit and proper persons for office;

(B) its substantial shareholders or equivalent persons are fit and proper persons to be in such capacity; and

(C) persons (other than a person referred to in sub-paragraph (A) or (B)) alone or acting together with any connected person, who —

(CA) control, directly or indirectly, not less than 20% of the voting power or such equivalent decision-making power in the entity; or

(CB) acquire or hold, directly or indirectly, not less than 20% of the issued shares or such equivalent share of ownership of the entity,

are fit and proper persons to control such power or hold such shares or share of ownership.

(6) The holder of a capital markets services licence shall ensure that –

(a) it is a fit and proper person in relation to the carrying out of the regulated activity for which it is licensed;

- (b) its substantial shareholders are fit and proper persons to be in such capacity;
- (c) its directors or equivalent persons, employees having regard to the duties they perform, and officers are fit and proper persons for office; and
- (d) its representatives are fit and proper persons in relation to the carrying out of the regulated activity as its representative.

PART III

CUSTOMER'S MONEYS AND ASSETS

Division 1 — Definitions

Definitions of this Part

15.—(1) In Part V of the Act and this Part, “customer”, in relation to the holder of a capital markets services licence, does not include —

- (a) the holder in carrying out any regulated activity for its own account;
- (b) an officer, an employee or a representative of the holder; or
- (c) a related corporation of the holder with respect to an account belonging to and maintained wholly for the benefit of that related corporation.

(2) For the purposes of this Part, a reference to money received on account of a customer of the holder of a capital markets services licence includes —

- (a) money received from, or on account of, the customer in respect of a sale or purchase of futures contract or a transaction connected with leveraged foreign exchange trading;
- (b) money received from, or on account of, the customer for the purchase of or holding of securities, or the maintenance of a securities trading account by the customer;
- (c) money received for the account of the customer in respect of a sale of securities;
- (d) money received from, or on account of, the customer, where the holder provides securities financing to such customer;
- (e) money received from, or on account of, the customer for the purpose of managing the customer’s funds; and
- (f) money received from, or on account of, the customer in the course of the business of the holder,

but does not include —

- (i) money which is to be used to reduce the amount owed by the customer to the holder;
- (ii) money which is to be paid to the customer or in accordance with the customer's written direction;
- (iii) money which is to be used to defray the holder's brokerage and other proper charges; and
- (iv) money which is to be paid to any other person entitled to the money.

~~(3) In this Part, "customer's assets", in relation to the holder of a capital markets services licence, means securities and assets (other than money), including Government securities and certificates of deposits, that are beneficially owned by a customer of the holder.~~

(3) In this Part, "customer's assets", in relation to the holder of a capital markets services licence, means securities and assets (other than money), including government securities and certificates of deposits, deposited with, a holder of a capital markets services licence in the course of its business for which it is liable to account to its customer, and any other assets accruing therefrom.

Division 2 — Customer's Moneys

Money received on account of customer

16.—(1) The holder of a capital markets services licence —

- (a) shall treat and deal with all moneys received on account of its customer as belonging to that customer;
- (b) shall deposit all moneys received on account of its customer in a trust account or in any other account directed by the customer; and
- (c) shall not commingle moneys received on account of its customer with non-customer funds ~~its own funds~~, or use the moneys as margin or guarantee for, or to secure any transaction of, or to extend the credit of, any person other than the customer.

(2) The holder shall deposit the money received on account of its customer in the trust account no later than the business day immediately following the day on which the holder receives such money or is notified of the receipt of such money, whichever is the later, unless the money has in the meantime been paid to the customer or deposited in an account directed by the customer or unless it is deposited in accordance with regulation 19 or invested in accordance with regulation 20.

(3) In paragraph (2), "business day" means the business day of the holder or, if the custodian with whom the trust account is maintained is closed for business on that day

and the holder is unable to deposit the money in the account, the next business day of the custodian.

(4) Moneys received by the holder on account of its customers may be commingled and deposited in the same trust account.

[.....]

Division 3 — Customer's Assets

[.....]

Duties of holder on receipt of customer's assets

26.—(1) The holder of a capital markets services licence shall —

- (a) deposit a customer's assets in a custody account held on trust for the customer;
- (b) ensure that the customer's assets are not commingled with any non-customer assets ~~asset belonging to the holder~~; and
- (c) make arrangements for a custodian to maintain the custody account.

(2) The holder shall deposit the customer's assets in the custody account no later than the business day immediately following the day on which the holder receives such assets or is notified of the receipt of such assets, whichever is the later, unless the assets have in the meantime been returned to the customer or deposited in an account directed by the customer or unless it is deposited in accordance with regulation 30.

(3) In paragraph (2), "business day" means the business day of the holder or, if the custodian with whom the custody account is maintained is closed for business on that day and the holder is unable to deposit the assets in the account, the next business day of the custodian.

(4) A customer's assets may be commingled with the assets of another customer and deposited in the same custody account.

[.....]

Custody agreement

32.—(1) Subject to paragraph (3), before ~~Before~~ placing its customer's assets in a custody account with a custodian, the holder of a capital markets services licence shall agree with the custodian, in writing, to the following:

- (a) that the account shall be designated as that of the customer or customers;
- (b) that the custodian shall hold and record the assets in accordance with the holder's instructions; and the records shall identify the assets as belonging to the holder's customer and the assets shall be kept separate from any asset belonging to the holder or to the custodian;
- (c) that the custodian shall not claim any lien, right of retention or sale over any asset standing to the credit of the custody account, except —
 - (i) where the holder has obtained the customer's written consent and notified the custodian in writing of the written consent; or
 - (ii) in respect of any charges as agreed upon in the terms and conditions relating to the administration or custody of the asset;
- (d) that the custodian shall provide sufficient information to the holder in order that the holder may comply with its record-keeping obligations under the Act or these Regulations or under any other law;
- (e) the person in whose name the assets are registered;
- (f) that the custodian shall not permit any withdrawal of the assets from the custody account, except for delivery of the assets to the holder or on the holder's written instructions;
- (g) the arrangements for dealing with any entitlement arising from the assets in the custody account, such as coupon or interest payment;
- (h) the extent of the custodian's liability in the event of any loss of the assets maintained in the custody account caused by fraud or negligence on the part of the custodian or any of the custodian's agents; and
- (i) the applicable fees and costs for the custody of the assets.

(2) The holder of a capital markets services licence referred to in paragraph (1) shall, before depositing its customer's assets in a custody account, disclose to the customer the terms and conditions agreed with the custodian.

(3) Paragraph (1) shall not apply to a holder of a capital markets services licence who is licensed to provide custodial services in relation to it acting as the custodian to its customers' assets.

[.....]

Division 4 – Miscellaneous

[.....]

Customer's moneys and assets held by clearing house

38.—(1) The holder of a capital markets services licence which is a member of a clearing house shall, in respect of such market contracts as may be specified by the clearing house, inform the clearing house in the manner determined by the clearing house —

- (a) whether a market contract that is being cleared by the clearing house is a customer's contract; and
- (b) whether any money or asset being deposited with or paid to the clearing house is deposited or paid in respect of or in relation to the customer's contract.

(2) In this regulation —

"customer's contract" means —

- (a) a contract to which a customer of the holder is a party; or
- (b) a contract to which any other holder of a capital markets services licence to deal in securities or trade in futures contracts is a party and which is cleared through the first-mentioned holder;

"market contract" has the same meaning as in section [4948](#) (1) of the Act.

PART IV

CONDUCT OF BUSINESS

Books of holder of capital markets services licence

39.—(1) For the purposes of Division 1 of Part V of the Act, the holder of a capital markets services licence shall keep books in the English language which contain the following, where applicable:

- (a) particulars of every customer, including particulars that satisfy such notices and guidelines as may be issued by the Authority under the Act;
- (b) the name of any person —
 - (i) guaranteeing the settlement of any amount owed in a customer's account in respect of which a regulated activity is carried out by the holder;
 - (ii) who can give instructions to the holder on the carrying out of a regulated activity with respect to a customer's account; or

- (iii) who has trading authority or exercises any control with respect to a customer's account;
- (c) [*Deleted by S 543/2003*]
- (d) particulars of every transaction carried out on behalf of customers, including —
 - (i) a description and the quantity of the assets that are the subject of the transaction;
 - (ii) the price and fee arising from the transaction;
 - (iii) the name of the customer on whose behalf the transaction is entered into;
 - (iv) the name of the counterparty to the transaction; and
 - (v) the transaction date and settlement or delivery date;
- (e) a separate record maintained for each customer stating, where applicable —
 - (i) the amount and description of each asset paid or deposited in the trust account and custody account as required by regulations 16 and 26 respectively and the date of such payment or deposit;
 - (ii) the date and quantity of each transfer of assets from or to the trust account and custody account arising from any asset borrowing or lending activity or otherwise;
 - (iii) the date, amount and purpose of each withdrawal from the trust account or custody account; and
 - (iv) the date and amount of, and the reason for, each disposal of collateral from the trust account or custody account;
- (f) particulars of each asset that is not the property of the holder and for which the holder or any nominee controlled by the holder is accountable, indicating by whom and for whom the asset or the document of title to the asset is held and the extent to which it is held for safe custody by a third party or mortgaged, charged, pledged or hypothecated in accordance with regulation 34;
- (g) particulars of every underwriting and placement transaction entered into by the holder including, where applicable —
 - (i) the amount which the holder committed to underwrite;
 - (ii) the amount underwritten due to under-subscription;
 - (iii) the amount allotted to each subscriber;
 - (iv) the amount placed with each placee; and
 - (v) the amount subscribed by each subscriber or placee (including any related company);

(h) particulars of every proprietary transaction of the holder including, where applicable —

- (i) the description and quantity of the assets concerned;
 - (ii) the price and fee arising from the transaction;
 - (iii) the transaction date and settlement or delivery date;
 - (iv) the name of the counterparty to the transaction; and
 - (v) the realised or unrealised gain or loss;
- (i) particulars of all income and expenses of the holder; and
- (j) particulars of all assets and liabilities (including contingent liabilities) of the holder and, in the case of assets, showing by whom these assets or the documents of title to these assets are held and, where they are held by some other person, whether or not they are held as security against loans or advances.

(2) The holder shall also keep books in the English language which contain the following documents, where applicable:

- (a) for each customer, other than one who is an accredited investor, every power of attorney or other document authorising the holder or its representative to operate the account of the customer on a discretionary basis;
- (b) every written agreement, or copy thereof, entered into by the holder with its customer;
- (c) every acknowledgment of a customer received under regulation 47E(1) section 128(1)(b) of the Act which shall be in Form 13;
- (d) every acknowledgment of a customer received under regulation 47E(2) section 128(2) of the Act which shall be in Form 14;
- (e) every statement acknowledging receipt of assets from a customer indicating the person in whose name the assets are registered;
- (f) every order, whether filled, unfilled, amended or cancelled, which has been prepared or received in the course of the business of the holder;
- (g) every report, letter, circular, memorandum, publication, advertisement and other literature or advice distributed by the holder to any existing or prospective customer, indicating the date of publication;
- (h) every report, statement, submission, letter, journal, ledger, invoice, and other record, data or memoranda, which has been prepared or received in the course of business of the holder;
- (i) written confirmation of every securities transaction, futures transaction or transaction in connection with leveraged foreign exchange trading and every

purchase and sale contract note and statement of account in respect of such transaction, being a transaction to which any of the following is a party:

- (i) the holder;
- (ii) except where the holder is one referred to in sub-paragraph (iii), an executive director of the holder, if the transaction is a personal transaction of such executive director; and
- (iii) where the holder is a branch or subsidiary of a foreign company with its head office located outside Singapore, an executive director of the holder who is directly involved in its operations and business, if the transaction is a personal transaction of such executive director;
- (j) written confirmation of every transaction referred to in paragraph (1) (d) prepared by the holder as principal or as agent of a customer, and every purchase and sale contract note and statement of account in respect of such transaction prepared by the holder as principal or as agent of the customer, as the case may be, or received from any other party, whether licensed in Singapore or elsewhere; and
- (k) in respect of every underwriting and placement transaction entered into by the holder, documentation stating the basis of allotment to each subscriber or placee, as the case may be.

(3) Subject to paragraph (4), the holder of a capital markets services licence to deal in securities, trade in futures contracts or carry out leveraged foreign exchange trading shall

—

- (a) as soon as practicable upon the receipt of a customer's order for —
 - (i) securities quoted on a securities exchange, an overseas securities exchange or a recognised trading system provider;
 - (ii) futures contracts; or
 - (iii) foreign exchange in connection with leveraged foreign exchange trading,

or the receipt of any amendment or cancellation of such an order, prepare and keep a written record of —

- (A) the particulars of the customer's instruction in the order;
 - (B) the date and time of receipt of the order, amendment or cancellation; and
 - (C) where the order, amendment or cancellation is transmitted to a member of a securities exchange, a futures exchange, an overseas securities exchange or an overseas futures exchange, or to the trading floor of such exchange, the date and time the order, amendment or cancellation is transmitted;
- (b) as soon as practicable upon the receipt of a customer's order for other securities, or the receipt of any amendment or cancellation of such an order, prepare and keep a written record of —

- (i) the particulars of the customer's instruction in the order; and
 - (ii) the date of receipt of the order or of any amendment or cancellation of the order; and
- (c) as soon as practicable upon the execution of a customer's order for securities, futures contracts or foreign exchange in connection with leveraged foreign exchange trading, prepare and keep a written record of the particulars of the transaction and —
- (i) in the case of an order for —
 - (A) securities quoted on a securities exchange, an overseas securities exchange or a recognised trading system provider;
 - (B) futures contracts; or
 - (C) foreign exchange in connection with leveraged foreign exchange trading,the date and time of execution of the order or amended order, if any; or
 - (ii) in the case of an order for other securities, the date of execution of the order or amended order, if any.
- (4) Paragraph (3) shall not apply to the holder of a capital markets services licence to trade in futures contracts in respect of a transaction by an arbitrageur or a market-maker for the purchase or sale of futures contracts specified by a futures exchange if —
- (a) the arbitrageur or market-maker, as the case may be, has given prior written consent for the holder not to prepare and keep the records as required in paragraph (3);
 - (b) the transaction is executed on the trading floor; and
 - (c) the transaction is entered into in accordance with the business rules or practices of the futures exchange.
- (5) In this regulation —
- "arbitrageur" means a person who —
- (a) is appointed, approved or registered by a futures exchange as an arbitrageur in respect of futures contracts specified by the futures exchange; and
 - (b) purchases or sells any futures contract specified by the futures exchange in a futures market together with an off-setting sale or purchase of the same or equivalent contract in a different market at as nearly the same time as practicable for the purpose of taking advantage of a difference in prices in the 2 markets;
- "market-maker" means a person who —

- (a) is appointed, approved or registered by a futures exchange as a market-maker in respect of futures contracts specified by the futures exchange;
- (b) enters into transactions for the purchase or sale of futures contracts specified by the futures exchange for his own account;
- (c) regularly publishes *bona fide* competitive bid and offer quotations in respect of futures contracts specified by the futures exchange; and
- (d) is ready, willing and able to effect transactions at his quoted prices with other persons in respect of futures contracts specified by the futures exchange.

[.....]

Contract notes

~~42.—(1) The holder of a capital markets services licence to deal in securities, trade in futures contracts or carry out leveraged foreign exchange trading shall include, in every contract note to be given under section 118 of the Act, where applicable—~~

~~(a) the name or style under which the holder carries on business in dealing in securities, trading in futures contracts or leveraged foreign exchange trading, and the address of the principal place at which the holder carries on the business;~~

~~(b) where the holder is—~~

~~(i) dealing in securities or carrying out leveraged foreign exchange trading as principal; or~~

~~(ii) trading in futures contracts against its customer,~~

~~a statement that it is so acting;~~

~~(c) the name and address of the party to whom the contract note is given;~~

~~(d) the date on which the transaction is entered into;~~

~~(e) in respect of a sale or purchase of securities, the number or amount, and description of the securities that are the subject of the transaction;~~

~~(f) in respect of a sale or purchase of futures contract or a transaction connected with leveraged foreign exchange trading, the quantity and type of the futures contract or the amount of foreign exchange that is the subject of the transaction, as the case may be;~~

~~(g) in respect of a sale or purchase of securities or futures contract or a transaction connected with leveraged foreign exchange trading, the price per unit of the transaction, the amount of the consideration for the transaction, the rate and amount of commission (if any) charged for the transaction by the holder and the~~

~~amount of all stamp duties or other duties or taxes payable in connection with the transaction; and~~

~~(h) in respect of a sale or purchase of securities, if an amount is to be added to or deducted from the settlement amount in respect of the right to a benefit purchased or sold together with the securities, the first mentioned amount and the nature of the benefit.~~

42.—(1) Subject to paragraph (1A), the holder of a capital markets services licence to deal in securities, trade in futures contracts or carry out leveraged foreign exchange trading shall, in respect of a sale or purchase of securities or futures contracts or a transaction connected with leveraged foreign exchange trading, after entering into the transaction —

(a) give to the other party to the transaction a contract note which contains such information as may be prescribed; or

(b) procure that such a contract note be given in its name.

(1A) Paragraph (1) shall not apply to the holder of a capital markets services licence in respect of any transaction of sale or purchase of securities or futures contracts effected by the holder through a member of —

(a) a securities exchange or overseas securities exchange; or

(b) a futures exchange or overseas futures exchange,

if the holder gives, or arranges with that member to give, to the other party to the transaction a contract note or a copy thereof issued by that member in respect of the transaction in accordance with the rules of that exchange or with any written law governing the issuance of contract notes by members of that exchange.

(1B) The holder shall include, in every contract note to be given under paragraph (1), where applicable —

(a) the name or style under which the holder carries on business in dealing in securities, trading in futures contracts or leveraged foreign exchange trading, and the address of the principal place at which the holder carries on the business;

(b) where the holder is —

(i) dealing in securities or carrying out leveraged foreign exchange trading as principal; or

(ii) trading in futures contracts against its customer,

a statement that it is so acting;

(c) the name and address of the party to whom the contract note is given;

(d) the date on which the transaction is entered into;

(e) in respect of a sale or purchase of securities, the number or amount, and description of the securities that are the subject of the transaction;

(f) in respect of a sale or purchase of futures contract or a transaction connected with leveraged foreign exchange trading, the quantity and type of the futures contract or the amount of foreign exchange that is the subject of the transaction, as the case may be;

(g) in respect of a sale or purchase of securities or futures contract or a transaction connected with leveraged foreign exchange trading, the price per unit of the transaction, the amount of the consideration for the transaction, the rate and amount of commission (if any) charged for the transaction by the holder and the amount of all stamp duties or other duties or taxes payable in connection with the transaction; and

(h) in respect of a sale or purchase of securities, if an amount is to be added to or deducted from the settlement amount in respect of the right to a benefit purchased or sold together with the securities, the first-mentioned amount and the nature of the benefit.

(2) The holder of a capital markets services licence shall, no later than the business day immediately following a sale or purchase of securities or futures contract or a transaction connected with leveraged foreign exchange trading, give to the other party to the transaction a contract note for the transaction.

(2A) Notwithstanding paragraph (2), where any detail in a transaction that is required to be included in every contract note under paragraph ~~(1)~~ (1B) becomes available or is only determined after the business day specified in paragraph (2), the holder of the capital markets services licence shall give to the other party to the transaction the contract note for the transaction no later than the business day immediately following the business day on which the information required to be included in every contract note in paragraph ~~(1)~~ (1B) becomes available or has been determined.

(3) Any person who contravenes any provision in this regulation shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 and, in the case of continuing offence, to a further fine of \$5,000 for every day or part thereof during which the offence continues after conviction.

[.....]

Exemption from section 122 of Act

~~44. Section 122 (1) of the Act shall not apply to a transaction entered into by—~~

~~(a) the holder of a capital markets services licence to deal in securities or trade in futures contracts as principal or on behalf of a person associated with or connected to the holder; or~~

~~(b) a representative of such a holder for his own account or on behalf of a person associated with or connected to the representative,~~

~~if the transaction is entered into in accordance to the business rules or practices of the securities exchange or futures exchange, as the case may be, through which the transaction is entered into.~~

~~44.— (1) Except as permitted by paragraph (2) —~~

~~(a) the holder of a capital markets services licence to deal in securities or trade in futures contracts when acting as principal or on behalf of a person associated with or connected to the holder; or~~

~~(b) a representative of such a holder when acting for his own account or on behalf of a person associated with or connected to the representative,~~

~~shall not enter into a transaction for the purchase or sale of securities or futures contracts that are permitted to be traded on the securities market of a securities exchange, the futures market of a futures exchange or the securities market or the futures market of a recognised market operator, as the case may be, if a customer of that holder or representative, who is not associated with or connected to the holder or representative, has instructed the holder or representative to purchase or sell, respectively, securities or futures contracts of the same class and he has not complied with the instruction.~~

~~(2) Paragraph (1) shall not apply to the holder of a capital markets services licence or a representative of such a holder —~~

~~(a) if his customer required the purchase or sale of securities or futures contracts on behalf of the customer to be effected only on specified conditions and he has been unable to purchase or sell the securities or futures contracts by reason of those conditions; or~~

~~(b) if the transaction is entered into in accordance to the business rules or practices of the securities exchange or futures exchange, as the case may be, through which the transaction is entered into.~~

~~(3) Any person who contravenes any provision in this regulation shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 and, in the case of continuing offence, to a further fine of \$5,000 for every day or part thereof during which the offence continues after conviction.~~

[.....]

Advertisement

46. The holder of a capital markets services licence ~~or an appointed representative, provisional representative or temporary representative~~~~a representative's licence~~ shall not, directly or indirectly, publish, circulate or distribute any advertisement —

(a) which refers, directly or indirectly, to any past specific recommendations of the holder in relation to securities or futures contracts which were or would have been profitable to any person, except that the holder or representative may refer in an advertisement to a list of all recommendations made by the holder or representative within the period of not less than one year immediately before the date the advertisement is published, circulated or distributed, which list, if furnished separately from the advertisement, shall —

(i) state the name of each securities or futures contract recommended, the date and nature of the recommendation, the market price at that time, the price at which the recommendation was to be acted upon, and the market price of the securities or futures contract as of the most recent practicable date; and

(ii) contain a statement, in as large a font as the largest font used in the body of the advertisement, to the effect that the past performance of the securities or futures contracts in the list is not indicative of the future performance of the securities or futures contracts;

(b) which represents, directly or indirectly, that any graph, chart, formula or other device set out or referred to in the advertisement —

(i) can, in and of itself, be used to determine which securities or futures contracts to buy or sell, or when to buy or sell them; or

(ii) will assist any person in deciding which securities or futures contracts to buy or sell, or when to buy or sell them,

without prominently disclosing in the advertisement the limitations thereof and the difficulties with respect to its use;

(c) which contains any statement to the effect that any report, analysis or other service will be furnished free or without charge, unless such report, analysis or service is in fact or will in fact be furnished in its entirety and without any condition or obligation; or

(d) which contains any inaccurate or misleading statement or presentation, or any exaggerated statement or presentation that is calculated to exploit an individual's lack of experience and knowledge.

Certain representations prohibited

46A. – (1) Subject to paragraph (2), the holder of a capital markets services licence shall not represent or imply or knowingly permit to be represented or implied in any manner to any person that the holder’s abilities or qualifications have in any respect been approved by the Authority.

(2) Paragraph (1) does not apply to a statement that a person is holding a capital markets services licence to carry on business in any regulated activity.

(3) Any person who contravenes any provision in this regulation shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 and, in the case of continuing offence, to a further fine of \$5,000 for every day or part thereof during which the offence continues after conviction.

[.....]

Disclosure of certain interests in respect of underwriting agreement

47A.—(1) Where —

(a) securities have been offered for subscription or purchase; and

(b) the holder of a capital markets services licence has subscribed for or purchased, or is or will or may be required to subscribe for or purchase, any of those securities under an underwriting or sub-underwriting agreement by reason that some or all of the securities have not been subscribed for or purchased,

the holder shall not, during the period of 90 days after the close of the offer referred to in sub-paragraph (a) —

(i) make an offer to sell those securities otherwise than in the ordinary course of trading on a securities exchange or recognised market operator; or

(ii) make a recommendation, whether orally or in writing and whether expressly or by implication, with respect to those securities,

unless the offer or recommendation contains or is accompanied by a statement to the effect that the offer or recommendation relates to securities that the holder has acquired, or is or will or may be required to acquire, under an underwriting or sub-underwriting agreement by reason that some or all of the securities have not been subscribed for or purchased.

(2) For the purpose of paragraph (1), any reference to an offer shall be construed as including a reference to a statement, however expressed, that expressly or impliedly invites a person to whom it is made to offer to acquire securities.

(3) Paragraph (1) shall not apply to the holder of a capital markets services licence when

==

(a) making an offer to sell any securities, or making a recommendation with respect to those securities, to —

(i) an accredited investor;

(ii) an expert investor; or

(iii) an institutional investor; or

(b) making an offer to sell any Government securities, or making a recommendation with respect to those Government securities, to any person.

(4) Where the holder of a capital markets services licence sends to any person a written offer, written recommendation or written statement to which paragraph (1) applies, the holder shall retain a copy of the written offer, recommendation or statement for a period of 5 years after the day the written offer, recommendation or statement is made.

(5) Any person who contravenes paragraph (1) shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$25,000.

Dealing in securities as principal

47B.—(1) Subject to paragraph (3), the holder of a capital markets services licence to deal in securities shall not, as principal, enter into any transaction of sale or purchase of any securities with any customer who is not the holder of a capital markets services licence to deal in securities unless the holder first informs the customer that the holder is acting in the transaction as principal and not as agent.

(2) The holder of a capital markets services licence to deal in securities which enters into a transaction of sale or purchase of securities, as principal, with a customer who is not the holder of a capital markets services licence to deal in securities shall state in the contract note that the holder is acting in the transaction as principal and not as agent.

(3) Paragraph (1) shall not apply to -

(a) a transaction of sale or purchase of an odd lot of securities that is entered into by the holder of a capital markets services licence to deal in securities which is a member of a securities exchange or recognised market operator and specialises in transactions relating to odd lots of securities; or

(b) a market-maker when dealing in securities in such capacity.

(3A) In this regulation, a reference to a market-maker shall be read as a reference to the holder of a capital markets services licence —

(a) which deals in securities for its own account;

(b) regularly publishes *bona fide* competitive bids and offers quotations in respect of those securities;

(c) is ready, willing and able to enter into transactions at such quoted prices with other persons in respect of those securities; and

(d) is recognised as a market-maker by a securities exchange, overseas securities exchange or the Authority.

(4) Where the holder of a capital markets services licence to deal in securities fails to comply with paragraphs (1) or (2) in respect of a contract for the sale of securities by the holder, the purchaser of the securities may, if he has not disposed of them, rescind the contract by a notice of rescission given in writing to the holder not later than 30 days after the receipt of the contract note.

(5) Where the holder of a capital markets services licence fails to comply with paragraphs (1) or (2) in respect of a contract for the purchase of securities by the holder, the vendor of the securities may, in like manner, rescind the contract.

(6) Nothing in paragraph (4) or (5) shall affect any right that a person has apart from those paragraphs.

(7) Any person who contravenes any of the provisions of this regulation shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 or to imprisonment for a term not exceeding 12 months or to both.

(8) For the purposes of this regulation —

(a) a reference to the holder of a capital markets services licence to deal in securities entering into a transaction of sale or purchase of securities as principal includes a reference to the holder entering into such a transaction on behalf of —

(i) a person associated with or connected to the holder;

(ii) a corporation in which the holder has a controlling interest; or

(iii) a corporation in which the holder's interest and the interests of the directors of the holder together constitute a controlling interest; and

(b) a reference to securities is a reference to securities which are permitted to be traded on the securities market of —

(i) a securities exchange;

(ii) an overseas securities exchange; or

(iii) a recognised market operator.

Trading against customer

47C. – (1) The holder of a capital markets services licence to trade in futures contracts shall not knowingly enter into a transaction to buy from or sell to its customer any futures contract for —

(a) the holder's own account;

- (b) an account of a person associated with or connected to it; or
- (c) an account in which the holder has an interest,

except with the customer's prior consent and in accordance with the business rules and practices of a futures exchange or recognised market operator.

(2) Any person who contravenes this regulation shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 or to imprisonment for a term not exceeding 12 months or to both.

Cross-trading

47D. – (1) The holder of a capital markets services licence to trade in futures contracts shall not knowingly fill or execute a customer's order for the purchase or sale of a futures contract on a futures market by off-setting against the order or orders of any other person, without effecting such a purchase or sale either —

- (a) on the trading floor or electronic futures trading system; or
- (b) in accordance with the business rules and practices of a futures exchange or recognised market operator.

(2) Any person who contravenes this regulation shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 or to imprisonment for a term not exceeding 12 months or to both.

Risk disclosure by certain persons

47E.—(1) The holder of a capital markets services licence to trade in futures contracts or carry out leveraged foreign exchange trading shall not open a futures trading account or leveraged foreign exchange trading account for a customer unless it —

- (a) furnishes the customer with a separate written risk disclosure document in Form 13; and
- (b) receives from the customer an acknowledgment signed and dated by the customer that he has received and understood the nature and contents of the risk disclosure document, in Form 13.

(2) The holder of a capital markets services licence for fund management shall not solicit or enter into an agreement with a prospective customer for the purpose of —

- (a) managing the customer's futures trading account or foreign exchange trading account; or
- (b) guiding the customer's futures trading account or foreign exchange trading account,

by means of a systematic programme that recommends specific transactions unless, at or before the time the holder engages in the solicitation or enters into the agreement (whichever is the earlier), the holder —

(i) delivers or causes to be delivered to the prospective customer a risk disclosure document in Form 14; and

(ii) receives from the prospective customer an acknowledgment signed and dated by him that he has received and understood the nature and contents of the risk disclosure document.

(3) Paragraph (2) shall not apply to collective investment schemes that are approved under Division 2 of Part XIII of the Act.

(4) Any person who contravenes any provision in this regulation shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$100,000 or to imprisonment for a term not exceeding 12 months or to both.

PART V DEALING IN GOVERNMENT SECURITIES

[.....]

PART VI MISCELLANEOUS

~~Exemption from section 120 of Act~~

~~49. Section 120 (1) of the Act shall not apply to the holder of a capital markets services licence when —~~

~~(a) making an offer to sell any securities, or making a recommendation with respect to those securities, to —~~

~~(i) an accredited investor;~~

~~(ii) an expert investor; or~~

~~(iii) an institutional investor; or~~

~~(b) making an offer to sell any Government securities, or making a recommendation with respect to those Government securities, to any person.~~

~~Exemption for market makers~~

~~50.—(1) Section 125 of the Act shall not apply to a market maker when dealing in securities in such capacity.~~

~~(2) In this regulation, a reference to a market maker shall be read as a reference to—~~

~~(a) the holder of a capital markets services licence—~~

~~(i) which deals in securities for its own account;~~

~~(ii) regularly publishes *bona fide* competitive bids and offers quotations in respect of those securities;~~

~~(iii) is ready, willing and able to enter into transactions at such quoted prices with other persons in respect of those securities; and~~

~~(iv) is recognised as a market maker by a securities exchange, overseas securities exchange or the Authority; or~~

~~(b) a designated market maker referred to in paragraph 2 (i) of the Second Schedule.~~

~~Exemption for transactions through member of exchange~~

~~50A. Section 118 of the Act shall not apply to the holder of a capital markets services licence in respect of any transaction of sale or purchase of securities or futures contracts effected by the holder through a member of—~~

~~(a) a securities exchange or overseas securities exchange; or~~

~~(b) a futures exchange or overseas futures exchange,~~

~~if the holder gives, or arranges with that member to give, to the other party to the transaction a contract note or a copy thereof issued by that member in respect of the transaction in accordance with the rules of that exchange or with any written law governing the issuance of contract notes by members of that exchange.~~

[.....]

~~Exemption for SGXLink Pte Ltd~~

~~53.—(1) Section 118 of the Act shall not apply in relation to the SGXLink Pte Ltd when dealing in securities in connection with the Foreign Market Linkage, subject to the conditions specified in writing by the Authority to that company.~~

~~(2) In this regulation, “Foreign Market Linkage” means the cross border securities trading linkage established between the Australian Stock Exchange Limited and the Singapore Exchange Securities Trading Limited.~~

Banks, merchant banks and finance companies

54.—(1) Sections 104, 104A, 105, ~~118, 122, 125 to 129 and 123~~ of the Act, Part III of these Regulations and regulations 3 to 3C, 5, 6, 9A, 11A, 14(1), 14 (4), 14(5), 39 (3), (4) and (5), 42, 44 to 46, 47, 47B to 47E and 56 shall, with the necessary modifications, apply to each of the following exempt persons in respect of its business in any regulated activity as those provisions apply to the holder of a capital markets services licence and, where applicable, shall, with the necessary modifications, apply to a representative of any of these exempt persons when acting as such as those provisions apply to ~~the holder of a representative's licence~~ the representative of the holder of a Capital Markets Services licence:

- (a) a bank licensed under the Banking Act (Cap. 19);
- (b) a merchant bank approved as a financial institution under the Monetary Authority of Singapore Act (Cap. 186); and
- (c) a finance company licensed under the Finance Companies Act (Cap. 108).

(2) Regulation 50 (2) shall, with the necessary modifications, apply in relation to the application of ~~section 125 of the Act~~regulation 47B to any exempt person under paragraph (1).

(3) Where any regulation referred to in paragraph (1) or part of it conflicts with any requirement under the Banking Act, the Monetary Authority of Singapore Act or the Finance Companies Act, the latter shall prevail.

Insurance Companies

54A. – (1) Regulations 3 to 3C, 5, 6, 9A, 11A, 14 (1), 14(4), 14(5), shall, with the necessary modifications, apply to a person exempt from holding a capital markets services licence under section 99(1)(d) of the Act in respect of its business in any regulated activity as those provisions apply to the holder of a capital markets services licence and, where applicable, shall, with the necessary modifications, apply to a representative of such exempt person when acting as such as those provisions apply to the representative of the holder of a capital markets services licence.

Offences

55. Any person who contravenes regulations 3(6), 3A (3), 4, 4A, 5, 10 (1A), 11 or 14 (4) or any provision of Part III, IV (except regulation 42, 44, 46A, and 47A to 47E) or V, paragraph 4(6), 5(7) or 7(6) of the Second Schedule, or a direction issued by the Authority under regulation 51, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$~~25,000~~50,000.

PART VII

TRANSITIONAL PROVISIONS

[.....]

FIRST SCHEDULE

Deleted by S 373/2005, wef 01/07/2005.

SECOND SCHEDULE

Regulation 14

EXEMPTIONS FROM HOLDING CAPITAL MARKETS SERVICES LICENCE OR ~~REPRESENTATIVE'S LICENCE ACTING AS AN APPOINTED, PROVISIONAL OR TEMPORARY REPRESENTATIVE~~

Definitions

1. In this Schedule —

“agent”, in relation to a member of Lloyd’s, “Lloyd’s”, “member of Lloyd’s” and “Service Company” have the same meanings as in regulation 2 of the Insurance (Lloyd’s Asia Scheme) Regulations (Rg 9);

"connected person" , in relation to any individual, means —

(a) his spouse, son, adopted son, step-son, daughter, adopted daughter, step-daughter, father, step-father, mother, step-mother, brother, step-brother, sister or step-sister; or

(b) a firm or corporation in which he or any of the persons referred to in paragraph (a) has control of not less than 50% of the voting power, whether such control is exercised individually or jointly;

"designated market-maker" means a corporation who —

(a) carries on business to deal in designated securities as a market-maker; and

(b) is approved as a designated market-maker by the Singapore Exchange Securities Trading Limited, in accordance with its business rules;

"designated securities" means —

- (a) exchange traded fund interests; or
- (b) structured warrants,

which have received approval in-principle for listing and quotation on, or are listed for quotation on, the Singapore Exchange Securities Trading Limited;

"exchange traded fund interest" means any unit in a collective investment scheme concerned with the acquisition, holding, management or disposal of a portfolio of predetermined constituent assets in predetermined proportions, which constituent assets principally comprise securities listed for quotation on any securities exchange or overseas securities exchange; being a unit that is —

- (a) listed for quotation, or has received approval in-principle for listing and quotation, on any securities exchange; and
- (b) created and redeemed as part of a block of units in the collective investment scheme in exchange for the constituent assets in the portfolio;

"Finance and Treasury Centre" means an approved Finance and Treasury Centre under section 43G of the Income Tax Act (Cap. 134);

"headquarters company" means an approved headquarters company under section 43E of the Income Tax Act;

"investment company" has the same meaning as in section 355 (1) of the Companies Act (Cap. 50);

"investment contract" means any contract, scheme or arrangement which in substance and irrespective of the form thereof involves the investment of money in or under such circumstances that the investor acquires or may acquire an interest in or right in respect of property which under or in accordance with the terms of investment will, or may at the option of the investor, be used or employed in common with any other interest in or right in respect of property acquired in or under like circumstances;

"market-maker" means a corporation which —

- (a) through a facility, at a place or otherwise, regularly quotes the prices at which it proposes to acquire or dispose of designated securities for its own account; and
- (b) is ready, willing and able to effect transactions in the designated securities at the quoted prices;

"order-filler" means an individual who is registered as such with a futures exchange for the sole purpose of entering into contracts on the floor of that futures exchange on behalf of members of that futures exchange;

“qualified arrangement” means any of the arrangements referred to in paragraphs (i) to (xii) of the definition of “collective investment scheme” in section 2 (1) of the Act;

"quote" means to display or provide on a securities market of a securities exchange information concerning the particular prices or particular consideration at which offers or invitations to sell, purchase or exchange issued securities are made on that securities market, being offers or invitations that are intended or may reasonably be expected to result, directly or indirectly, in the making or acceptance of offers to sell, purchase or exchange issued securities;

"relevant offence" means —

(a) an offence, whether under the law of Singapore or elsewhere, in connection with the promotion, formation or management of a corporation, or 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 Companies Act involving lack of diligence in the discharge of the duties of a director of a company;

(c) an offence under the Act or any regulations made under the Act; or

(d) an offence under the Banking Act (Cap. 19), the Commodity Trading Act (Cap. 48A), the Finance Companies Act (Cap. 108), 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), the Financial Advisers Act (Cap. 110), or any subsidiary legislation made under any of these Acts;

"securities borrowing and lending facility" means the facility established and operated by the Central Depository (Pte) Ltd for the lending and borrowing of securities;

"special purpose corporation" means a corporation established to acquire and own an aircraft which is to be leased out;

"structured warrant" means an instrument issued by a financial institution, on an underlying financial instrument not issued by that financial institution, which gives the holder 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 the value or price of that underlying financial instrument and in accordance with the terms of issue of the instrument;

"underlying financial instrument" includes any share, basket of shares and share index.

Dealing in Securities

Exemption from requirement to hold capital markets services licence to deal in securities

2. The following persons shall be exempted from the requirement to hold a capital markets services licence to carry on business in dealing in securities, subject to the conditions and restrictions specified:

(a) a person when carrying on business in dealing in securities for his own account, or for the account of a related corporation with respect to an account belonging to and maintained wholly for the benefit of that related corporation, and with or through —

(i) the holder of a capital markets services licence to deal in securities;

(ii) a bank licensed under the Banking Act;

(iii) a merchant bank approved as a financial institution under the Monetary Authority of Singapore Act;

(iv) a bank licensed, registered, approved or otherwise regulated under the laws of a jurisdiction outside Singapore to conduct banking business, but only in relation to securities that are not quoted on a securities exchange;

(v) a corporation or firm licensed or registered to carry on business in dealing in securities under the laws of a jurisdiction outside Singapore, but only in relation to securities that are not quoted on a securities exchange; or

(vi) the Central Depository (Pte) Ltd pursuant to its securities borrowing and lending facility;

(b) a person whose dealing in securities is solely incidental to his carrying on business in —

(i) fund management;

(ii) providing custodial services for securities; or

(iii) securities financing;

(c) an investment company when dealing in securities solely in connection with its acting as an underwriter or sub-underwriter of the issue of those securities for its own account;

(d) the Central Depository (Pte) Ltd in respect of its dealing in securities —

(i) that is solely incidental to its business of providing depository services for securities; or

(ii) that is done by reason only of its entering into a transaction pursuant to its securities borrowing and lending facility, and in compliance with conditions specified in writing by the Authority;

- (e) a person when carrying on business in dealing in bonds with —
 - (i) an accredited investor; or
 - (ii) a person whose business involves the acquisition and disposal of or holding of securities (whether as principal or agent);
- (f) a corporation when subscribing for securities on behalf of a customer as nominee, provided that such corporation —
 - (i) has no interest in the securities subscribed for other than as a bare trustee; and
 - (ii) is a wholly-owned subsidiary of —
 - (A) the holder of a capital markets services licence to deal in securities;
 - (B) a bank licensed under the Banking Act (Cap. 19);
 - (C) a merchant bank approved as a financial institution under the Monetary Authority of Singapore Act (Cap. 186);
 - (D) a finance company licensed under the Finance Companies Act (Cap. 108);
 - (E) a securities exchange;
 - (F) an exchange holding company; or
 - (G) a clearing house;
- (g) a person approved by the Authority when, pursuant to the establishment and promotion of an aircraft leasing business in Singapore, he deals in the shares of a special purpose corporation with —
 - (i) a bank licensed under the Banking Act (Cap. 19), a merchant bank approved as a financial institution under the Monetary Authority of Singapore Act (Cap. 186), or such other financial institution as may be approved by the Authority; or
 - (ii) a corporation with total net assets exceeding \$10 million in value or its equivalent in value in a foreign currency as determined in accordance with the most recent audited balance-sheet of the corporation or, in the case of a corporation which is not required to prepare audited accounts, a balance-sheet certified by the corporation as giving a true and fair view of the state of affairs of the corporation as at the end of the period to which it relates,(referred to in this sub-paragraph as a designated institution) if, and only if, such dealing in shares is subject to a prohibition that the designated institution may not subsequently dispose of the shares of the special purpose corporation except to another designated institution;

- (h) a trustee of a qualified arrangement in respect of securities whose dealing in securities is solely incidental to the management and administration of such arrangement;
- (i) a designated market-maker when carrying on business in dealing in designated securities for its own account or for the account of any of its related corporations;
- (j) a financial adviser licensed under the Financial Advisers Act (Cap. 110), or a person exempted under section 23 or 100 of that Act in respect of the marketing of any collective investment scheme, when marketing, or redeeming units of, any collective investment scheme ;
- (k) any responsible person for a collective investment scheme —
 - (i) that is authorised under section 286 of the Act;
 - (ii) that is recognised under section 287 of the Act; or
 - (iii) where the units of the scheme have been, is or will be, offered in reliance on an exemption under Subdivision (4) of Division 2 of Part XIII of the Act,
 in respect of his dealing in securities being —
 - (A) units of that scheme or the underlying securities that comprise the investment of funds under that scheme, provided that such responsible person is also the holder of a capital markets services licence, or an exempt person, in respect of fund management; or
 - (B) units of that scheme, provided that the dealing is effected through any of the following persons:
 - (BA) the holder of a capital markets services licence to deal in securities;
 - (BB) an exempt person in respect of dealing in securities being units of any collective investment scheme;
 - (BC) a financial adviser licensed under the Financial Advisers Act (Cap. 110) to market collective investment schemes; or
 - (BD) an exempt financial adviser as defined in the Financial Advisers Act in respect of marketing of collective investment schemes.

Trading in futures contracts

Exemption from requirement to hold capital markets services licence to trade in futures contracts

3. The following persons shall be exempted from the requirement to hold a capital markets services licence to carry on business in trading in futures contracts, subject to the conditions and restrictions specified:

- (a) a person when carrying on business in trading in futures contracts for his own account or for the account of a related corporation or connected person with respect to an account belonging to and maintained wholly for the benefit of that related corporation or connected person;
- (b) a person whose trading in futures contracts is solely incidental to his carrying on business in fund management;
- (c) an order-filler, provided that he shall not be or shall cease to be exempted if —
 - (i) he is or becomes a representative or employee of the holder of a capital markets services licence to trade in futures contracts;
 - (ii) he is or becomes an undischarged bankrupt whether in Singapore or elsewhere; or
 - (iii) he has been convicted of a relevant offence.

Leveraged Foreign Exchange Trading

Exemption from requirement to hold capital markets services licence to carry out leveraged foreign exchange trading

4.—(1) The following persons shall be exempted from the requirement to hold a capital markets services licence to carry on business in leveraged foreign exchange trading, subject to the conditions and restrictions specified:

- (a) a person who carries on business in leveraged foreign exchange trading —
 - (i) for his own account and with a related corporation or connected person; or
 - (ii) for his own account or for the account of a related corporation or connected person with respect to an account belonging to and maintained wholly for the benefit of that related corporation or connected person, and with or through —
 - (A) the holder of a capital markets services licence to carry on business in leveraged foreign exchange trading;
 - (B) a bank licensed under the Banking Act (Cap. 19);
 - (C) a merchant bank approved as a financial institution under the Monetary Authority of Singapore Act (Cap. 186);
 - (D) a bank licensed, registered, approved or otherwise regulated under the laws of a jurisdiction outside Singapore to conduct banking business; or
 - (E) a corporation or firm licensed or registered to carry on business in leveraged foreign exchange trading under the laws of a jurisdiction outside Singapore;
- (b) a person whose leveraged foreign exchange trading is solely incidental to his carrying on business in fund management;

- (c) a person resident in Singapore who carries on business in Singapore in leveraged foreign exchange trading with accredited investors.
- (2) A person otherwise exempted under sub-paragraph (1) shall not be or shall cease to be so exempted if he also carries on business for leveraged foreign exchange trading other than in accordance with sub-paragraph (1) (a), (b) or (c).
- (3) An individual otherwise exempted under sub-paragraph (1) (a) or (c) shall not be or shall cease to be so exempted if —
- (a) he is or becomes a representative or employee of the holder of a capital markets services licence to carry out leveraged foreign exchange trading;
 - (b) he is or becomes an undischarged bankrupt whether in Singapore or elsewhere; or
 - (c) he has been convicted of a relevant offence.
- (4) A corporation otherwise exempted under sub-paragraph (1) (a) or (c) shall not be or shall cease to be so exempted if —
- (a) the corporation or its substantial shareholder is in the course of being wound up or otherwise dissolved, whether in Singapore or elsewhere;
 - (b) execution against the corporation or its substantial shareholder in respect of a judgment debt has been returned unsatisfied in whole or in part;
 - (c) a receiver, a receiver and manager, a judicial manager or such 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 corporation or its substantial shareholder;
 - (d) the corporation or its substantial shareholder 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; or
 - (e) the corporation or its substantial shareholder has been convicted of a relevant offence.
- (4A) A person otherwise exempted under sub-paragraph (1) (c) shall not be or shall cease to be so exempted if —
- (a) he is the holder of a capital markets services licence in respect of any regulated activity;
 - (b) he has not commenced business in leveraged foreign exchange trading in accordance with sub-paragraph (1) (c) within 6 months from the date of commencement of business as specified in the notice that he has lodged with the Authority in accordance with sub-paragraph (6) (a); or
 - (c) he has ceased to carry on business in leveraged foreign exchange trading in accordance with sub-paragraph (1) (c), and has not resumed business in the same

regulated activity in accordance with that sub-paragraph, within a continuous period of 6 months from the date of cessation.

(5) A person who is exempted under sub-paragraph (1) (c) shall —

- (a) take reasonable measures to verify that the persons with whom he carries on business in leveraged foreign exchange trading are accredited investors; and
- (b) ensure that proper records are kept of any document evidencing the status of such persons.

(6) A person who is exempted under sub-paragraph (1) (c) shall lodge with the Authority —

- (a) a notice of commencement of business in Form 18 not later than 14 days after the commencement of his business in leveraged foreign exchange trading;
- (b) a notice of change of particulars in Form 19 providing any change in the particulars in the notice under sub-paragraph (a), not later than 14 days after the date of the change;
- (c) a notice of cessation of business in Form 20 not later than 14 days after the cessation of his business in leveraged foreign exchange trading; and
- (d) a declaration in Form 21 within 14 days after the end of the financial year of the person.

(7) Every person exempted under sub-paragraph (1) (c) shall furnish to the Authority, at such time and in such manner as the Authority may direct, all such information concerning his business as the Authority may reasonably require.

(8) A person exempted under sub-paragraph (1) (c) who has, at any time before 1st October 2002, lodged a notice of commencement of business in the prescribed form under the repealed Futures Trading Act (Cap. 116, 1996 Ed.) in relation to his carrying on business in leveraged foreign exchange trading with accredited investors, shall be deemed to have lodged a notice of commencement of business in compliance with sub-paragraph (6) (a).

[.....]

Other Exemptions

Exemption from requirement to hold representative's licence

8.—~~(1) An employee of —~~

~~(a) a bank licensed under the Banking Act (Cap. 19); or~~

~~(b) a merchant bank approved as a financial institution under the Monetary Authority of Singapore Act (Cap. 186),~~

~~who is registered as an associated person of a futures exchange under the rules of that futures exchange, shall be exempted from the requirement to hold a representative's licence to trade in futures contracts when trading in futures contracts for a related corporation of the bank or merchant bank, provided that the related corporation is the holder of a capital markets services licence to trade in futures contracts.~~

(1) An employee of –

(a) the holder of a capital markets services licence for dealing in securities;

(b) the holder of a capital markets services licence for trading in futures contract;
or

(c) the holder of a capital markets services licence for leveraged foreign exchange trading,

(d) a person exempt under section 99(1)(a), (b), (c) or (d) of the Act conducting the regulated activities of dealing in securities, trading in futures contract or leveraged foreign exchange trading.

who is carrying on business in the respective regulated activities for his own account; for the account of the licence holder or exempt person; or for the account of a corporation related to the licence holder or exempt person with respect to an account belonging to and maintained wholly for the benefit of that related corporation, shall be exempted from acting as an appointed, provisional or temporary representative for that regulated activity, and provided that the person –

(i) does not carry out such activities which involve customers' accounts;

(ii) does not have access to customers' trade and order information; or

(iii) is not in a position to control or affect the order or priority of executing customers' orders.

(2) A person shall, when acting as a representative of the holder of a capital markets services licence or person exempt under section 99(1)(a), (b), (c) or (d) of the Act for securities financing or providing custodial services for securities, be exempted from the requirement to be an appointed, provisional or temporary representative to hold a representative's licence in respect of the provision of securities financing or custodial services for securities, as the case may be.

[.....]

THIRD SCHEDULE

Regulation 6

FEES

	<i><u>First column</u></i>	<i><u>Second column</u></i>	<i><u>Third column</u></i>
<i><u>No.</u></i>	<i><u>Provision of Act</u></i>	<i><u>Matter</u></i>	<i><u>Amount</u></i>
<u>1.</u>	<u>Section 84 (3)</u>	<u>For every application for a capital markets services licence</u>	<u>\$1,000</u>
<u>2.</u>	<u>Section 85</u>	<u>Annual fee for a capital markets services licence in respect of:</u> <u>(a) dealing in securities –</u> <u>(i) where the holder is a member of the Singapore Exchange Securities Trading Limited; or</u> <u>(ii) where the holder is any other person;</u> <u>(b) fund management;</u> <u>(c) advising on corporate finance;</u> <u>(d) trading in futures contracts;</u> <u>(e) leveraged foreign exchange trading;</u> <u>(f) securities financing;</u>	<u>\$8,000</u> <u>\$4,000</u> <u>\$4,000</u> <u>\$4,000</u> <u>\$2,000</u> <u>\$2,000</u> <u>\$2,000</u>

		<u>(g) providing custodial services for securities; and</u>	<u>\$2,000</u>
		<u>(h) real estate investment trust management</u>	<u>\$4,000</u>
<u>3.</u>	<u>Section 90 (2)</u>	<u>For every application to vary a capital markets services licence</u>	<u>\$500</u>
<u>4.</u>	<u>Section 99K (1)</u>	<u>For every lodgment under section 99H of the Act in relation to the appointment of an appointed, provisional or temporary representative</u>	<u>\$100</u>
<u>5.</u>	<u>Section 99K (2)</u>	<u>Annual fee under section 99K of the Act for an appointed or provisional representative in respect of:</u>	
		<u>(a) dealing in securities –</u>	
		<u>(i) where the principal is a member of the Singapore Exchange Securities Trading Limited; or</u>	<u>\$700</u>
		<u>(ii) any other person;</u>	<u>\$200</u>
		<u>(b) fund management;</u>	<u>\$200</u>
		<u>(c) advising on corporate finance;</u>	<u>\$200</u>
		<u>(d) trading in futures contracts;</u>	<u>\$200</u>
		<u>(e) leveraged foreign exchange trading; and</u>	<u>\$200</u>

		<u>(f) real estate investment trust management</u>	<u>\$200</u>
<u>6.</u>	<u>Section 99K (3)</u>	<u>Temporary representative fee under section 99K of the Act for a temporary representative in respect of:</u> <u>(a) dealing in securities –</u> <u>(i) where the principal is a member of the Singapore Exchange Securities Trading Limited; or</u> <u>(ii) any other person;</u> <u>(b) fund management;</u> <u>(c) advising on corporate finance;</u> <u>(d) trading in futures contracts;</u> <u>(e) leveraged foreign exchange trading; and</u> <u>(f) real estate investment trust management.</u>	<u>\$700</u> <u>\$200</u> <u>\$200</u> <u>\$200</u> <u>\$200</u> <u>\$200</u>