

SECURITIES AND FUTURES ACT  
(CHAPTER 289)

SECURITIES AND FUTURES (FINANCIAL AND MARGIN  
REQUIREMENTS FOR HOLDERS OF CAPITAL MARKETS  
SERVICES LICENCES) REGULATIONS (Rg 13)

REGULATION 27(8)

**AUDITOR'S REPORT <sup>3</sup>/<sub>4</sub> FOR A HOLDER OF  
A CAPITAL MARKETS SERVICES LICENCE**

FORM

**7**

Name of the holder of a capital markets services licence: \_\_\_\_\_

Name of auditor(s) of the holder: \_\_\_\_\_

Financial Year Ended: \_\_\_\_\_

- 1 I/We\* have inspected the holder's licence and noted any condition or restriction thereon.
- 2 I/We\* have conducted a check or examination of the following areas in accordance with the Singapore Standards on Auditing and our work was necessarily conducted on a test basis and included such samples as we deemed appropriate :
  - (a) the internal control procedures for recording transactions relating to activities regulated under the Securities and Futures Act (Cap. 289);
  - (b) transactions from the point of receipt of customers' money or assets to payment into the trust account maintained with the custodian;
  - (c) transactions from the point of withdrawal of customers' money or assets from the trust account to ultimate correct application;
  - (d) the customers' records including the reconciliation of customers' ledger, trust accounts, the market value of security held for unpaid accounts and the incidence of doubtful debts;
  - (e) the operation and control of margin account procedures;
  - (f) the operation and control of trust account procedures;
  - (g) the internal control procedures relating to the safe custody of customers' assets including the confirmation from custodian and other persons holding customers' assets;
  - (h) the computation of capital requirements under the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations (Rg 13); and
  - (i) such other ledgers or records as I/we\* have considered necessary to examine for the purposes of this check or examination.

- 3 Based on the above check or examination and after making the necessary enquiries, apart from the matters referred to in our management letter submitted together with this form, nothing has come to our attention to cause us to believe that -
- (a) the accounting and other records kept by the holder do not comply with section 102 of the Securities and Futures Act (Cap. 289);
  - (b) the internal control procedures of the holder are not adequate having regard to the nature and size of the business of the holder;
  - (c) the internal control procedures designed to ensure compliance with all the conditions or restrictions applicable to the holder's licence are not adequate;
  - (d) the trust account has not been maintained at all times during the financial year in accordance with section 104 of the Securities and Futures Act and the records therefor are not adequate;
  - (e) proper records have not been maintained for the safe custody of the customers' securities and assets;
  - (f) adequate internal control procedures have not been implemented to minimise risk of mishandling and misappropriation of the customers' securities and assets;
  - (g) margin requirements have not been maintained at all times during the year in accordance with regulation 24 of the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations (Rg 13);
  - (h) no other matter has arisen during the financial year which would have required me/us\* to report to the relevant authority pursuant to section 108 of the Securities and Futures Act;
  - (i) all conditions and restrictions of a financial nature applicable to the holder's licence have not been complied with;
  - (j) all financial requirements prescribed under section 86(3) of the Securities and Futures Act have not been complied with; and
  - (k) all conditions and restrictions varied or imposed by the Authority by notice in writing to the holder pursuant to section 88(1) of the Securities and Futures Act have not been complied with.
4. The checks and examinations referred to in this report, the audit of the accompanying balance sheet of the holder as at \_\_\_\_\_ 20\_\_\_\_, the profit and loss account for the year ended on that date and notes have/have not\* been carried out in accordance with the Singapore Standards on Auditing and included/did not include\* such tests of the accounting records and such other auditing procedures as I/we\* considered necessary.

5. The holder has placed restriction/no restriction\* on the scope of the audit and all the information and explanations required were/were not\* received.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_.

Signature(s) of Auditor(s): \_\_\_\_\_

\* Delete whichever is applicable