



Monetary Authority of Singapore

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**SECURITIES AND FUTURES ACT  
(CAP. 289)**

**NOTICE ON MINIMUM ENTRY AND EXAMINATION  
REQUIREMENTS FOR REPRESENTATIVES OF HOLDERS OF  
CAPITAL MARKETS SERVICES LICENCE AND EXEMPT  
FINANCIAL INSTITUTIONS**

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**Notice No : SFA 04-N05**  
**Issue Date : 15 April 2005**

**NOTICE ON MINIMUM ENTRY AND EXAMINATION  
REQUIREMENTS FOR REPRESENTATIVES OF HOLDERS OF  
CAPITAL MARKETS SERVICES LICENCE AND EXEMPT  
FINANCIAL INSTITUTIONS**

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1 This Notice is issued pursuant to section 101 of the Securities and Futures Act (Cap. 289) [the “Act”] to the holders of a capital markets services (“CMS”) licence, holders of a representative’s licence, exempt financial institutions (“Exempt FIs”) and their representatives. Exempt FIs refer to financial institutions exempted from holding a CMS licence under section 99(1)(a), (b) and (c) of the Act. The earlier Notice (SFA 04-N03) issued on 16 January 2004 on the same subject is cancelled.

2 This Notice sets out the following:

- (a) minimum entry requirements for individuals applying for a representative’s licence under the Act, or employed by or acting for an Exempt FI in respect of any of the regulated activities under the Act;
- (b) application of the Capital Markets and Financial Advisory Services Examination (“CMFAS Exam”) requirements to individuals intending to conduct regulated activities under the Act;
- (c) circumstances under which the CMFAS Exam requirements do not apply; and
- (d) obligations of CMS licence holders and Exempt FIs; and
- (e) continuing education requirements for representatives of CMS licence holders and Exempt FIs.

## DEFINITIONS

3 For the purposes of this Notice:

“CMFAS Exam requirement” means the requirement to pass the relevant modules of the CMFAS Exam.

“Specific representative” means an individual who is subject to CMFAS Exam requirements, namely:

- (a) a person applying for a representative’s licence under the Act to carry out any of the regulated activities listed in sub-paragraphs (a), (b), (c), (d) and (e) of paragraph 8 of this Notice on behalf of the holder of a CMS licence; and
- (b) a person employed by or acting for an Exempt FI in respect of regulated activity listed in sub-paragraphs (a), (b), (c), (d) and (e) of paragraph 8 of this Notice, where applicable.

## MINIMUM ENTRY REQUIREMENTS

4 Individuals applying for a representative’s licence (other than those applying for a temporary representative’s licence under section 87A of the Act) under the Act, or employed by or acting for an Exempt FI in respect of any of the regulated activities under the Act must satisfy the following requirements:

- (a) they shall be at least 21 years old;
- (b) they shall satisfy the minimum academic qualification requirements set out under paragraph 5 of this Notice; and
- (c) they shall comply with the examination requirements of this Notice.

5 For the purposes of paragraph 4 of this Notice, the minimum academic qualifications are --

- (a) in the case of an applicant who sat for GCE “O” Level Examinations before or in the year 1980,--
- (i) qualifications higher than or equal to at least 4 GCE “O” Level credit passes; or
  - (ii) qualifications higher than or equal to at least 2 GCE “O” Level credit passes and at least 3 years of relevant and continuous working experience over the past 5 years in respect of the regulated activity as defined in section 2(1) of the Act;
- (b) in any other case, qualifications higher than or equal to at least 4 GCE “O” Level credit passes.

6 The Authority may refuse an application for the grant of a representative’s licence if the applicant does not satisfy any of the requirements stated above.

### **APPLICATION OF THE CMFAS EXAM REQUIREMENTS**

7 The CMFAS Exam, which commenced on 1 December 2002, comprises 9 modules as follows:

<b>Module</b>	<b>Examination</b>
<b>Rules &amp; Regulations</b>	
1A	Rules and Regulations for Dealing in Securities (SGX-ST Members)
1B	Rules and Regulations for Dealing in Securities (Non-SGX-ST Members)
2	Rules and Regulations for Trading in Futures Contracts
3	Rules and Regulations for Fund Management
4A	Rules and Regulations for Advising on Corporate Finance

<b>Module</b>	<b>Examination</b>
4B	Rules and Regulations for Advising on Corporate Finance (Solely Debt Securities)
5	Rules and Regulations for Financial Advisory Services
<b>Product Knowledge &amp; Analysis</b>	
6	Securities Products and Analysis
7	Futures Products and Analysis
8	Collective Investment Schemes
9	Life Insurance and Investment-Linked Policies

8 The CMFAS Exam requirements apply to individuals who wish to conduct any of the following regulated activities under the Act:

- (a) dealing in securities;
- (b) trading in futures contracts;
- (c) advising on corporate finance;
- (d) fund management;
- (e) leveraged foreign exchange trading.

9 With effect from 1 December 2002, a specific representative is required to pass the relevant modules of the CMFAS Exam pertaining to the regulated activity that he intends to conduct. The applicable modules for each regulated activity are set out below:

REGULATED ACTIVITY	MODULE							
	Rules & Regulations						Product Knowledge & Analysis	
	1A	1B	2	3	4A	4B	6	7
Dealing in Securities - SGX-ST Members	V						V	
Dealing in Securities - Non SGX-ST Members		V					V	
Trading in Futures Contracts - Full Trading			V					V
Trading in Futures Contracts - Floor Trading			V					
Trading in Futures Contracts - Restricted Trading			V					V
Fund Management - Solely Securities Funds				V			V	
Fund Management - Solely Futures Funds				V				V
Fund Management - Both Securities and Futures Funds				V			V	
Advising on Corporate Finance					V			
Advising on Corporate Finance - Solely Debt Securities						V		
Leveraged Foreign Exchange Trading	V (Any of these Modules)						V (Either Module)	

10 Specific representatives who conduct corporate finance activities are required to pass Module 4A or 4B depending on the scope of their corporate finance activities. They are not required to pass Modules 1A, 1B or 6 to conduct dealing in securities in connection with their corporate finance activities.

11 In the case where specific representatives deal in securities for a principal who is a member of the Singapore Exchange Securities Trading Limited (“SGX-ST Member”), those representatives are required to pass Modules 1A and 6. In the case where specific representatives deal in

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securities for a principal who is not a member of the Singapore Exchange Securities Trading Limited (“non SGX-ST Member”), those representatives are required to pass either Modules 1A or 1B, and Module 6.

12 In addition to the requirement to pass the applicable modules of the CMFAS Exam, specific representatives conducting futures trading activities on the trading floor are required to pass a floor practices examination conducted by Singapore Exchange Derivatives Trading Limited (“SGX-DT”), or a body appointed by SGX-DT. Specific representatives are required to provide proof of passing the floor practices examination (which comprises a theory examination and a mock test) when submitting an application for a representative’s licence under the Act to conduct such activities.

13 Specific representatives who deal in securities and trade in single stock futures contracts are required to pass Modules 1A and 6.

14 Specific representatives who conduct only leveraged foreign exchange trading are required to pass either Module 1A, 1B or 2 and Module 6 or 7, unless otherwise exempted. Specific representatives who conduct leveraged foreign exchange trading in addition to dealing in securities or trading in futures contracts are required to pass the applicable modules relevant to dealing in securities or trading in futures contracts, unless otherwise exempted.

14A Specific representatives who as at 15 April 2005 already conduct the regulated activity of leveraged foreign exchange trading for a holder of a CMS licence or an exempt FI and continue to conduct such regulated activity after 15 April 2005 would not have to pass any of the modules of the CMFAS Exam.

## **CIRCUMSTANCES UNDER WHICH THE CMFAS EXAM REQUIREMENTS DO NOT APPLY**

15 Specific representatives who possess specified qualifications and experience or who confine their regulated activities to a limited segment of the market are not required to pass certain modules of the CMFAS Exam. Details of the circumstances under which the CMFAS Exam requirements do not apply are set out in the following paragraphs.

### **Modules on Product Knowledge and Analysis - Modules 6 and 7**

16 Specific representatives who possess any of the qualifications or work experience listed in Annexes 1 and 2 respectively are not required to pass Modules 6 and 7 respectively.

### **Modules for Dealing in Securities – Modules 1A, 1B and 6**

17 Specific representatives who meet the following criteria in respect of dealing in securities are not required to pass Modules 1A, 1B and 6:

- a) persons who meet the conditions and restrictions specified in paragraph 2 of the Second Schedule to the Securities and Futures (Licensing and Conduct of Business) Regulations [“SFR”]; or
- b) persons who confine their dealing in securities to Singapore Government securities.

### **Modules for Trading in Futures Contracts – Modules 2 and 7**

18 Specific representatives who meet the following criteria in respect of trading in futures contracts are not required to pass Modules 2 and 7:

- (a) persons who are approved by the SGX-DT as a registered representative of a member company of the SGX-DT and who

confine their trading activity to the clearing of futures contracts;  
or

- (b) persons who meet the conditions and restrictions specified in paragraph 3 of the Second Schedule to the SFR.

### **Modules for Fund Management – Modules 3, 6 and 7**

19 Specific representatives who meet the following criteria in respect of fund management are not required to pass Modules 3, 6 and 7:

- (a) persons who conduct venture capital fund management;
- (b) persons who manage funds only for accredited investors (as defined in section 2(1) of the Act);
- (c) persons who meet the conditions and restrictions specified in paragraph 5(1) of the Second Schedule to the SFR; or
- (d) persons who work in a fund management unit of their principal company where at least 75% of the customers of the unit are individuals:
  - i) who each has a minimum of S\$1 million of assets, or the equivalent in value in foreign currencies, in any or all of the following forms:
    - cash;
    - bank deposits;
    - capital markets products;
    - collective investment schemes;
    - life policies;
  - ii) whose total net personal assets exceed S\$2 million in value or the equivalent in value in foreign currencies; or
  - iii) whose annual income is not less than S\$300,000 or the equivalent in value in foreign currencies.

## Modules for Advising on Corporate Finance – Modules 4A and 4B

20 Specific representatives who meet the following criteria in respect of advising on corporate finance are not required to pass Modules 4A or 4B or complete a non-examinable course described in paragraph 20A(b) in relation to Modules 4A or 4B:

- (a) persons who advise solely on matters concerning raising funds and other corporate finance projects where such projects are in countries other than Singapore;
- (b) persons who meet the conditions and restrictions specified in paragraph 7 of the Second Schedule to the SFR; or

20A As at 1 July 2005, specific representatives who advise on matters concerning raising funds and other corporate finance projects, whether such projects are in Singapore or elsewhere, are not required to pass Modules 4A or 4B, provided that, prior to 30 June 2005, such persons –

(a) have at least 3 years of relevant and continuous working experience, either in Singapore or elsewhere, in providing advice on matters in relation to corporate finance which does not require a CMS licence or a representative's licence under the Act, without any break-in-service of more than 6 months between the person's last working experience in providing advice on matters in relation to corporate finance which does not require a CMS licence or a representative's licence under the Act and the date of his licence application or entry into the industry, as the case may be; and

(b) have completed a non-examinable course, conducted by the Institute of Banking and Finance ("IBF") or an in-house non-examinable course conducted by a qualified person, on the rules and regulations for advising on corporate finance. The in-house course must cover at least the contents of the study guides of Module 4A and/or Module 4B issued by IBF. A qualified person refers to a person who has at least passed Module 4A and/or Module 4B administered by IBF or otherwise possesses the relevant expertise and experience in relation to the course.

20B Please note that with effect from 1 July 2005, there will no longer be an option of a non-examinable course for modules 4A and 4B.

### **Modules for Leveraged Foreign Exchange Trading – Modules 1A, 1B, 2, 6 and 7**

21 Specific representatives who meet the conditions and restrictions specified in paragraph 4 of the Second Schedule to the SFR are not required to pass Modules 1A, 1B, 2, 6 and 7.

### **RE-TAKING OF RULES AND REGULATIONS MODULES**

22 The following individuals are required to re-take the applicable modules on rules and regulations if they wish to carry out the relevant regulated activity:

- (a) persons who have passed the applicable rules and regulations of the CMFAS Exam but did not commence that regulated activity with a CMS licensee or an Exempt FI within 3 years of the date of passing that module;
- (b) persons who were subject to the requirement of completing the applicable non-examinable course by the stipulated deadline in cancelled Notice No: SFA 04-N01 (Notice on Minimum Entry and Examination Requirements for Representatives of Holders of Capital Markets Services Licence and Exempt Financial Institutions) issued on 1 October 2002 and cancelled on 16 January 2004, and had completed the relevant non-examinable course after they had ceased carrying out the applicable regulated activity they were previously licensed to carry out, but did not re-commence that regulated activity with a CMS licensee or an Exempt FI within 3 years from the date of completion of the relevant non-examinable course; or
- (c) persons who have ceased carrying out any regulated activity with a CMS licensee or an Exempt FI subsequent to his passing of the relevant rules and regulations of the CMFAS Exam or completion of the relevant non-examinable course by the

stipulated deadline in cancelled Notice No. SFA 04-N01 (Notice on Minimum Entry and Examination Requirements for Representatives of Holders of Capital Markets Services Licence and Exempt Financial Institutions) issued on 1 October 2002 and cancelled on 16 January 2004, and wish to re-apply for a representative's licence or re-commence employment with an Exempt FI for that regulated activity 3 years after their cessation of that regulated activity.

### **OBLIGATIONS OF CMS LICENCE HOLDERS AND EXEMPT FIs**

23 All holders of a CMS licence and Exempt FIs are required to maintain a register of their specific representatives who are subject to the requirement to complete the relevant module of the CMFAS Exam or a non-examinable course relating to their regulated activities. They shall enter into the register the type of regulated activities conducted by the specific representatives and the date on which they completed the abovementioned examination or course.

24 In addition, Exempt FIs shall ensure that their specific representatives have complied with the examination requirements of this Notice. They shall not allow their specific representatives who are subject to the examination requirements to commence any regulated activity unless they have passed the applicable modules of the CMFAS Exam or completed the relevant non-examinable course, where applicable.

### **ADMINISTRATION OF CMFAS EXAM**

25 Modules 1A, 1B, 2, 3, 4A, 4B, 6 and 7 will be conducted by IBF. Details of the syllabus, examination format and duration of these modules can be obtained from IBF.

### **CONTINUING EDUCATION REQUIREMENTS FOR SPECIFIC REPRESENTATIVES OF CMS LICENCE HOLDERS AND EXEMPT FIs**

26 MAS expects specific representatives of CMS licence holders and Exempt FIs to keep abreast of developments in the industry and acquire new

skills and knowledge relevant to the activities they conduct. In this regard, specific representatives are expected to undergo continuing education. Continuing education undergone by representatives is a factor which the Authority will take into consideration in reviewing their applications for the renewal of their representative's licences.

27 Holders of a CMS licence and exempt FIs are expected to ensure that their representatives adhere to the requirements stipulated in paragraph 26 of this Notice.

Note:

Under section 101(3) of the Act, any person who contravenes any requirement specified in a direction issued by the Authority shall be guilty of an offence and shall be liable on conviction to a fine not exceeding \$50,000 and, in the case of a continuing offence, to a further fine of \$5,000 for every day or part thereof during which the offence continues after conviction.

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**ANNEX 1**

**Persons possessing any of the following qualifications or working experience are not required to pass Module 6**

1. Degree or higher qualification with emphasis on accountancy, actuarial science, business/business administration/business management/business studies, capital markets, commerce, economics, finance, financial engineering, financial planning and computational finance;
2. Trading Representatives' Examination Paper II [previously conducted by the Institute of Banking and Finance ("IBF")];
3. Investment Representatives' Examination Paper II (previously conducted by IBF);
4. Diploma in Investment (previously conducted by IBF);
5. Diploma in Investment Analysis (previously conducted by the Singapore Securities Research Institute);
6. Diploma in Investment conducted by The Singapore Human Resources Institute ["SHRI"];
7. Diploma in Banking and Finance (previously conducted by IBF);
8. Diploma in Banking and Finance conducted by SHRI;
9. Diploma in Financial Planning from IBF/Singapore College of Insurance ("SCI");
10. Diploma in Financial Planning from the Financial Planning Association of Australia;
11. Diploma in banking, finance, accountancy, business or business administration from all polytechnics in Singapore;
12. Diploma in Business Administration from University of Singapore;

13. Graduate Diploma in Financial Management from Singapore Institute of Management;
14. Banking or Financial Studies Diploma from the Chartered Institute of Bankers, UK;
15. Skills Certificate – Investment (previously awarded by IBF);
16. Skills Certificate – Investment awarded by SHRI;
17. Certificate in Private Banking awarded by Wealth Management Institute;
18. Chartered Financial Analyst Level 1 Examination conducted by the Association for Investment Management & Research, USA;
19. Associate Financial Consultant awarded by Insurance and Financial Practitioners Association of Singapore (previously known as Life Underwriters Association of Singapore);
20. Associate Financial Planner or Associate Wealth Planner awarded by the Financial Planning Association of Singapore;
21. Series 6 or Series 7 of the National Association of Securities Dealers, USA;
22. Investment Management Certificate of the UK Institute of Investment Management & Research Examinations (previously known as UK Society of Investment Professionals);
23. Chartered Life Underwriter by the American College, USA; or Chartered Life Underwriter Singapore by the SCI;
24. Chartered Financial Consultant by the American College, USA; or Chartered Financial Consultant Singapore by SCI;
25. Certified Financial Planner by the Certified Financial Planners Board of Standards;

26. Securities Institute Certificate Examination (formerly known as Registered Persons Examination), UK;
27. The Association of Chartered Certified Accounts (ACCA) Qualifications;
28. The Chartered Accountant (ACA) Qualifications;
29. Associate/Fellow of the Institute of Actuaries, England;
30. Associate/Fellow of the Faculty of Actuaries, Scotland;
31. Associate/Fellow of the Society of Actuaries, USA;
32. Associate/Fellow of the Institute of Actuaries of Australia;
33. Associate/Fellow of the Casualty Actuarial Society, USA;
34. Associate Member of CPA Australia;
35. Three years' relevant and continuous working experience in respect of the regulated activity to be conducted provided there is no break-in-service of more than three years between the specific representative's last working experience in the regulated activity and the date of his licence application or entry into the industry, as the case may be. However, this does not apply to persons who fall within paragraph 5(a)(ii) of this Notice.

**ANNEX 2**

**Persons possessing any of the following qualifications or working experience are not required to pass Module 7**

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1. Degree in finance-related disciplines with at least 50% coverage on futures and derivatives products;
2. Futures Trading Test (previously conducted by IBF);
3. Futures Examination Paper II (previously conducted by IBF between January 1994 to December 1996);
4. Futures Examination Paper III (previously conducted by IBF between January 1997 to 30 November 2002);
5. Series 3 of the National Association of Securities Dealers, USA;
6. Futures and Options Representative's Examination conducted by the Securities & Futures Authority Ltd, UK;
7. Level 3 Certificate in Investments (Derivatives)" by the Securities & Investment Institute;
8. Diploma in Investment (previously conducted by IBF between October 1998 and December 2001);
9. Diploma In Investment conducted by SHRI;
10. Certified Financial Planner by the Certified Financial Planners Board of Standards, USA;
11. Chartered Financial Analyst Level 1 Examination conducted by the Association for Investment Management & Research, USA;
12. Chartered Financial Consultant by the American College, USA; or Chartered Financial Consultant Singapore by SCI;

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13. Advanced Certification in Investment conducted by the Nanyang Polytechnic;
  14. Three years' relevant and continuous working experience in respect of the regulated activity to be conducted provided there is no break-in-service of more than three years between the specific representative's last working experience in the regulated activity and the date of his licence application or entry into the industry, as the case may be. However, this does not apply to persons who fall within paragraph 5(a)(ii) of this Notice.

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