

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

**FREQUENTLY ASKED QUESTIONS**

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- 1. Why is MAS introducing a new examination structure and not continuing with the old examination structure?**

The new examination structure is introduced to accommodate the new modular licensing framework under the Securities and Futures Act (“SFA”) and Financial Advisers Act (“FAA”). The old examination structure which is based on the type of licences issued under the old legislation is no longer relevant when the SFA and FAA are fully implemented.

- 2. Can the 4 GCE “O” Level be obtained from more than one sitting?**

Yes.

- 3. I do not have 4 GCE “O” level credit passes but have been holding a futures broker’s representative’s licence with a member company of the Singapore Exchange Derivatives Trading Limited (SGX-DT) to carry out trading activities on the trading floor. Can I continue to hold the licence? If so, can I subsequently convert my licence to full trading?**

As stated in paragraph 5(a) of the Notice, the 4 GCE “O” level requirement does not apply to you. Hence, you can continue to carry on trading activities on the trading floor. Your subsequent application to convert your licence from restricted trading to full trading can be considered so long as you have the requisite experience and have satisfied the new examination requirements.

- 4. I do not have 4 GCE “O” level credit passes but have been working as a central buyer/arbitrage clerk with a broking company. Can I**

**continue to work in the company? Also, can I subsequently apply to be a remisier or dealer of the company?**

As stated in paragraph 5(a) of the Notice, the 4 GCE “O” level requirement does not apply to you. Hence, you can continue to be a central buyer/arbitrage clerk with your principal company. Your subsequent application to upgrade your position from a central buyer/arbitrage clerk to a remisier or dealer can be considered so long as you have the requisite experience and have satisfied the new examination requirements.

**5 I do not satisfy the minimum 4 GCE “O” level requirement but have a keen interest to conduct a regulated activity under the SFA, what can I do?**

You will need to have at least 4 GCE “O” credit level passes or its equivalent.

**6 I’m currently licensed to carry out securities dealing and wish to expand my activity to include the trading of single stock futures (“SSF”) contracts. Which modules should I take?**

If you wish to expand your trading activities to include SSF contracts during the period between 1 Oct 02 and 30 Nov 02, you are required to pass the single stock futures broker qualification programme administered by the Singapore Exchange Derivative Trading Limited. However, if you apply to trade in SSF on or after 1 Dec 02, you are required to pass Module 1 or Module 2 and Module 6 or Module 7.

**7 I’m currently licensed to carry out securities dealing and wish to apply to expand my activity to include the trading of equity index futures/options contracts. Which modules should I take?**

Your application will be considered if you satisfy the following:-

Application Between 1 Oct 02 and 30 Nov 02

- a) You have passed Paper I of Futures Examination (“FE”) [within 2 years before the date of application]; and
- b) You have passed Paper III of FE (unless you are exempted); and

- c) Subject to the condition that you complete a non-examinable course on the rules and regulations pertaining to trading in futures contracts by 30 Nov 03.

OR

- a) You have passed Paper III of FE (unless you are exempted); and
- b) Subject to the condition that you pass Module 2 within 6 months from 1 Dec 02.

Application between 1 Dec 02 and 30 Nov 03

- a) You have passed Paper I of FE (within 1 year before the date of application); and
- b) You have passed Paper III of FE or Module 7 of the CMFAS Exam (unless otherwise exempted). For Module 7, you will be tested with questions pertaining to equity index futures/options contracts; and
- c) Subject to the condition that you take a non-examinable course on the rules and regulations pertaining to trading in futures contracts by 30 Nov 03.

OR

- a) You have passed Module 2 of the CMFAS Exam; and
- b) You have passed Module 7 of the CMFAS Exam (unless otherwise exempted). For Module 7, you will be tested with questions pertaining to equity index futures/options contracts.

- 8 If a person has been engaged in dealing in securities with an exempt financial institution on 1 Oct 02, would he need to take any of the modules under the CMFAS Exam if he subsequently applies for a representative's licence with a holder of CMS licence to deal in securities?**

He would not need to pass the CMFAS Exam if he subsequently applies for a representative's licence. However, he is required to complete a non-examinable course by 30 Nov 03. Otherwise, he has to pass Module 1.

- 9. I am a holder of a representative's licence. If I wish to transfer to another principal company, do I need to take the CMFAS Exam?**

You do not need to take the examination so long as you complete the non-examinable course by 30 Nov 03.

- 10. I was informed by IBF that from 1 Oct 02, they will not be conducting Paper I of the Trading Representatives' Examination ("TRE"), Investment Representatives' Examination ("IRE") and Futures Examination ("FE"). Can I still apply for a licence in Oct 02?**

Yes. If you submit your application between the period 1 Oct 02 and 30 Nov 02, your application will be processed if you meet other licensing requirements. You will also be given a grace period of 6 months from 1 Dec 02 to pass the relevant rules and regulations module of the CMFAS Exam. If you submit your application on or after 1 Dec 02, you will have to pass the relevant modules of the CMFAS Exam.

- 11. Will existing licensees applying to add on new activities after 1 Oct 02 be "exempted" from passing the CMFAS Exam?**

No. They will be treated as new entrants in respect of the new activities. Their applications to add new activities to their licence will be considered if they satisfy the following:

Application between 1 Oct 02 and 30 Nov 02

- a) They have passed the relevant product knowledge and analysis papers under the old examination (unless they are exempted); and
- b) They have passed the relevant rules and regulations paper under the old examination (within 2 years before the date of application); and
- c) Subject to the condition that they complete a non-examinable course on rules and regulations pertaining to the new activities by 30 Nov 03, if application is approved;

OR

- a) They have passed the relevant product knowledge and analysis papers under the old examination; and
- b) Subject to the condition that they pass the relevant rules and regulations module pertaining to the new activities under the CMFAS Exam within 6 months from 1 Dec 02.

Application between 1 Dec 02 and 30 Nov 03

- a) They have passed the relevant product knowledge and analysis papers under the old examination or the relevant product knowledge modules under the CMFAS Exam (unless otherwise exempted); and
- b) They have passed the relevant rules and regulations module under the old examination (within 1 year before the date of application); and
- c) Subject to the condition that they take a non-examinable course on rules and regulations pertaining to the new activities by 30 Nov 03, if granted a licence.

OR

- a) They have passed the relevant product knowledge and analysis modules pertaining to the new activities under the CMFAS Exam (unless otherwise exempted); and
- b) They have passed the relevant rules and regulations modules pertaining to the new activities under the CMFAS Exam.

**12. What is the old examination requirement if I wish to submit application between 1 Oct 02 and 30 Nov 02?**

This would depend on the type of regulated activity you intend to conduct. Please refer to Appendix 1 for a list of old examination that is relevant to each regulated activity under the SFA.

**13. Is continuing education compulsory for renewal of licences issued under the SFA?**

Yes. All applications for renewal of representative's licences under the SFA are required to set out the continuing education training that they have undertaken since their last applications for the grant or renewal of a representative's licence.

**14. I have passed the TRE, IRE and FE but I have not applied for the respective licences, am I affected by the CMFAS Exam?**

If you have passed Paper II of the TRE/IRE, you will not be required to pass Module 6. If you have passed Paper III of FE, you will not be required to pass Module 7.

For Paper I of TRE/IRE, they will be considered to be equivalent to Module 1 and Module 3 respectively so long as you submit your licence application between 1 Oct 02 and 30 Nov 02 and you passed the papers within 2 years before the date of your application. However, you are required to undertake a non-examinable course on the relevant rules and regulations pertaining to the regulated activities that you intend to conduct by 30 Nov 03. Otherwise, you are required to pass the relevant rules and regulations modules of the CMFAS Exam within 6 months from 1 Dec 02 if you are granted a licence.

If you submit your licence application between 1 Dec 02 and 30 Nov 03, we will consider Paper I of TRE/IRE as equivalent to Module 1 and Module 3 respectively if you have passed the papers within 1 year before the date of your application. However you are required to undertake a non-examinable course on the relevant rules and regulations modules by 30 Nov 03. Otherwise, you are required to pass the relevant rules and regulations modules of the CMFAS Exam.

- 15. If I wish to apply for a representative's licence to conduct a full range of corporate finance activities including underwriting of IPOs, what modules should I take?**

You will have to pass Module 4A. You do not need to take Module 1 and Module 6.

- 16. How would the CMFAS Exam affect me if I am currently employed with an exempt fund management company to conduct fund management for not more than 30 qualified investors?**

The CMFAS Exam does not apply to you. However, if you subsequently apply for a representative's licence or join a bank, merchant bank or finance company to conduct any regulated activity, you will have to comply with the examination requirements.

- 17. I am currently exempted from holding a licence for dealing in bonds with accredited investors, do I have to pass the CMFAS Exam?**

No. The CMFAS Exam does not apply to you so long as you confine your regulated activity to bond dealing with accredited investors.

**18. What is the difference between Module 4A and Module 4B?**

Module 4A applies to those who wish to provide corporate finance advisory while Module 4B applies to those who confine their corporate finance advisory to debt securities. If you have passed Module 4A, you will not have to pass Module 4B. However, if you have passed Module 4B and confine your activity to debt securities, you will have to pass Module 4A if you subsequently wish to expand your activity to offer other corporate finance advisory services such as merger and acquisitions and corporate finance advice relating to equity.

**19. I have passed Module 3 and Module 6 and would like to expand my activity to include the management of futures funds. Do I have to take Module 3 again? Also, do I have to take Module 7?**

No, you are not required to take Module 3 and 7.

**20. I have passed Module 3 and Module 7 and I would now like to expand my activities to include the management of securities funds. Do I have to take Module 6?**

Yes, you have to pass Module 6 before you expand your activity to cover the management of securities funds.

**21. I have passed Module 2 and the variation paper of Module 7 and have been licensed to conduct restricted futures trading activities. Do I have to pass Module 7 again if I subsequently apply to convert my licence to full futures trading?**

Yes, you are required to take Module 7.

**22. I ceased my licence to carry out corporate finance advisory activities in Aug 02 but wish to re-apply for the licence to conduct the same activity. Do I have to take Module 4A?**

A person who carried out corporate finance activities previously is required to pass Module 4A if:

- he submits application between 1 Oct 02 and 30 Nov 02 and has left the industry for more than 2 years at the time when he applies for the licence; or
- he submits application between 1 Dec 02 and 30 Nov 03, and has left the industry for more than 1 year at the time when he applies for the licence.

In your case, you are not required to pass Module 4A if you submit your application before 31 Aug 03. But you have to take a non-examinable course relating to the relevant rules and regulations by 30 Nov 03.

**23. I will be joining a bank to carry out corporate finance advisory activities. Do I have to take Module 4A?**

If you join the bank between 1 Oct 02 and 30 Nov 02, you would not need to take Module 4A. However, you will be required to complete a non-examinable course pertaining to Module 4A by 30 Nov 03. If you join the bank on or after 1 Dec 02, you will have to pass Module 4A, unless you had previously conducted corporate finance advisory with a holder of a CMS licence, and you join the bank within 1 year of your cessation with the CMS licence holder.

**24. I have migrated my licence to the SFA, and have completed the non-examinable course relating to my regulated activity. If I subsequently cease my licence, and transfer to another principal 2 months later, do I have to pass the CMFAS exam?**

No, so long as you meet the following conditions:

- . you are already conducting the regulated activity with a holder of a CMS licence or an exempt financial institution on 1 Oct 02; and
- . you have completed the non-examinable course by 30 Nov 03; and
- . where you cease your activity subsequently, you re-join the industry within a period of 3 years after your cessation.

**25. For the non-examinable course, can I attend those run by the training partners of IBF?**

No, unless the training partners are specially appointed by your principal company to conduct the non-examinable course for its representatives. Such training partners must also meet the conditions stated in paragraph 25 of the Notice.

**26 My company holds a CMS licence for fund management. How would the CMFAS Exam apply to my employees who conduct fund management and other services such as client serving, conducting in-house research, central dealing, business development and marketing?**

This would depend on the activities conducted by the employees. Generally, if the activities they carry out are necessary for or directly connected with fund management and such activities are conducted as an integral part of fund management as defined under Second Schedule to the SFA, they would have to pass Modules 3 and 6. This includes employees who are engaged in managing funds for customers and providing other services to such customers, such as issuing performance reports to the customers and giving advice to the customers. If they conduct financial advisory activities such as marketing collective investment schemes and other activities not directly connected with fund management, they would be subject to the examination requirements under the FAA.

**CANCELLED**

**Appendix 1**

**List of Old Examination That Will be Relevant to Regulated Activity under the SFA For the Period between 1 Oct 02 and 30 Nov 03**

<b><u>Regulated Activities</u></b>	<b><u>Old Examination</u></b>
Dealing in Securities	Paper I and Paper II of the Trading Representatives' Examination conducted by the Institute of Banking and Finance ("IBF") <sup>1</sup>
Trading in Futures Contracts - Full Trading	Paper I, II and III of the Futures Examination (FE) conducted by the IBF <sup>1</sup> .
Trading in Futures Contracts - Floor Trading	Paper I and II of the FE conducted by IBF <sup>1</sup> .
Trading in Futures Contracts - Restricted Trading	Paper I and III of the FE conducted by IBF <sup>1</sup> .
Fund Management	Paper I and II of the Investment Representatives' Examination (IRE) conducted by IBF <sup>1</sup> .

**CANCELLED**

<sup>1</sup> Please note that Paper I of the TRE/IRE/FE will be discontinued with effect from 1 Oct 2002.